

# **Montis Financial, LLC**

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## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Montis Financial, LLC. If you have any questions about the contents of this brochure, please contact us at (781) 541-5057 or via email at [jyanchek@montisfinancial.com](mailto:jyanchek@montisfinancial.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Please note, where this brochure may use the terms "registered investment adviser" and/or "registered", registration itself does not imply a certain level of skill or training.

Additional information about our firm also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

**ANY QUESTIONS:** Montis' Chief Compliance Officer, John Yancheck, remains available to address any questions regarding any portion of this Brochure.

Since our last annual updating amendment dated March 19, 2024, we have not materially amended this Disclosure Brochure.

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## **Item 4 Investment Advisory Business**

Established in 2012, Montis Financial, LLC ("Montis") provides investment advice to clients through a combination of financial planning and investment asset management services. Montis is owned by Montis HoldCo LLC.

### **Comprehensive Planning & Asset Management Service**

Clients with \$2 million or more in assets may receive our comprehensive planning and asset management service, tailored specifically to a client's investment needs. We work with you to assess a variety of personal factors including your goals and objectives, sources of income, insurance and estate needs, asset distribution and risk tolerance. We then develop a financial plan which may include an analysis of your current assets, risk management, financial independence, retirement planning, estate planning, asset allocation and diversification. Once we deliver your financial plan to you, we work with you to determine the best asset management strategy and investments to implement this plan. The investments we may recommend include short-term cash instruments, mutual funds, money managers, limited partnerships, real estate investment trusts (often known as REITs), government securities, corporate/municipal debt (bonds) and equity securities (stocks). You may impose restrictions on our services at any time.

Montis also offers comprehensive planning and asset management services to clients regarding assets on which Montis does not provide continuous and regular supervisory or management services. These assets, known as "assets under advisement", are maintained at the issuer or custodian designated by the product sponsor, and may include, but are not limited to, certain variable annuity products, 529 college savings plans, limited partnerships, and individual employer-sponsored retirement and deferred compensation plans. For these assets, while Montis may provide asset management recommendations, Montis does not have the authority to place transactions. In such situations, the client will be responsible for arranging the transactions.

For individual retail (i.e., non-institutional) clients, Montis' annual investment advisory fee shall generally (exceptions can occur-see below) include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Montis), Montis may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

### **Retirement Plan Consulting Services**

Montis provides retirement plan consulting/management services, pursuant to which it assists sponsors of self-directed retirement plans organized under the Employee Retirement Security Act of 1974 ("ERISA"). The terms and conditions of the engagement shall be set forth in a Retirement Plan Services Agreement between Montis and the plan sponsor.

In providing these services, Montis can assist with the selection and/or monitoring of investment options (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. Montis provides these services in its capacity as an ERISA Section 3(21) fiduciary. To the extent requested by the plan sponsor, Montis may also create specific asset allocation models, from which plan participants may choose in managing their individual retirement accounts. To the extent Montis provides these services on a discretionary basis, it does so in its capacity as an ERISA Section 3(38) investment manager.

## Other Consultative Services

Upon request, we evaluate portfolios, and offer specific recommendations about investment strategy, asset allocation, and diversification separate from our comprehensive planning and asset management service described above. We may also provide our comprehensive and integrated financial planning analysis at an hourly rate.

For certain clients such as institutional accounts, trusts, retirement plans and individual clients seeking only investment consulting and portfolio monitoring services, we perform third-party money manager searches and consulting on mutual funds independently of the comprehensive and integrated financial plan described above. Should we recommend a third-party investment adviser to manage all, or a portion of, a client's assets, the client will be required to enter into a separate written agreement with the third-party adviser, and as described below, the third-party adviser's fees will be charged separately from our fees.

