

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

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

**March 2021**

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This brochure provides information about the qualifications and business practices of Mutual Trust Asset Management (“MTAM”). If you have any questions about the contents of this brochure, please contact us at (727) 799- 9922 or by email at [jed@mutualtrustco.com](mailto:jed@mutualtrustco.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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## ITEM 2 Material Changes

### Annual Update

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

### Material Changes since the last update

We have not had any material changes since the last update to the ADV Part 2 was submitted in January 2020.

### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please call us at (727) 799-9922 or email us at [jed@mutualtrustco.com](mailto:jed@mutualtrustco.com).

## ITEM 4 ADVISORY BUSINESS

### Firm Description

MTAM is an independent investment advisory firm that provides investment management and financial planning services. MTAM was acquired in March 1985 by Jed Bandes, and the firm was registered with the State of Florida in 2002 as a Registered Investment Adviser. Please see the section titled "Types of Advisory Services" below for more information about our services.

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

### Principal Owner

Jed E. Bandes is the President and 100% owner of MTAM.

Jed E. Bandes is also the sole owner of the affiliated Broker-Dealer, firm Mutual Trust Company of America Securities. Please refer to the rest of this Form ADV and specifically Item 12 regarding specific conflicts of interest related to the affiliated relationship and how it will affect you.

### Types of Advisory Services

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

#### Investment Advisory Services:

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

tolerance for risk. After a review of a client's personal data, an investment strategy is developed, and specific investments are recommended. The strategy is then implemented on a discretionary basis. Investment portfolios and strategies are reviewed periodically. MTAM may recommend outside money managers.

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

#### Financial Planning:

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

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

1. Document the scope of work in an

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

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

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

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

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

understanding of the assumptions and outcomes of the technology employed.

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

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

### **Tailored Relationships**

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

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

### **Assets Under Management**

As of December 31, 2020, MTAM managed approximately \$195,265,338 in assets under management for 1395 accounts, all of which are managed on a discretionary basis.

## **ITEM 5 FEES AND COMPENSATION**

### **Description**

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

### **Investment Management Fees**

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

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

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

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

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

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

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

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

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

#### **Financial Planning Fees**

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

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

#### **Fee Billing**

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

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

### **Other fees**

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

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

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

### **Prepaid fees**

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

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

### **Termination**

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

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

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

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

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

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



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

## **ITEM 7 TYPES OF CLIENTS**

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

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

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

### **Methods of Analysis**

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

### **Investment Strategies**

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

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

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

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

### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Risks include, but are not limited to A Portion Or Complete Loss of Principal, Interest-Rate Risk, Market Risk, Inflation Risk, Extension Risk, Prepayment Risk, Poor Execution, Poor Or Fraudulent Accounting Risk, Adverse Government Legislation, Currency Risk, Reinvestment Risk, Business Risk, Systematic Risk, Liquidity Risk, and Financial Risk.

Cash Management Risks. The Firm can invest some of a client's assets temporarily in money

market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

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

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

Mutual Funds and ETFs. An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event, they sell securities for a profit that cannot be offset by a corresponding loss. Shares of mutual funds are generally distributed

and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value "NAV", plus any shareholders' fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares can differ significantly from the NAV during periods of market volatility, which, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

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

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

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

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

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

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

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

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

Derivative Risk. Investing and engaging in derivative instruments or derivative transactions

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

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

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

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

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

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

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

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

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

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

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

## **ITEM 9 Disciplinary Information**

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

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

MTAM is owned by Jed E. Bandes. Mr. Bandes also owns Mutual Trust Co. of America Securities, a broker/dealer. Mr. Bandes also owns Principal Derivatives, LLC, and Mutual Trust Financial Services, Inc. No management person has an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of any of the foregoing entities.

A conflict exists in that representatives of MTAM

can be dually registered with Mutual Trust Co. Of America Securities. MTAM's Code of Ethics and internal policies require all recommendations place the interest of the client first. Accounts are reviewed on a regular basis to ensure compliance with the Code of Ethics and conflict of interest policies. Clients of MTAM can direct the use of another Brokerage firm, and MTAM has an obligation to put the client's interest ahead of MTAM, or its affiliates or staff. Please refer to Item 12 Brokerage Practices – Directed Brokerage for additional information.

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

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

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

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

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

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

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

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

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

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

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

##### **Soft Dollars**

Benefits are received from custodians or broker-dealers based on client securities transactions ("soft dollar benefits"). Custodians generally do

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

MTAM can also benefit from other services provided by Mutual Trust Co. of America Securities and other custodians, such as:

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

Mutual Trust Co. of America Securities and other

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

#### Directed Brokerage:

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

obtain best execution when the client directs trades to another broker-dealer.

## **ITEM 13 REVIEW OF ACCOUNTS**

### **Reviews**

Transactions & balances are reviewed at least monthly for all accounts. Investment Policy and strategy are reviewed quarterly or more often if necessary. All accounts are reviewed by the primary investment advisor, Jed E. Bandes, President of MTAM. Jed E. Bandes reviews the consistency of the asset allocation with the investment policy statement & suitability of individual securities. The frequency of review meetings with clients can be quarterly, semi-annually, annually, or on another frequency established by the client.

### **Review Triggers**

Account reviews for MTAM clients are performed more frequently when market conditions dictate, or when a client's objectives change. A review can be triggered by client requests, changes in market conditions, new information about an investment, changes in tax laws, or other important changes.

### **Regular Reports**

All investment advisory clients receive account statements from their asset custodian based on that custodian's reporting schedule (usually monthly). Financial Planning clients will receive a written report at the completion of their contracted services. Clients are encouraged to review their statements and contact us if they have not received a report.

Clients should carefully review the custodian statements. When clients have questions about their account statements, or if they have not received a statement from the custodian, they should contact us.

### **Diminished Capacity/Suspected Fraud**

In the event the Advisor believes the client is acting in a state of diminished capacity or suspects a third party is fraudulently directing the client in such a way that would financially harm

the client, the Advisor reserves the right not to transact an investment, withdrawal, or deposit. The Advisor will then report the incident to the proper authorities. Clients are encouraged to designate a trusted contact that the advisor can contact on the client's behalf in case of diminished capacity or suspected fraud.

## **ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION**

### **Incoming Referrals**

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

### **Referrals to Other Professionals**

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

## **ITEM 15 CUSTODY**

### **Account Statements**

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

### **Custody**

MTAM does not act as custodian of client assets, although we are considered to technically have "custody" over many client accounts held at independent custodians. This occurs when we have the authority to withdraw fees directly from

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

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

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

## **ITEM 16 INVESTMENT DISCRETION**

### **Discretionary Authority for Trading**

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

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

REMIC's, REIT's, master general limited partnerships, structured products, and exchange-listed options.

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

### **Limited Power of Attorney**

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

## **ITEM 17 VOTING CLIENT SECURITIES**

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

## **ITEM 18 FINANCIAL INFORMATION**

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

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

### **Requirements for SEC-Registered Advisers**

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





