

**MTM Investment Management, LLC**  
**Form ADV Part 2A**  
**Investment Adviser Brochure**

March 13, 2020

This brochure (the "Brochure") provides information about the qualifications and business practices of MTM Investment Management, LLC ("MTM"). If you have any questions about the contents of this Brochure, please contact John Moore, Chief Compliance Officer, at 864.582.7000 and/or [john@mtminvest.com](mailto:john@mtminvest.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. Registration as an investment advisor does not imply a certain level of skill or training.

Additional information about MTM is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number, MTM Investment Management, LLC's CRD Number is 297500.

781 East Main St.  
Spartanburg, SC 29302  
864.582.7000  
[john@mtminvest.com](mailto:john@mtminvest.com)

## Item 2: Summary of Material Changes

---

This Form ADV Part 2A brochure (the “Brochure”) is a document that MTM provides to its clients as required by SEC rules.

The purpose of Item 2 of the Brochure is to provide clients with a summary of new and/or updated information that is contained in the remainder of the Brochure. Since the filing of the previous Brochure on February 19, 2020, there have been no material changes to this Brochure.

### **Full Brochure Available**

MTM's Form ADV may be requested at any time, without charge by contacting John Moore, Chief Compliance Officer at 864.582.7000 or [john@mtminvest.com](mailto:john@mtminvest.com).

## Item 3: Table of Contents

---

Item 1: Cover Page	1
Item 2: Summary of Material Changes	2
Item 4: Advisory Business	4
Item 5: Fees and Compensation	7
Item 6: Performance-Based Fees and Side-by-Side Management	10
Item 7: Types of Clients	10
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9: Disciplinary Information	15
Item 10: Other Financial Industry Activities and Affiliations	15
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	16
Item 12: Brokerage Practices	17
Item 13: Review of Accounts	20
Item 14: Client Referrals and Other Compensation	21
Item 15: Custody	21
Item 16: Investment Discretion	22
Item 17: Voting Client Securities	22
Item 18: Financial Information	23

## **Item 4: Advisory Business**

---

### **Firm Description**

MTM Investment Management, LLC, a South Carolina limited liability company, was formed in May 2018, and provides financial and investment advisory services to families, individuals, trusts and corporate retirement plans.

The principal owners of MTM are D.C. Taylor & Co., LLC and Moore Capital, LLC.

### **Types of Advisory Services**

MTM provides investment advisory services and financial planning to its clients. In most cases, MTM performs financial planning as part of investment advisory services; however, MTM performs separate financial planning components, if requested by a client or prospective client. MTM also provides advisory services to retirement plans and plan participants.

At the outset of each client relationship, MTM spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and broadly identifying major goals of the client. Based on its reviews, MTM generally develops with each client:

- a financial outline for the client based on the client's financial circumstances and goals, and the client's risk tolerance level (the "Financial Profile"); and
- the client's investment objectives and guidelines (the "Investment Plan")

The Financial Profile is a reflection of the client's current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments MTM will make or recommend on behalf of the client based on MTM's own research and analysis in order to meet those goals. The elements of the Financial Profile and the Investment Plan are discussed periodically with each client, but are not necessarily written documents.

### **Investment Advisory Services – Individuals and Trusts**

MTM provides advice to clients regarding investment of client funds based on the Investment Plan, which will be updated from time to time when requested by the client or when determined to be necessary or advisable by MTM based on updates to the client's financial or other circumstances.

To implement the client's Investment Plan, MTM will manage the client's investment portfolio on a discretionary or a non-discretionary basis pursuant to an investment advisory agreement with the client. As a discretionary investment adviser, MTM will have the authority to supervise and direct the portfolio without prior consultation with the client. Clients who choose a non-discretionary arrangement must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able

to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

Notwithstanding the foregoing, clients may impose certain written restrictions on MTM in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of MTM.

MTM offers the following services: investment and management of a client's assets in an Independent Clearing Account (ICA) and two wrap programs: the MTM Wrap Program (the "MTM Wrap Program"), sponsored by MTM and the Sub-Advisory Wrap Program, sponsored by Raymond James & Associates, Inc. (the "Sub-Advisory Wrap Program").