## IRA Rollover Recommendations

**Please Note: Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Montis recommends that a client roll over their retirement plan assets into an account to be managed by Montis, such a recommendation creates a conflict of interest if Montis will earn new (or increase its current) compensation as a result of the rollover. If Montis provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), Montis is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. **No client is under any obligation to roll over retirement plan assets to an account managed by Montis, whether it is from an employer's plan or an existing IRA. Montis' Chief Compliance Officer, John Yancheck, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

## Assets Under Management

As of December 31, 2024, we provide continuous management services for \$971,558,752 in client assets on a discretionary basis, and \$40,856,437 in client assets on a non-discretionary basis.

## Miscellaneous

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** To the extent requested by the client, Montis will generally provide financial planning and related consulting services regarding matters such as tax and estate planning, insurance, etc. Montis will generally provide such consulting services inclusive of its advisory fee set forth at Item 5 below (exceptions could occur based upon assets under management, extraordinary matters, special projects, stand-alone planning engagements, etc. for which Firm may charge a separate or additional fee). **Please Note.** Montis believes that it is important for the client to address financial planning issues on an ongoing basis. Montis' advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with Montis. **Please Also Note:** Montis **does not** serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as same. Accordingly, Montis **does not** prepare legal documents,

prepare tax returns, or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.). The client is not under any obligation to engage any such professional(s). The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Montis and/or its representatives. If the client engages any professional (i.e. attorney, accountant, insurance agent, etc.), recommended or otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** Montis, shall be responsible for the quality and competency of the services provided.

**Please Note-Use of Mutual and Exchange Traded Funds:** Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by Montis independent of engaging Montis as an investment adviser. However, if a prospective client determines to do so, he/she will not receive Montis' initial and ongoing investment advisory services. **Please Also Note:** In addition to Montis' investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Please Note-Use of DFA Mutual Funds:** Montis utilizes the mutual funds issued by Dimensional Fund Advisors ("DFA"). DFA funds are generally only available through registered investment advisers approved by DFA. Thus, if the client was to terminate Montis' services, and transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds, will generally apply.

**Interval Funds/Risks and Limitations:** Where appropriate, Montis Financial, LLC ("Montis") may utilize interval funds. An interval fund is a non-traditional type of closed-end mutual fund that periodically offers to buy back a percentage of outstanding shares from shareholders. Investments in an interval fund involve additional risk, including lack of liquidity and restrictions on withdrawals. During any time periods outside of the specified repurchase offer window(s), investors will be unable to sell their shares of the interval fund. There is no assurance that an investor will be able to tender shares when or in the amount desired. There can also be situations where an interval fund has a limited amount of capacity to repurchase shares, and may not be able to fulfill all purchase orders. In addition, the eventual sale price for the interval fund could be less than the interval fund value on the date that the sale was requested. While an interval fund periodically offers to repurchase a portion of its securities, there is no guarantee that investors may sell their shares at any given time or in the desired amount. As interval funds can expose investors to liquidity risk, investors should consider interval fund shares to be an illiquid investment. Typically, the interval funds are not listed on any securities exchange and are not publicly traded. Thus, there is no secondary market for the fund's shares. Because these types of investments involve certain additional risk, these funds will only be utilized when consistent with a client's investment objectives, individual situation, suitability, tolerance for risk and liquidity needs. Investment should be avoided where an investor has a short-term investing horizon and/or cannot bear the loss of some, or all, of the investment. There can be **no assurance** that an interval fund investment will prove profitable or successful. **In light of these enhanced risks, a client may direct Montis, in writing, not to employ any or all such strategies for the client's account.**

**Please Note: Inverse/Enhanced Market Strategies.** Montis may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to

certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. To the contrary, such funds and/or strategy(ies) can suffer substantial losses. In light of these enhanced risks/rewards, a client may direct Montis, in writing, not to employ any or all such strategies for his/her/their/its accounts

