

# Form ADV Part 2A

## Investment Adviser Disclosure Statement

July 28, 2021



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This brochure provides information about the qualifications and business practices of MTC Wealth Management LLC, a Florida limited liability company and an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Registration does not imply a certain level of skill or training but only indicates that MTC Wealth Management LLC has registered its business with state and federal regulatory authorities, including the SEC. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

If you have any questions about the contents of this brochure, please contact us at 888-727-9191. Additional information about MTC Wealth Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](https://www.adviserinfo.sec.gov).

## **Item 2 Material Changes**

On January 22, 2020 we updated Item 4E of our Client Brochure to disclose discretionary assets under management of \$180,368,643.

On March 10, 2021 the following changes were made: (1) the website address in item 4A was changed to reflect the Adviser and not the parent company; (2) Item 4E was updated to reflect discretionary assets under management of \$230,887,044; and (3) all references to advisory services offered directly to retail investors were removed.

On July 28, 2021 we updated Item 4E of our Client Brochure to disclose discretionary assets under management of \$265,838,414.

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## **Item 4 Advisory Business**

### **A. Company Information**

MTC Wealth Management LLC (the “Adviser”) is an investment adviser registered with the SEC, which is organized as a limited liability company under the laws of the State of Florida. The Adviser was formed on May 15, 2019 as a wholly owned subsidiary of Members Trust Company, FSB. Additional information about the Adviser can be found online at [www.mtcwealthmanagement.com](http://www.mtcwealthmanagement.com).

### **B. Summary of Investment Advisory Services**

The Adviser offers third-party money management services.

#### **Third-Party Money Management Services**

The Adviser’s third-party money management services consist of making model portfolios available through investment platforms where the Adviser does not always enter into an advisory agreement with the platform participant.

The Adviser maintains a conservative investment approach. We offer a wide range of portfolios from the very aggressive to the more conservative, but in all of our strategies we remain vigilant to downside risks. We believe the paths of investment returns are as important as point-in-time performance results. Reducing the volatility of returns from month-to-month, quarter-to-quarter, and year-to-year offers greater opportunity for platform participants to avoid the roller-coaster of emotional investing.

### **C. Tailored Services and Investment Restrictions**

Prior to engaging the Adviser to provide investment advisory services, each platform participant will work with their financial advisor to determine the appropriate model. Platform participants may not impose restrictions on investing in certain securities or types of securities.

### **D. Wrap Fee Programs**

The Adviser does not participate in wrap fee programs.

### **E. Discretionary and Nondiscretionary Assets**

As disclosed in the Adviser’s Form ADV Part 1, the Adviser currently manages approximately \$ 265,838,414 in client assets on a discretionary basis. This total is calculated using the closing U.S. market prices from June 30, 2021. The Adviser does not manage any client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

The Adviser charges fees based on percentage of assets under management. The Adviser charges fees in accordance with an underlying contract with the platform provider and therefore the fees are non-negotiable by the platform participant.

### **A. Fees for Advisory Services**

Platform participants engaging the Adviser to provide third-party money management services are charged a management fee in addition to any applicable investment account fees charged by the platform. Such fee will be in an amount equal to 0.25% per annum of the market value of the assets in relation to which such services are provided. Fees can be negotiated by the platform provider and the adviser may reduce the fees at its discretion.

### **B. Fee Billing**

Platform participants will be billed by their investment platform according to the terms of the agreement with the platform.

### **C. Other Fees and Expenses**

Platform participants may incur certain fees or charges imposed by third-parties, other than the Adviser, in connection with investments made on behalf of the platform participant's account[s]. The platform participant is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The third-party money management service fees charged by the Adviser are separate and distinct from these custodian and execution fees, and are separate and distinct from any fees or expenses charged by mutual funds and exchange traded funds to their shareholders, if applicable (all of which should be described in each applicable fund's prospectus). Such other fees and expenses generally will be for the payment of management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and possibly distribution fees.

### **D. Advance Payment of Fees and Termination**

The Adviser does not require advance payment of fees, therefore there will be no refund of fees paid in the event of termination.

### **E. Compensation for Sale of Securities**

The Adviser does not buy or sell securities or other investment products and does not receive any compensation for securities or investment transactions in any investment account, other than the third-party money management service fees noted above.

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

The Adviser does not charge performance-based fees or enter into side-by-side management arrangements. The fees charged by the Adviser are as described in Item 5 – Fees and Compensation above, and are not based upon capital appreciation of the funds, securities, or other investments held by any platform participant. The Adviser does not manage any proprietary investment funds or limited partnerships and has no financial incentive to recommend any particular investment options to its clients.