MTM offers financial planning components, which may include a review of a variety of aspects of a client's current financial situation, including the following components: cash management, risk management, insurance, education funding, goal setting, retirement planning, estate and charitable giving planning, tax planning, and capital needs planning. Clients understand that when MTM is engaged to address only certain components, the client's overall financial and investment issues may not be taken into consideration.

MTM spends time with financial planning clients, reviewing risk tolerance, financial goals and objectives, and time horizons. Additional discussions may cover a review of additional financial information, including: sources of income, assets owned, existing insurance, liabilities, wills, trusts, business agreements, tax returns, investments, and personal and family obligations.

#### Independent Clearing Account (ICA)

ICA accounts are typically managed by MTM on a discretionary or non-discretionary basis.

MTM generally recommends the following types of investments in an ICA account: individual equity and/or fixed income securities, mutual funds, exchange traded funds ("ETFs"), alternative investments, real estate investment trusts ("REITs"), closed-end funds, and options. In addition to these types of individual securities, MTM constructs and manages a fixed-income portfolio for a client. Fixed-income portfolios may include any combination of individual bonds of municipal, other governmental and corporate

entities, and mutual funds and ETFs that invest in fixed-income securities. MTM seldom recommends alternative investments but does so if a client requests such an investment and/or MTM believes that an alternative investment recommendation is in the best interests of that client.

#### Wrap Programs (MTM and Sub-Advisory)

MTM recommends wrap fee programs. A “wrap fee program” provides the client with advisory, brokerage execution, clearing, custodial and other administrative services for an all-inclusive fee. The client is not charged separate fees for the respective components of the total service. In a wrap account, clients may allocate their assets among a diversified range of securities or managed portfolios, including portfolios of equities, fixed-income securities, options, and more conservative short-term fixed-income securities.

In the MTM Wrap Program, MTM performs asset management services similar to ICA accounts. In the Sub-Advisory Wrap Program, a client also receives portfolio management by a third-party manager. These third-party managers, who are not related to MTM, manage the clients’ portfolios. MTM is not a sponsor or portfolio manager in the Sub-Advisory Wrap Program.

#### **Investment Advisory Services - Retirement Plans and Plan Participants**

MTM offers advisory services to retirement plan sponsors, retirement plans, and plan participants. In serving these retirement plans, MTM generally advises on the fund selection and monitoring of the investment choices available through each retirement plan and assists members of each retirement plan with basic retirement planning education.

MTM will provide services to plan sponsors and participants as described below. Plan sponsors must make the ultimate decision to retain MTM for pension consulting and other advisory services including, but not limited to, services at the participant level. The plan sponsor is free to seek independent advice about the appropriateness of any recommended services for the plan.

**Education Services to Plan Committee.** MTM provides training for the members of the Plan Committee (or those designated by the Responsible Plan Fiduciary) with regard to their service on the Committee.

**Participant Education Services.** MTM conducts initial and/or periodic enrollment and informational meetings with associated persons and participants and provide investment education. MTM provides information about the plan, general financial and investment information and information and materials relating to asset allocation models available through the plan. MTM also provides interactive investment materials to assist participants in assessing their future retirement income needs and the impact of different asset allocations on retirement income.

**Third Party Product or Service.** MTM will use the benchmarking products or services offered by third parties in providing services to the retirement plan sponsor and the plan, in addition to any Services selected herein.

**Plan Search Support.** MTM manages the preparation, distribution, and evaluation of Request for Proposals, finalist interviews, and conversion support.

### **Assets Under Management**

As of January 8, 2020, MTM managed \$160,214,076 on a discretionary basis and \$35,407,460 on a non-discretionary basis.

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

---

MTM bases its fees on a percentage of assets under management. MTM's fee schedules are described below.

### **Compensation – Investment Advisory Services - Individuals**

MTM receives investment advisory fees for managing clients' assets in ICA accounts, wrap programs, and for advising Retirement Plans and Accounts. These advisory fees are based on a percentage of assets under management.

