



## **Mountain Capital Investment Advisors Inc. Form ADV Part 2A**

### **Firm Brochure**

March 21, 2023

12235 Pecos St, Suite 100  
Westminster, CO 80234

720-500-0050

This brochure provides information about the qualifications and business practices of Mountain Capital Investment Advisors, Inc. If you have 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. is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## **2. Material Changes**

Since the last annual update in March 2022, the following material changes have occurred:

- We now have \$440,000,000 in assets under management (AUM). See Item 4
- Merchant Investment Manager, LLC is a Minority Owner/Partner
- Jordan Tarry and Isaia Casas are new Minority Owners

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#### **4. Advisory Business:**

Mountain Capital Investment Advisors, Inc. is an investment advisor registered with the Securities and Exchange Commission (SEC). We were formed in May 2011 by Brandt Burns, Michelle Burns, and Robert Loesch. We are owned by Brandt Burns, Michelle Burns, Jordan Tarry, Isaia Casas, and Merchant Investment Management, LLC. Brandt Burns is Manager, Conner Murray is Director of Operations, and Brian Quint is Chief Compliance Officer of the firm.

We provide investment advisory services and financial planning primarily to individuals and their trusts, estates, and charitable organization. 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 \$440mm in assets under management on a discretionary basis and \$0 on a non-discretionary basis as of March 21, 2023.

The company now offers income tax return preparations services through Mountain Capital CPAs, 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.

#### **5. 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 are negotiable on a case-by-case basis. 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 (IAA) may be terminated by either party by submitting written notice. If we receive notice of termination within five (5) business days of the signing of the IAA, 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 IAA shall be delivered by hand, first class mail, e-mail, facsimile transmission, or by certified mail to the addresses set forth in the IAA.

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

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

Mountain Capital Investment Advisors, Inc. 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.

## **7. Types of Clients:**

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

## **8. 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 SEC, 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 States 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 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 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 UD 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 currency.

**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.

## **9. Disciplinary Information:**

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

## **10. Financial Industry Activities and Affiliations:**

Mountain Capital Investment Advisors, Inc. does not have any other financial industry activities. Mountain Capital Investment Advisors, Inc. does have affiliations with Mountain Capital CPAs and Mountain Capital Consulting.

## **11. 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 Mountain Capital Investment Advisors, Inc. 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 of 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 review personal securities transactions for employees periodically to ensure that our policies are followed, and client interest are placed first.

## **12. 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. 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 to work with us as your advisor, which may limit our ability to service accounts not held at Schwab or Fidelity.

**Other Products and Services Available from Our Custodians:** Fidelity Institutional Services and Schwab Advisor Services (formerly Schwab Institutional) are businesses 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 and Fidelity retail customers. Schwab and Fidelity also make 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. These 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 of these products and services are not based on us giving particular investment advice, such as buying specific securities for our clients. Here is a more detailed description of our custodian's support services:

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

**Services that May Not Directly Benefit You:** Schwab and Fidelity also make available to us other products and services that assist us in managing and administering our clients' accounts. They include investment research, both their 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 and Fidelity. In addition to investment research, our custodians make 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 and Fidelity also offer 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 and 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 and 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 and 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 our custodians, Schwab and Fidelity, described above benefit us because we do not have to produce or purchase them. We don't have to pay for these services. Our arrangements with our custodians may give us an incentive to require that you maintain your account with them based on our interest in receiving these 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 and Fidelity as custodian and broker is in the best interest of our clients. It is primarily supported by the scope, quality, and price of these services, and not for third party services that benefit only us.

**Brokerage for Client Referrals:** We do not receive client referrals from our custodians or broker-dealers in which we have an institutional advisory arrangement. Also, we do not receive other benefits from custodians or broker-dealer relationship(s) to ensure the best overall service and execution of client trades.



**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. Mountain Capital Investment Advisors, Inc. will not aggregate a client's order if in a particular instance we believe that aggregation would cause the client's cost of execution to be increased. Mountain Capital Investment Advisors, Inc. 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.

### **13. Review of Accounts:**

Mountain Capital Investment Advisors, Inc. will perform an initial review of 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.

Mountain Capital Investment Advisors, Inc. will conduct periodic reviews quarterly, and portfolio review reports quarterly which will be uploaded to the Client Portal. Sim-annually, we will provide in-person reviews or remote reviews. The custodian of the clients' accounts will send statements at least quarterly. Additionally, Mountain Capital Investment Advisors, Inc. 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.

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

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

Mountain Capital Investment Advisors, Inc. does pay certain Solicitors for referring clients to us. Our arrangement with Solicitors is as follows:

- The Solicitor is not an employee or Investment Advisor Representative of the Advisor
- The Solicitor is not authorized to provide investment advice or manage investments on behalf of or through the Advisor. The Solicitor's role on behalf of the Advisor is limited to introducing or referring prospective clients to the Advisor.
- The Solicitor does not have authority to accept a client agreement on behalf of the Advisor or to collect or receive payment in their own name for any services of the Advisor. All client agreements with the Advisor are subject to acceptance by the Advisor.
- Once a client agreement is accepted, the Advisor typically makes an investment recommendation to the client as described in the agreement between the client and the Advisor.

- Pursuant to a separate agreement between the Advisor and the Solicitor, the Advisor will pay the Solicitor a percentage of the Advisory Fees payable to the Advisor under the investment management agreement between the client and the Advisor: 10% of the investment management fees.
- The total investment management fee charged to a client by the Advisor will **not** increase as a result of compensation being shared by the Advisor and the Solicitor.
- The 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 the Advisor.

We also have a solicitor agreement with Absolute Capital. We are a solicitor for them and receive a fee from their platform. Our arrangement with Absolute Capital is as follows:

- Mountain Capital Investment Advisors, Inc. is not an employee or representative of Absolute Capital.
- Mountain Capital Investment Advisors, Inc. introduces and refers potential clients we reasonably believe may desire to engage Absolute Capital for advisory services.
- There is no exclusivity as far as jurisdiction for the agreement.
- Mountain Capital Investment Advisors, Inc. receives a referral fee for each client solicited and referred to Absolute Capital.
- The total investment management fee charged to a client by Absolute Capital will **not** increase as a result of compensation being shared with Mountain Capital Investment Advisors, Inc.

## **15. 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 or concerns.

## **16. 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.

## **17. Voting Client Securities:**

Clients may select when opening an account with Schwab or Fidelity, whether the client or Mountain Capital Investment Advisors, Inc. 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.

## **18. Financial Information:**

Mountain Capital Investment Advisors, Inc. does not require the payment of \$1,200 or more in fees, six months or more in advance.

Mountain Capital Investment Advisors, Inc. does not have any financial conditions that may impair our ability to meet our contractual obligations to our clients.

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