**Cybersecurity Risk.** The information technology systems and networks that Montis and its third-party service providers use to provide services to Montis' clients employ various controls that are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Montis' operations and/or result in the unauthorized acquisition or use of clients' confidential or non-public personal information. In accordance with Regulation S-P, Montis is committed to protecting the privacy and security of its clients' non-public personal information by implementing appropriate administrative, technical, and physical safeguards. Montis has established processes to mitigate the risks of cybersecurity incidents, including the requirement to restrict access to such sensitive data and to monitor its systems for potential breaches. Clients and Montis are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur financial losses and/or other adverse consequences. Although Montis has established processes to reduce the risk of cybersecurity incidents, there is no guarantee that these efforts will always be successful, especially considering that Montis does not control the cybersecurity measures and policies employed by third-party service providers, issuers of securities, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchanges, and other financial market operators and providers. In compliance with Regulation S-P, Montis will notify clients in the event of a data breach involving their non-public personal information as required by applicable state and federal laws.

**Bitcoin, Cryptocurrency, and Digital Assets.** For clients who want exposure to Bitcoin, cryptocurrencies, or digital assets, Montis, will advise the client to consider a potential investment in corresponding exchange traded securities, or an allocation to separate account managers and/or private funds that provide cryptocurrency exposure. Bitcoin and cryptocurrencies are digital assets that can be used for various purposes, including transactions, decentralized applications, and speculative investments. Most digital assets use blockchain technology, an advanced cryptographic digital ledger to secure transactions and validate asset ownership. Unlike conventional currencies issued and regulated by monetary authorities, cryptocurrencies generally operate without centralized control, and their value is determined by market supply and demand. While regulatory oversight of digital assets has evolved significantly since their inception, they remain subject to variable regulatory treatment globally, which may impact their risk profile and liquidity. Given that cryptocurrency investments are speculative and subject to extreme price volatility, liquidity constraints, and the potential for total loss of principal, Montis does not exercise discretionary authority to purchase cryptocurrency investments for client accounts. Any investment in cryptocurrencies must be expressly authorized by the client. Montis does not recommend or advocate for the purchase of, or investment in, Bitcoin, cryptocurrencies, or digital assets. Such investments are considered speculative and carry significant risk. Clients who authorize the purchase of a cryptocurrency investment must be prepared for the potential for liquidity constraints, extreme price volatility, regulatory risk, technological risk, security and custody risk, and complete loss of principal.

**Independent Managers.** Montis may allocate a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for

the active discretionary management of the allocated assets, including , to the extent applicable, proxy voting responsibility. Montis shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Montis shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. **Please Note:** The investment management fee charged by the Independent Manager[s] is separate from, and in addition to, Montis' advisory fee as set forth in the fee schedule at Item 5 below.

**Unaffiliated Private Investment Funds.** Montis also provides investment advice regarding private investment funds. Montis, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in private investment funds, the description of which (the terms, conditions, risks, conflicts and fees, including incentive compensation) is set forth in the fund's offering documents. Montis' role relative to unaffiliated private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become an unaffiliated private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Montis calculating its investment advisory fee. Montis' fee shall be in addition to the fund's fees. Montis' clients are under absolutely no obligation to consider or make an investment in any private investment fund(s).

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that the client is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Valuation.** In the event that Montis references private investment funds owned by the client on any supplemental account reports prepared by Montis, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. However, if subsequent to purchase, the fund has not provided an updated valuation, the valuation shall reflect the initial purchase price. If subsequent to purchase, the fund provides an updated valuation, then the statement will reflect that updated value. The updated value will continue to be reflected on the report until the fund provides a further updated value.

**Please Also Note:** As result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to purchase price, the current value(s) of an investor's fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, Montis shall calculate its fee based upon the latest value provided by the fund sponsor.