### **Independent Clearing Accounts (ICA)**

For ICA accounts, MTM receives an investment advisory fee based on a percentage of the value of assets managed up to a maximum annual fee of 1.25% of assets managed, including cash. The actual fee charged to a particular client is disclosed in the investment advisory agreement entered into between MTM and each client. Factors considered in determining the fees charged generally include, but are not limited to: the complexity of the client's portfolio; assets to be placed under management; anticipated future assets; related accounts; portfolio style; account composition; or other special circumstances or requirements. This investment advisory fee generally is deducted directly from each client's account.

Clients pay the investment advisory fee with respect to ICA accounts quarterly in advance. When an account is opened, the advisory fee is billed for the remainder of the calendar quarter in which the account is opened. Subsequently, the quarterly advisory fee is based on the value of the assets in the account(s) on the last business day of the previous calendar quarter. If the investment advisory agreement is terminated before the end of the calendar quarter in which an advisory fee has been paid, MTM will provide a refund of the unearned advisory fee to the client based on the number of days in the quarter in which the client's assets were not invested in the ICA program.

In addition to the investment advisory fee, clients will incur brokerage and other transaction costs and certain expenses. The additional costs and expenses are imposed by companies other than MTM and may include, but may not be limited to, mutual fund and ETF management fees and expenses, brokerage fees paid to clear transactions, mark-ups/mark-downs on fixed income trades, annual fees paid for custodial services, spreads paid to market makers, fees for trades executed away from the custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions.

## Wrap Programs (MTM and Sub-Advisory)

In a wrap program, the client pays a single fee that covers the fees for advisory, brokerage execution, clearing, custodial and other administrative services and includes the fees of any third-party managers, if applicable. These services are provided by MTM, one or more broker-dealers, and/or a portfolio manager. Any portion of the single fee that is not paid to third parties is retained by MTM as its investment advisory fee. Because of this, MTM may have a disincentive to trade securities in client accounts. However, MTM pays a flat fee for all transaction and execution expenses to help mitigate against this conflict of interest. The portion of the single wrap fee that compensates MTM is negotiable. The wrap fee is based on the type of securities in the account(s) and the amount of assets in the account(s), as follows:

In the MTM Wrap Program, the client pays the following maximum annual fees on assets invested:

<u>Account Value</u>	<u>Annualized Fee</u>
First \$200,000	2.00%
Next \$300,000	1.75%
Amounts over \$500,000	1.25%

In the Sub-Advisory Wrap Program, the client pays the following maximum annual fees:

<b>Equity, Balanced and ETF Disciplines</b>	<b>Fixed Income Disciplines</b>	<b>Short Term Conservative Fixed Income Disciplines</b>
First \$ 500,000 is billed at 3.00%	First \$ 500,000 is billed at 1.50%	First \$5,000,000 is billed at 0.60%
Next \$ 500,000 is billed at 2.50%	Next \$ 500,000 is billed at 1.25%	Next \$5,000,000 is billed at 0.50%
Next \$4,000,000 is billed at 2.00%	Next \$ 4,000,000 is billed at 1.00%	Greater than \$10,000,000 is billed at 0.40%
Greater than \$5,000,000 is 1.50%	Greater than \$5,000,000 is 0.75%	

MTM charges accounts in the Sub-Advisory Wrap Program a minimum quarterly fee of \$375.

The wrap fee is paid quarterly in advance. When an account is opened, the wrap fee is billed for the remainder of the calendar quarter in which the account is opened. Subsequently, the quarterly wrap fee is based on the value of the assets in the account(s) on the last business day of the previous calendar quarter. If the investment advisory agreement is terminated before the end of the calendar quarter in which a wrap fee has been paid, MTM will provide a refund of the unearned wrap fee to the client based on the number of days in the quarter in which the client's assets were not invested in the Wrap Program. This wrap fee is deducted directly from each client's account. MTM's investment advisory fee is included in this wrap fee.

Mutual funds and/or ETFs may charge underlying fees; as such, there may be additional



fees paid by the client outside of the single wrap fee charged by MTM.

MTM's brokerage practices are described below in Item 12 - Brokerage Practices. In the Sub-Advisory Wrap Program, brokerage transactions and related costs are generally initiated by the third-party portfolio managers, not by MTM.