## **Item 7 Types of Clients**

The Adviser offers third-party money management services via contractual relationship with investment platform providers.

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

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

#### **Methods of Analysis**

Asset allocation and investment decisions are made in the Adviser's judgment to meet the investment strategy of the portfolio while minimizing risk exposure. To achieve this, the Adviser will employ what it believes to be an appropriate blend of fundamental and technical analyses to develop long-term investment strategies. Fundamental analysis involves evaluating economic factors including interest rates, current state of the economy, future growth of an issuer, or sector, among others. Technical analysis may involve studying securities, markets, or economies as a whole in an effort to determine potential future behaviors. Our research and recommendations may be drawn from sources that include financial publications, investment analysis and reporting software, research materials from outside sources, corporate rating services, annual reports, prospectuses and other regulatory filings, as well as company press releases.

#### **Investment Strategies**

### **APPROPRIATE POLICY STATEMENTS & OBJECTIVES**

The Adviser develops target risk asset allocation models. Each individual model sets long-term asset allocation targets at the equity, fixed income, and cash levels. The Adviser manages these asset allocation models to meet varying investment objectives while minimizing risk exposure.

### **ASSET ALLOCATION**

Modern Portfolio Theory (MPT) is at the core of our portfolio design process with asset class allocations based on long-term risk and return characteristics blended together with our internal capital market expectations. However, we also know that correlations change over

time and if anything, the financial crisis reminded clients that they cannot rely on MPT alone. Portfolio design also accounts for fat tail (low probability event) risk with a focus on downside risk.

## **SECURITY SELECTION**

The Adviser provides active management utilizing passive index Exchange Traded Funds (ETFs) to gain broad based market exposures thereby eliminating company specific risk. ETFs provide portfolio managers greater flexibility and efficiency in maintaining and readjusting portfolio allocations across asset classes than individual bonds, stocks, or mutual funds. Other benefits include lower costs, increased liquidity, and greater transparency. We believe utilizing broad indexes to gain asset class exposures has proven to reduce overall portfolio volatility.

## **DISCIPLINED REBALANCING**

The Adviser employs a multi-layered rebalancing approach. Each model provides allocation ranges which control disciplined, long-term strategic rebalancing of positions. The Adviser also believes in the benefits of shorter-term tactical rebalancing based on market conditions rather than a set calendar schedule. We believe in taking profits during positively performing markets so that we can manage risk and be opportunistic during periods of short-term stress.

## **TACTICAL ASSET ALLOCATION**

The Adviser utilizes tactical allocation changes within the equity and fixed income asset classes to manage risk and opportunities. Tactical asset allocation decisions within equity include, but not limited to, the mix of U.S. to International exposure, market cap weightings, and growth versus value tilts. Tactical asset allocation decisions within fixed income include, but not limited to, duration, type of bonds, and credit quality.

**Investing in securities involves risk of loss that platform participants should be prepared to bear.**

### **B. Risk of Loss**

Investing in securities involves risk of loss. Depending on the type of investment, there may be varying degrees of risk. Platform participants and prospective platform participants should be prepared to bear investment loss including loss of principal (invested amount). The Adviser cannot guarantee any level of performance or that account assets will not be lost.

Some risk may be avoided or mitigated, while others are completely unavoidable. Some of the common risks you should consider prior to investing include, but are not limited to:

- **Market Risk:** When the stock market as a whole goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (Stock) Risk:** Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If the platform participant held common stock, or common stock equivalents, of any given issuer, the platform participant would generally be exposed to greater risk than if the platform participant held preferred stock or debt obligations of the issuer.
- **Company Risk:** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Exchange Traded Funds (ETFs) Risk:** The Adviser implements its advisory services by primarily investing in ETFs. For information regarding the structure, fees, and risks associated with investing in ETFs, see the SEC's Investor Bulletin on ETFs: <https://www.sec.gov/servlet/sec/investor/alerts/etfs.pdf>  
When the platform participant is invested in an ETF, they will bear additional expenses based on their pro rata share of the ETFs operating expenses, including the potential duplication of management fees. The risk of owning an ETF generally reflects the risks of owning the underlying securities the ETF holds. Platform participants will also incur brokerage costs when purchasing ETFs.
- **Management Risk:** The platform participant's investment will vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

## Item 9 Disciplinary Information

There are no legal, administrative, regulatory, or disciplinary events involving the Adviser or any of its employees.

## Item 10 Other Financial Industry Activities and Affiliations

A. Neither the Adviser nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.



B. Neither the Adviser nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

C. All employees of the Adviser are also employed by Members Trust Company, FSB. Investment Adviser Representatives of the Adviser generally oversee the investment accounts of Members Trust Company, FSB.