**Custodian Charges-Additional Fees.** As discussed below at Item 12 below, when requested to recommend a broker-dealer/custodian for client accounts, Montis generally recommends that Charles Schwab and Co., Inc. ("*Schwab*") or Fidelity Brokerage Service, LLC and National Financial Services, LLC (collectively "*Fidelity*"), serve as the broker-dealer/custodian for client investment management assets. The specific broker-dealer/custodian recommended could depend upon the scope and nature of the services required by the client. Broker-dealers such as *Schwab* and *Fidelity* charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-



dealer/custodian (while certain custodians, including *Schwab and Fidelity*, do not currently charge fees on individual equity transactions, others do. **Please Note:** there can be no assurance that Schwab and/or Fidelity will not change their transaction fee pricing in the future). **ANY QUESTIONS: Montis' Chief Compliance Officer, John Yancheck, remains available to address any questions that a client or prospective client may have regarding the above.**

**Please Note: Cash Positions.** Montis continues to treat cash as an asset class. As such, unless determined to the contrary by Montis, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Montis' advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), Montis may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Montis' advisory fee could exceed the interest paid by the client's money market fund. **ANY QUESTIONS: Montis' Chief Compliance Officer, John Yancheck, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.**

**Cash Sweep Accounts.** Certain account custodians can require that cash proceeds from account transactions or new deposits, be swept to and/or initially maintained in a specific custodian designated sweep account. The yield on the sweep account will generally be lower than those available for other money market accounts. When this occurs, to help mitigate the corresponding yield dispersion, Montis shall (usually within 30 days thereafter) generally (with exceptions) purchase a higher yielding money market fund (or other type security) available on the custodian's platform, unless Montis reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to the amount of dispersion between the sweep account and a money market fund, the size of the cash balance, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account

**Please Note:** The above does not apply to the cash component maintained within a Montis actively managed investment strategy (the cash balances for which shall generally remain in the custodian designated cash sweep account), assets allocated to an unaffiliated investment manager, and cash balances maintained for fee billing purposes.

**Please Also Note:** The client shall remain exclusively responsible for yield dispersion/cash balance decisions and corresponding transactions for cash balances maintained in any Montis unmanaged accounts. **ANY QUESTIONS: Montis' Chief Compliance Officer, John M. Yancheck, remains available to address any questions that a client or prospective client may have regarding the above.**

**Client Retirement Plan Assets.** If requested to do so, Montis shall provide investment advisory services relative to the client's 401(k) plan assets. In such event, unless otherwise agreed upon, Montis shall recommend that the client allocate the retirement account assets among the investment options available on the 401(k) platform. Montis shall be limited to making recommendations regarding the allocation of the assets among the investment alternatives available through the plan. Montis will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify Montis of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account.

**Portfolio Activity.** Montis has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Montis will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited

to, investment performance, fund manager tenure, market conditions, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Montis determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by Montis will be profitable or equal any specific performance level(s).

**Socially Responsible (ESG) Investing Limitations.** Socially Responsible Investing involves the incorporation of Environmental, Social and Governance ("ESG") considerations into the investment due diligence process. ESG investing incorporates a set of criteria/factors used in evaluating potential investments: Environmental (i.e., considers how a company safeguards the environment); Social (i.e., the manner in which a company manages relationships with its employees, customers, and the communities in which it operates); and Governance (i.e., company management considerations). The number of companies that meet an acceptable ESG mandate can be limited when compared to those that do not, and could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Montis), there can be no assurance that investment in ESG securities or funds will be profitable, or prove successful. Montis generally relies on the assessments undertaken by the unaffiliated mutual fund, exchange traded fund or separate account manager to determine that the fund's or portfolio's underlying company securities meet a socially responsible mandate.

**Client Obligations.** In performing our services, Montis shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, it remains each client's responsibility to promptly notify Montis if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Montis) will be profitable or equal any specific performance level(s).

## **Item 5 Fees and Compensation**

### **Comprehensive Planning & Asset Management Service**

We charge an asset-based fee for this service. The fees are charged based on the average daily balance under Montis' management/advisement per a tiered schedule set forth in the agreement between Montis and the client. Certain Clients are grandfathered in based on a percentage of the market value of the portfolio managed. Certain legacy clients are billed based upon the value in their accounts at semi -annual intervals.