As noted in Item 4, MTM generally does not charge a separate fee for financial planning components.

### **Compensation - Advisory Services to Retirement Plans and Plan Participants**

MTM also receives investment advisory fees for services provided to retirement plan sponsors, retirement plans, and plan participants. When advising a retirement plan, MTM receives an annual fee of up to 1.00% of plan assets from the employee directed retirement plan.

MTM directly deducts its fee from plan assets or sends an invoice to the client to pay the fee depending on the agreement with the retirement plan sponsor. These fees may be paid in advance or in arrears, as reflected in the applicable investment advisory agreement with each client.

### **Agreement Terms**

A client may terminate the investment advisory agreement at any time by notifying MTM in writing.

### **Other Compensation**

David Taylor, the Chief Executive Officer and Chief Investment Officer of MTM, is licensed to sell insurance. In providing investment advisory and financial planning components, Mr. Taylor may recommend the purchase of products under circumstances where he would be entitled to receive a commission or other compensation in the transaction. Clients are not obligated to use any company for insurance product purchases, and may work with any insurance agent they choose. Insurance compensation will be separate and distinct from investment advisory fees charged by MTM.

### **General Information on Compensation and Other Fees**

In certain circumstances, fees, account minimums, and payment terms are negotiable depending on the client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

All fees paid to MTM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and variable annuity sub-accounts to their shareholders. These fees and expenses are described in each fund's or sub-

account's prospectus. These fees will generally include a management fee, other expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

A client could invest in a mutual fund or sub-account directly, without the services of MTM. In that case, the client would not receive the services provided by MTM which are designed, among other things, to assist the client in determining which mutual funds or sub-accounts are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and sub-accounts and the fees charged by MTM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Clients should note that similar investment advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

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

---

Neither MTM nor any of its officers or investment adviser representatives accepts performance-based fees. "Side by Side Management" refers to a situation in which the same firm manages accounts that are charged on a performance fee basis and at the same time manages accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee. Since MTM has no performance-based fee accounts, it has no side-by-side management.

## **Item 7: Types of Clients**

---

### **Types of Clients**

As described in Item 4, MTM provides investment advisory services to families, individuals, trusts, and retirement plans.

### **Account Minimums**

MTM requires a minimum account size of \$500,000 although this may be negotiable under certain circumstances. MTM has the discretion to reduce this minimum account size or combine related-party accounts to satisfy the minimum account size.

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

---

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

MTM generally develops a customized investment strategy for each client based on the client's Investment Plan.

MTM uses the following methods of analysis in formulating investment advice and/or managing client assets:

Fundamental Analysis, which attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the

company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis, which analyzes past market movements and applies that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis, which measures the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

With respect to ICA accounts and the MTM Wrap Program, MTM's investment strategy is to recommend stocks, bonds, and other appropriately priced securities (such as mutual funds, ETFs, etc.) based upon each client's Investment Plan. However, MTM may, at times, recommend that such investments be sold at any time if conditions warrant a sale. Such conditions includes, but are not limited to, the value of the security reaching MTM's target price or the client unexpectedly needing to liquidate a holding to cover current expenses.

For individual stock recommendations, MTM attempts to identify companies whose stocks are undervalued and recommends that clients buy and hold these securities on a long-term basis. Identifying securities for purchase requires fundamental analysis to determine a reasonable entry price based on factors such as overall economic analysis, industry analysis, and company analysis. MTM uses research provided by a third-party broker-dealer or other vendor.

Before making recommendations to purchase or sell mutual funds or ETFs, MTM uses both quantitative and qualitative analysis. Quantitatively, MTM seeks to identify the appropriate benchmarks against which to evaluate fund managers; uses appropriate metrics for numerical evaluations, such as alpha, beta, and standard deviation; and evaluate each fund manager over a variety of time periods to provide the most comprehensive view of the manager's performance and levels of risk taken. Qualitatively, MTM seeks to identify fund managers who have demonstrated the ability to deliver returns through various independent measures. If MTM loses confidence in a fund manager either quantitatively or qualitatively, a recommendation to sell the fund will be made and a recommendation for a replacement fund or cash will be made.