D. The Adviser provides investment management services by partnering with unaffiliated investment advisers and working through their financial representatives to offer investment strategies to clients of those advisers who wish to utilize the Adviser's services. No material conflicts of interests are created by such relationships.

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

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

The Adviser has implemented a Code of Ethics that defines our fiduciary commitment to each client. This Code of Ethics applies to all persons associated with the Adviser. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to clients. The Adviser and its personnel owe a duty of loyalty, fairness and good faith towards each client. It is the obligation of the Adviser's associates to adhere not only to the specific provisions of the Code of Ethics, but also to the general principles that guide it. The Code of Ethics covers a range of topics that may include; general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. The Adviser has written its Code of Ethics to meet and exceed regulatory standards. Clients and prospective clients may request a copy of our Code of Ethics by contacting us at (813) 386-8723.

## **B. Personal Trading and Conflicts of Interest**

In compliance with the personal securities transaction reporting rules, the Adviser monitors transactions of related persons for the same securities that may be recommended to or purchased on behalf of platform participants in personal accounts managed outside of the Adviser or Members Trust Company, FSB. Owning the same securities we recommend (purchase or sell) to you presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you.

At no time, will the Adviser or any related person of the Adviser, transact in any security to the detriment of any client or platform participant.

## **Item 12 Brokerage Practices**

### **A. Recommendation of Custodian and/or Broker-Dealers**

The execution of trades for platform participants will be conducted by the platform's broker dealer.

## **Item 13 Review of Accounts**

### **A. Frequency of Reviews**

Accounts are monitored on a regular and continuous basis by members of the Compliance Department and/or the Portfolio Management team. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the platform participant for adherence to investment strategy and to confirm that account performance is consistent with any model portfolio or platform guidelines.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each platform participant account shall be reviewed at least annually or upon the occurrence of certain events. Reviews may be conducted more or less frequently at the platform participant's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the platform participant's financial situation, and/or large deposits or withdrawals in the platform participant's account. The platform participant is encouraged to notify the Adviser if changes occur in his/her personal financial situation that might adversely affect his/her investment plan. Additional reviews may be triggered by material market, economic, or political events.

## **C. Review Reports**

The platform participant will receive written brokerage statements no less than quarterly from the custodian. These brokerage statements are sent directly from the custodian to the platform participant.

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

The Adviser nor any of its related persons accept economic benefit by providing investment advice or other advisory services to its clients.

Neither the Adviser nor any of its related persons, directly or indirectly, compensates any person who is not a supervised person of the Adviser for client referrals.

### **Item 15 Custody**

The Adviser does not maintain physical custody of client assets. Rather, all platform participant's cash and securities advised by the Adviser are held by the platform participant's qualified custodian. However, under relevant regulations, the Adviser is deemed to have "custody" of client assets held by a client's qualified custodian in certain circumstances, including:

- where the Adviser is permitted to deduct its asset management and/or third-party money management service fee directly from the client's account held by the qualified custodian;
- where an affiliate of the Adviser, such as Members Trust Company, FSB, acts as the client's custodian; and
- where the Adviser has the ability or authority to transfer funds or securities out of the client's account held at a qualified custodian.

### **Item 16 Investment Discretion**

Platform participants typically grant the Adviser discretionary authority to determine, without obtaining specific consent, the securities to be bought or sold for the platform participant's account(s). This discretionary authority is set forth in the platform participant's written agreement with the investment platform provider.

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

The Adviser has the authority to vote platform participants' securities by proxy. Proxies will always be voted based solely on considerations of the best interests of the platform participant. Proxies are routed to the Proxy Coordinator, who analyzes the proxy voting proposal and votes according to the best interests of the platform participant. The Proxy Coordinator's proxy vote then goes to an executive investment committee for ratification.

Platform participants may direct the voting of their securities by contacting their financial advisor.

Since the majority of the holdings in platform participant accounts are ETFs, the likelihood of a conflict of interest between the Adviser and a platform participant with respect to the voting of such platform participant's securities is low. However, in the event of a conflict or potential conflict of interest, the Adviser would not vote by proxy.

Platform participants seeking information from the Adviser about how their securities were voted or seeking to obtain a copy of the Adviser's proxy voting policies and procedures may do so by calling 888-727-9191.

### **Item 18 Financial Information**

Neither the Adviser, nor its related persons, has any adverse financial situations that would reasonably impair the ability of the Adviser to meet all obligations to its clients. Neither the Adviser, nor any of its related persons, has been subject to a bankruptcy or financial compromise. The Adviser is not required to deliver a balance sheet along with this Disclosure Brochure, as the Adviser does not collect advance fees for services to be performed six months or more in advance.