The fee for our Comprehensive Planning & Asset Management Service ranges from 0.48% to a maximum of 1.50% of assets under management/advisement.

We deduct our fees, at the beginning of the applicable period, from your account(s), unless we have agreed to another payment arrangement. Should you terminate your arrangement with us, you will receive a pro-rata refund of fees collected for services not rendered. We may reduce or waive our fees from time to time in our discretion. In addition, we require a minimum fee of \$2,500/quarter regardless of asset size for all new clients, which may be waived from time to time. See disclosure at Item 7 below.

Please Note: Fee Differentials. Montis shall generally price its advisory services based upon various objective and subjective factors. As a result, our clients could pay diverse fees based upon the type, amount and market value of their assets, the anticipated complexity of the engagement, the anticipated level and scope of the overall investment advisory and consulting services to be rendered. Additional factors affecting pricing can include related accounts, employee accounts, referrals from existing clients, competition, and negotiations. Please Also Note: As a result of these objective and subjective factors, similarly situated clients could pay diverse fees, and the services to be provided by Montis to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. ANY QUESTIONS: Montis' Chief Compliance Officer, Name of CCO, remains available to address any questions regarding advisory fees.

## **Cash Balances Policy**

It is the Firm's policy that cash and cash equivalents (i.e., money market accounts) are an asset class. Absent approved mitigating circumstances and/or deviations, it is the Firm's policy to include cash balances as part of assets under management for fee billing purposes. Exceptions or modifications shall be approved by the Chief Compliance Officer. Reasons for exceptions include, but are not limited to:

- Segregation of cash needed for short-term purposes (i.e., house purchase, medical expenses, college tuition, etc.);
- Competition;
- Negotiations with the client; and,
- Hardship

The Firm, at its discretion, may suspend and/or modify its policy to bill on cash balances during any specific billing quarter, including in the event that such billing would result in the client receiving a negative yield.

## **Retirement Plan Consulting Services**

We charge an asset-based fee for this service. The fees are negotiable and are charged based on a percentage of the market value of the portfolio under Montis' management/advisement per a tiered schedule set forth in the agreement between Montis and the client.

The fee for our Retirement Plan Consulting Services range from 0.3% to a maximum of 0.8% of assets under management/advisement.

Montis, in its sole discretion, may charge a lesser fee based upon certain criteria (i.e., anticipated future additional assets, dollar amount of assets in the plan, related plans, plan composition, prior fee schedules, competition, negotiations with client, etc.). Please Note: As result of the above, similarly situated plans could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

If permitted by a retirement plan's governing documents, plan clients may elect to have their fees deducted from plan assets. Both Montis' Retirement Plan Services Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Montis' fee and to directly remit that fee to Montis in compliance with regulatory procedures. In the limited event that Montis bills the client directly, payment is due upon receipt of Montis' invoice. Unless otherwise agreed, Montis shall deduct fees and/or bill clients quarterly in advance. We calculate our fee twice per year, in December and June, based upon the market value of the plan assets.

The Retirement Plan Services Agreement between Montis and the client will continue in effect until terminated by either party upon written notice in accordance with the terms of the Retirement Plan Services Agreement. If an engagement is terminated, and the effective date of termination is in the middle of a fee period, Montis will either refund the prepaid but unearned portion of the client's fee (for plans paying in advance) or assess a final quarterly fee, prorated through the effective date of termination (for plans paying in arrears). Montis reserves the right to waive this final prorated fee, at its sole discretion.

### **Other Consultative Services**

As described in Item 4 above, upon request, we evaluate portfolios, and offer specific recommendations about investment strategy, asset allocation, and diversification separate from our comprehensive planning and asset management service described above. We charge an hourly rate for this service and typically require pre-payment of a portion of the estimated amount before performing these services.