Although ICA accounts and accounts in the MTM Wrap Program may be set up to permit borrowing on margin, MTM does not typically recommend the use of margin to leverage additional investment in their accounts.

As noted above, MTM does not often recommend, but has the discretion to decide to recommend, alternative investments, which could include private equity or hedge funds or structured products that include derivatives. These alternative investments include the following types of material risk: the investor may lose his investment; the investor may not be able to liquidate his investment when needed; alternative investments often use speculative investment practices, like the use of leverage; alternative investments often are less regulated than registered stocks, bonds, and mutual funds; alternative investments may be difficult to value; alternative investments may create tax liabilities for the investor without distributing the cash to pay that tax liability; alternative investments, like hedge funds, may pay higher fees to the fund's adviser than traditional investments; and the investment strategy of the alternative investment may fail or deteriorate.

MTM's fixed income approach is to assume the credit worthiness of the issuer is not brought into serious question, recommend that high-quality individual bonds in a structured portfolio suitable to the client's specific needs and hold them until they mature or are called or pre-refunded. In addition to individual bonds, MTM has the discretion to recommend that a client purchase bond mutual funds and ETFs to complement individual bond holdings or recommend the use of only bond mutual funds or ETFs. MTM has the discretion to recommend changes to a fixed income portfolio to accommodate a client's income needs or to adjust for volatility in credit markets and interest rates.

In the Sub-Advisory Wrap Program, MTM employs a similar investment strategy as that used with ICA accounts and in the MTM Wrap Program. The selection of third-party managers is based on quantitative and qualitative analysis. MTM seeks to recommend appropriate investments managed by third-party managers and for clients to remain invested in each portfolio on a long-term basis.

## **Risk of Loss**

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

MTM attempts to reduce this risk of loss by recommending diversified portfolios of securities after analyzing the securities and related markets and using a long-term investment strategy.

The material risks involved in any method of analysis or investment strategy used by MTM is that specific securities markets or securities markets in general unexpectedly decline or that the economy of the United States or other countries enters into a recession or fail. One or more of these events could occur if a company or a government-sponsored enterprise that poses a systemic risk to an economy fails.

MTM's investment approach constantly keeps the risk of loss in mind. Investors may face the following investment risks:

## **Capital Risk**

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that an investor may lose 100 percent of their money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

## **Credit Risk**

Credit risk can be a factor in situations where an investment's performance relies on a borrower's repayment of borrowed funds. With credit risk, an investor can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (*i.e.*, borrowed funds) are subject to credit risk.

## **Currency Risk**

Fluctuations in the value of the currency in which an investor investment is denominated may affect the value of the investment and thus, the investment may be worth more or less in the future. All currency is subject to swings in valuation and thus, regardless of the currency denomination of any particular investment you own, currency risk is a realistic risk measure. That said, currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used currencies (U.S. dollar, British pound, Euro, Japanese yen, etc.).

## **Economic Risk**

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

## **Financial Risk**

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

## **Higher Trading Costs**

For any investment instrument or strategy that involves active or frequent trading, an investor may experience larger than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

## **Inflation Risk**

Inflation risk involves the concern that in the future, investment or proceeds from investments will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an

investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely purchase less than what it can today.

### **Interest Rate Risk**

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

### **Legal/Regulatory Risk**

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

### **Liquidity Risk**

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, an investor may experience the risk that an investment may not be able to be liquidated quickly, thus, extending the period of time by which proceeds from an investment are available. Liquidity risk can also result in unfavorable pricing when exiting (*i.e.*, not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

### **Market Risk**

The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument or the underlying assets or other instruments held by or traded within that investment instrument.

### **Operational Risk**

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

### **Past Performance**

Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, investors should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

### **Strategy Risk**

There is no guarantee that the investment strategies discussed herein will work under all market conditions and each investor should evaluate his/her ability to maintain any investment he/she is considering in light of his/her own investment time horizon. Investments are subject to risk, including possible loss of principal.

## **Item 9: Disciplinary Information**

---

Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of MTM or the integrity of MTM's management. Neither MTM, Mr. Taylor, nor Mr. Moore have been involved in any legal or disciplinary events that they believe are material to a client's or prospective client's evaluation of MTM's advisory business or of the integrity of its management.

