

Mountain Capital Investment Advisors, Inc
FORM ADV Part 2A
Firm Brochure

12235 Pecos St, Suite 100
Westminster, CO 80234

720-500-0050

September 18, 2020

This 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 720-500-0050. 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.

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Table of Contents

1. Cover Page	1
2. Material Changes	Error! Bookmark not defined.
3. Table of Contents	2
4. Advisory Business	3
5. Fees and Compensation	3
6. Performance-Based Fees and Side-by-Side Management	4
7. Types of Clients	4
8. Method of Analysis, Investment Strategies and Risk of Loss	4
9. Disciplinary Information	6
10. Financial Industry Activities and Affiliations	6
11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	6
12. Brokerage Practices	6
13. Review of Accounts	9
14. Client Referrals and Other Compensation	9
15. Custody	10
16. Investment Discretion	10
17. Voting Client Securities	10
18. Financial Information	10

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1. Material Changes

Since the last annual update in March 2019, the following material changes have occurred:

- We now have \$287,000,000 in assets under management (AUM). See Item 4T
- We have a new office address: 12235 Pecos St, Suite 100, Westminster, CO 80234

2. Advisory Business

Mountain Capital Investment Advisors Inc. (MCIA) is an investment advisor registered with the Securities and Exchange Commission (SEC). We were formed in May 2011 and are privately co-owned by Brandt Burns, Michelle Burns, and Robert Loesch. 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.

We have \$287m in assets under management on a discretionary basis and \$0 on a non-discretionary basis as of September 17, 2020.

The company now offers income tax return preparations services through Mountain Capital Accounting, LLC. under a separate agreement than advisory services. The service is provided and managed by Michelle Burns, who is both a financial advisor and an Enrolled Agent.

3. Fees and Compensation

Our maximum investment advisory fee is 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. Fees will be billed in advance on the first day of each 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 the custodian 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.

In addition to our fees, clients' accounts may be subject to margin costs, charges imposed directly by a mutual fund or exchange traded fund, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Fees are negotiable. 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 for income tax return preparation are negotiated on a case by case basis, based on complexity of the return. These fees are specified under separate agreement.

4. Performance-Based Fees and Side-by-Side Management

MCIA does not receive, accept, or charge any performance-based fees. Performance based fees are based on a share of capital gains on or capital appreciation of the client's assets.

5. 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. Method 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.

7. Disciplinary Information

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

8. Financial Industry Activities and Affiliations

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

9. 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.

10. Brokerage Practices

We may suggest the broker or dealer to be used for transactions, and client accounts are generally opened with Charles Schwab & Co, Inc. Advisor Services ("Schwab") and Fidelity Institutional Services ("Fidelity"). We suggest and will use brokers that provide the best execution and service for client transactions. "Best execution" is determined on a trade-by-trade basis, and should result in the best qualitative execution, not necessarily the lowest possible commission cost. In determining which brokers or dealers provide clients the best service, we consider the full range and quality of a broker's services, including, but not limited to, execution capability, the value of research provided, commission rate (trading costs), financial responsibility, and responsiveness to us and effectiveness in clearing and settling trades. Many brokers have a minimum level of client assets that they require in order to work with us as your advisor, which may limit our ability to service accounts not held at Schwab.

Other Products and Services Available to Us from Schwab/Fidelity. Fidelity Institutional Services and Schwab Advisor Services (formerly called Schwab Institutional) are business serving independent investment advisory firms like us. They provide us and our clients with access to institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab/Fidelity retail customers. Schwab/Fidelity 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/Fidelity 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/Fidelity 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/Fidelity 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/Fidelity include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab/Fidelity services described in this paragraph generally benefit you and your account.

Services that May Not Directly Benefit You. Schwab/Fidelity 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/Fidelity 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/Fidelity. In addition to investment research, Schwab/Fidelity 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/Fidelity 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/Fidelity may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab/Fidelity 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/Fidelity may also provide us with other benefits such as occasional business entertainment of our personnel.

Our Interest in Schwab and Fidelity's Services. The availability of the services from Schwab/Fidelity described above under the caption "Other Products and Services Available to Us from Schwab/Fidelity" benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab/Fidelity services. Our arrangements with Schwab/Fidelity may give us an incentive to require that you maintain your account with Schwab/Fidelity based on our interest in receiving Schwab/Fidelity services and Schwab/Fidelity 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/Fidelity as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab/Fidelity services and not Schwab/Fidelity 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.

Directed Brokerage. All trades are executed through the client's custodian. We do not permit clients to specify a different brokerage for execution of their trades. We have selected our custodian-broker relationship(s) to ensure the best overall service and execution of client trades.

Trade Aggregation. All client portfolios are managed as model portfolios, and client trades are generally executed as block trades. This means that trades for all accounts are entered as a single trade order, and upon trade execution, each account is allocated its shares and trading costs on a pro-rata basis. No account within the block trade will be favored over any other account, and thus, each account will participate in an aggregated order at the average share price and receive the same trade cost. The aggregation should, on average, reduce slightly the costs of execution. MCIA will not aggregate a client's order if in a particular instance MCIA believes that aggregation would cause the client's cost of execution to be increased. MCIA and/or its Associated Persons may participate in block trades with clients, and may also participate on a pro rata basis for partial fills, but only after the determination has been made that clients will receive fair and equitable treatment.

11. 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 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.

12. Client Referrals and Other Compensation

Please see information under "Brokerage Practices" regarding services and benefits that we receive from Schwab as a result of our business relationship with them.

MCIA does pay certain Solicitors for referring clients to us, but are we 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.

13. Custody

We do not maintain custody of any client's funds or securities – all client accounts are held at a qualified custodian, who sends regular statements to every client. You should carefully review each statement that you receive.

We regularly send you other reports (not statements) about your investments. We urge you to compare our reports to the statements you receive from your custodian, and contact us immediately with any questions.

14. Investment Discretion

We are authorized to purchase and sell securities consistent with the client's stated investment objectives and risk tolerance pursuant to the Investment Advisory Agreement. We obtain consent from all clients regarding asset allocation prior to purchasing investments for clients. Certain investments require additional written client consent. We may, at our discretion, allow clients to limit this discretionary authority (e.g. limiting certain securities from your account), if such limitation will not impede the effective management of the client's investments.

15. Voting Client Securities

Clients may select when opening an account with Schwab/Fidelity, 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.

16. Financial Information

MCIA does not require the payment of \$1,200 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.