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

---

### **Financial Industry Activities – Broker-Dealers**

MTM is not registered as a broker-dealer, and none of its management persons are registered representatives of a broker-dealer.

### **Financial Industry Activities – Futures and Commodities**

Neither MTM nor any of its management persons is registered, or has an application pending registration, as (or an associated person of) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

### **Affiliations – Insurance**

David Taylor, the Chief Executive Officer and Chief Investment Officer of MTM, is licensed to sell insurance. In providing investment advisory and financial planning components, Mr. Taylor may recommend the purchase of products under circumstances where he would be entitled to receive a commission or other compensation in the transaction. Please see *Item 5 – Fees and Compensation* for more information.

### **Other Investment Advisors**

Under the Sub-Advisory Wrap Program, MTM selects other investment advisors for

clients. MTM neither receives compensation directly or indirectly from these other investment advisors nor does MTM have other business relationships with these other investment advisors.

### **Charitable Foundation**

John Moore currently serves on the Spartanburg County Foundation's Investment Advisory Committee. This foundation is a charitable foundation. The advisory committee does not have authority to make decisions on behalf of the foundation but only has the authority to make recommendations to the foundation's board of directors.

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

---

### **Code of Ethics and Personal Trading**

MTM has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. MTM's Code has several goals. First, the Code is designed to assist MTM in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, as amended, MTM owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires MTM-associated persons to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for MTM's associated persons (managers, officers and employees). Under the Code's Professional Standards, MTM expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, MTM-associated persons are not to take inappropriate advantage of their positions in relation to MTM's clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time, MTM's associated persons may invest in the same securities recommended to clients. This may create a conflict of interest because associated persons of MTM may invest in securities ahead of or to the exclusion of MTM's clients. Under its Code, MTM has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, including generally disallowing trading by an associated person in any security within one day before any client account trades or considers trading the same security and the creation of a restricted securities list, reporting and review of personal trading activities and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

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

As outlined above, MTM has adopted procedures to protect client interests when its associated persons invest in the same securities as those selected for or recommended



to clients. In the event of any identified potential trading conflicts of interest, MTM's goal is to place client interests first.

Consistent with the foregoing, MTM maintains policies regarding participation in initial public offerings ("IPOs") and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If an associated person wishes to participate in an IPO or invest in a private placement, he/she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer.

If associated persons trade with client accounts (e.g., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with MTM's written policy.

## **Item 12: Brokerage Practices**

---

### **Research and Other Soft Dollar Benefits**

MTM does not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in "Brokerage – Other Economic Benefits".

### **Brokerage for Client Referrals**

MTM does not receive client referrals from broker/dealers.

### **Directed Brokerage**

Clients may direct MTM to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

The arrangement that MTM has with Raymond James & Associates, Inc. ("RJA") is designed to maximize efficiency and to be cost effective. By directing brokerage arrangements, the client acknowledges that these economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers may in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

By directing MTM to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with MTM that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the

brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

### **Brokerage Selection**

When given discretion to select the brokerage firm that will execute orders in client accounts, MTM seeks “best execution” for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, MTM has the discretion to use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of MTM’s clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

MTM recommends that clients establish brokerage accounts with RJA, a member of the New York Stock Exchange and the Securities Investor Protection Corporation. MTM effect trades for client accounts at RJA, or may in some instances, consistent with MTM’s duty of best execution and specific investment advisory agreement with each client, elect to execute trades elsewhere. Although MTM recommends that clients establish accounts at Raymond James, it is ultimately the client’s decision where to custody assets. MTM is independently owned and operated and is not affiliated with RJA.

### **Benefits of Brokerage Selection**

RJA provides MTM with access to RJA’s institutional trading and operations services, which typically are not available to RJA’s retail customers. Participation in RJA’s institutional service program is generally available, without cost, to financial advisory firms that maintain a minimum amount of client assets with RJA. While there is no direct link between the investment advice MTM provides and participation in the institutional service program, MTM receives certain traditional “non-cash benefits” from RJA, such as customized statements; receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk servicing RJA advisors exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client accounts; access to an electronic communication network for client order entry and account information; access to mutual funds which generally require significantly high minimum initial investments or those that are otherwise only generally available to institutional investors; reporting features; receipt of industry communications; and perhaps discounts on business-related products.

In addition, RJA makes available to MTM software and other technologies that provide access to client account data, such as trade confirmations and account statements; facilitate trade execution; provide research, pricing information, quotation services, and other market data; assist with contact management; facilitate payment of fees to

MTM from client accounts; assist with performance reporting; facilitate trade allocation; and assist with back-office support, record-keeping, and client reporting. RJA also provides to MTM access to financial planning software, practice management consulting support, best execution assistance, consolidated statements assistance, education and industry conferences, marketing and educational materials, technological and information technology support, and RJA corporate discounts.

Benefits may also include research, including mutual fund research, third-party research, and RJA proprietary research; brokerage; custody; and access to mutual funds and other investments that are available only to institutional investors or would require a significantly higher minimum initial investment. Other benefits may include, but are not limited to, waivers or reductions of conference registration fees, meals, entertainment and promotional premium items that have nominal value.

The benefits received through participation in the RJA institutional service program do not necessarily depend upon the proportion of transactions directed to RJA. The benefits are received by MTM, in part because of commission revenue generated for RJA by MTM's clients. This means that the investment activity in client accounts is beneficial to MTM, because RJA does not assess a fee to MTM for these services. This creates an incentive for MTM to continue to recommend RJA to its clients. While it may be possible to obtain similar custodial, execution and other services elsewhere at a lower cost, MTM believes that RJA provides an excellent combination of these services. These services are not soft dollar arrangements, but are part of the institutional platforms offered by RJA.

### **Brokerage – Wrap Fee Programs**

As disclosed in Item 4, clients may participate in wrap fee programs. In evaluating a wrap fee program, a client should recognize that brokerage commissions for the execution of transactions in their account are not negotiated. Transactions are effected net (*i.e.*, without commission) and a portion of the wrap fee is generally considered to be in lieu of commissions. Trades are generally expected to be executed only with the broker-dealer with which the client has entered into the wrap fee arrangement.

MTM may not, therefore, be free to seek best price and execution by placing transactions with other broker dealers. MTM's experience indicates that certain broker-dealers under clients' wrap fee agreements generally offer best price for transactions in listed equity securities, but no assurance can be given that such will continue to be the case with those or other broker dealers which may offer wrap fee arrangements, nor with respect to transactions in other types of securities. The client may wish to ensure that the broker dealer offering the wrap fee arrangement can provide adequate price and execution of most or all transactions. The client should also consider that depending on the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap fee may or may not exceed the aggregate cost of such services were they to be provided separately and if MTM were free to negotiate commissions and seek best price and execution of transactions for the client's account.

## Trade Aggregation

MTM enters trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a *pro rata* basis between all accounts included in any such block. Block trading allows MTM to execute equity trades in a timelier, equitable manner, and may reduce overall costs to clients.

MTM will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients, and is consistent with the terms of MTM's investment advisory agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all of MTM's transactions in a given security on a given business day, with transaction costs generally shared *pro rata* based on each client's participation in the transaction. On occasion, owing to the size of a particular account's *pro rata* share of an order or other factors, the commission or transaction fee charged could be above or below a breakpoint in a pre-determined commission or fee schedule set by the executing broker, and therefore transaction charges may vary slightly among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical.

MTM will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will generally be allocated *pro rata*, based on the Allocation Statement, or randomly in certain circumstances. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment over time, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of MTM. MTM's books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement, and MTM will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

## Item 13: Review of Accounts

---

### Reviews

One of MTM's investment adviser representatives or principals is responsible for reviewing each client account and/or financial plan. Reviews are conducted periodically and may be based upon a client's request or at any time such review is deemed

necessary or advisable by MTM. Reviews may be held due to significant changes in a client's life, significant market fluctuations, economic events, or other factors.

One of MTM's investment adviser representatives or principals is responsible for communicating with each client, updating changes to the client's Financial Profile as needed and periodically reviewing the client's portfolio including the asset allocation and the specific assets included in the account. The client review typically includes comparing the portfolio and current security positions with the goals and objectives as outlined by the Investment Plan, reviewing changes to the client's Financial Profile, evaluating the specific holdings, re-balancing the portfolio and communicating the current status of the portfolio, and any recommended actions to the client.

## **Reporting**

At least on a quarterly basis, RJA sends a written account statement to each client. The account statement may include individual holdings, cost basis information, deposits and withdrawals, accrued income, dividends, and performance.

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

---

### **Other Compensation**

MTM does not receive any economic benefits (other than normal compensation and as described in Item 12) from any firm or individual for providing investment advice.

### **Compensation – Brokerage**

MTM recommends that clients establish brokerage accounts at RJA, to maintain custody of clients' assets and to effect trades for their accounts. As noted above, MTM may receive some benefits from RJA based on the amount of client assets held at RJA. Although MTM recommends that clients establish accounts at RJA, it is the client's decision to custody assets with RJA. MTM is independently owned and operated and not affiliated with RJA.

### **Other Compensation – Brokerage Arrangements**

See disclosure in Item 12 regarding compensation, including economic benefits received in connection with giving advice to clients.

### **Other Compensation – Insurance**

David Taylor, the Chief Executive Officer and Chief Investment Officer of MTM, is licensed to sell insurance. In providing investment advisory and financial planning components, Mr. Taylor may recommend the purchase of products under circumstances where he would be entitled to receive a commission or other compensation in the transaction. Please see *Item 5 – Fees and Compensation* for more information.

### **Compensation – Client Referrals**

MTM does not make or accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Item 15: Custody**

---

### **Custody – Fee Debiting**

Clients may authorize MTM (in the client agreement) to debit fees directly from the client's account at the broker dealer, bank or other qualified custodian (custodian). Client investment assets will be held with a custodian agreed upon by the client and MTM; RJA is the custodian of nearly all client accounts at MTM. It is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly statements, which indicate all amounts disbursed from the account including the amount of advisory fees paid directly to MTM.

### **Custody – Account Statements**

As described above and in Item 13, the broker dealer, bank, or other qualified custodian that holds and maintains a client's investment assets is required to send to the client at least quarterly statements. Clients are urged to carefully review such statements and compare such official custodial records to any reports that MTM provides, which MTM may send from time to time and in accordance with MTM's investment advisory agreement with clients. MTM reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16: Investment Discretion**

---

### **Discretionary Authority for Trading and Limited Power of Attorney**

MTM may accept limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows MTM to execute trades on behalf of clients and to withdraw advisory fees directly from clients' accounts. When such limited powers exist between MTM and the client, MTM generally has the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. Additionally, MTM may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to MTM in writing.

### **Non-Discretionary Authority**

MTM manages client accounts on a non-discretionary basis (*i.e.*, MTM must get the client's consent before purchasing or selling securities in a client's account). The client may also execute a limited power of attorney, which allows MTM to carry out trade recommendations or other actions in the account, and clients may limit the terms of the limited power of attorney, subject to MTM's investment advisory agreement with the client and the requirements of the client's custodian. All limitations and restrictions placed on accounts must be presented to MTM in writing.

In client accounts in the Sub-Advisory Wrap Program, MTM does not have discretionary authority over a client's account. Therefore, an investment adviser representative of MTM will discuss with the client and obtain the client's approval before placing client assets in any security or fund managed by a third-party portfolio

manager. However, by selecting one or more portfolios, the client grants discretionary authority to the third-party portfolio manager to buy or sell securities in the applicable portfolio.

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

---

MTM will not accept authority to vote client securities. For ICA accounts and those in the MTM Wrap Program, the custodian of the client's assets will send all proxies directly to the client, so that the client may vote the proxies. For accounts in the Sub-Advisory Wrap Program, unless the client exercises his authority to vote the proxies, the sub-advisor/third-party manager will vote the proxies.

Clients may contact MTM with questions about a particular proxy or solicitation. Clients may contact the Chief Compliance Officer at 864.582.7000 for information about proxy voting.

### **Item 18: Financial Information**

---

MTM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

MTM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance; and therefore, is not required to provide a balance sheet to clients.