We may also provide our comprehensive and integrated financial planning analysis at an hourly rate and typically require pre-payment of a portion of the estimated amount before performing these services.

Our standard hourly rate is \$350/hour. Rates may be modified at our discretion and will be agreed upon in writing.

From time to time, when we reasonably determine it is in the best interest of the client (i.e., based upon the amount of assets to be invested, the non-availability of a lower share class option, etc.), we may recommend and/or utilize "No Transaction Fee" funds through Schwab or Fidelity. You should be aware that in order to be considered a No Transaction Fee fund, mutual fund companies will pay money to Schwab or Fidelity which in turn may increase the annual fund expenses you pay for these "No Transaction Fee" funds. We do not receive any compensation that Schwab or Fidelity receives from a mutual fund company.

Unless you direct us otherwise or have unique individual circumstances, we will generally recommend that Schwab, Fidelity or NATC (see disclosure at Item 10 below) serve as the broker-dealer or custodian for your investment management assets. Broker-dealers such as Schwab and Fidelity charge brokerage commissions and/or transaction fees for effecting certain securities transactions. Usually, transaction fees correspond to investments like no-load mutual funds and commissions relate to individual equity and fixed income securities transactions. Mutual funds and exchange traded funds impose their own management fees and other fund related expenses which you will also bear in addition to our fees and any brokerage commissions and/or transaction fees.

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

We do not charge performance-based fees.

## **Item 7 Types of Clients**

Our clients include individuals, high net worth individuals, and professional associations.

We generally require a minimum fee of \$2,500/quarter regardless of account size for all new clients. The Firm does not have a minimum asset requirement for assets under management.

**Fee Dispersion.** Montis, in its discretion, may waive its minimum fee, charge a lesser investment advisory fee, charge a flat fee, waive its fee entirely, or charge fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** Montis' Chief Compliance Officer, John Yanchek, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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

Our main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases. We also rely on third-party data and analysis providers for both printed and online reports and analysis. Such providers include Morningstar, Valueline, and Frontier Analytics.

Your investment strategy is based upon the objectives you state to us during consultations.

You should be aware that different types of investments and strategies involve differing degrees of risk. You should not assume that future performance of any of your specific investments or investment strategy, including those we recommend, will be profitable or equal any specific performance levels. Any investment or investment strategy involves some risk of loss you should be prepared to bear. Examples of risk you could face are:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, market values of bonds decline when interest rates rise because the rising rate makes the existing bond yields less attractive.
- *Market Risk:* External factors independent of a security's particular underlying circumstances may impact its price. The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions such as a political or social event or an economic condition.
- *Inflation Risk:* Inflation means a dollar today will not buy as much as a dollar next year. When any type of inflation is present your purchasing power decreases at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. Also known as exchange rate risk, these risks may be present in international mutual funds for example.
- *Reinvestment Risk:* The risk that future proceeds from investments may be reinvested at a potentially lower rate of return is reinvestment risk. This risk primarily relates to fixed income securities.
- *Business Risk:* Risks associated with a particular industry or a specific company may impact the value of investments. For example, oil-drilling companies have more business risk than electric companies since they depend on finding oil and then refining it efficiently before they may generate a profit. An electric company generates steady income customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk:* Liquidity means the ability to readily convert an investment into cash. Assets with a lot of interest from purchasers are generally more liquid. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk:* A company with excessive borrowing to finance a business' operations

increases the risk of profitability they may be unable to meet loan obligations during periods of financial stress.

Our methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. We rely upon current and new market information to help perform accurate market analysis for you, but we have no control over how quickly or how often that market information is communicated. As a result, our analysis may incorporate outdated market information resulting in us providing a limited analysis to you. You should also remember that any market analysis can only produce a forecast of the direction of market values. There are no assurances or guarantees that any forecast will materialize and present profitable investment opportunities.

### **Options Strategies.**

As discussed above, Montis may engage in options transactions for the purpose of hedging risk and/or generating portfolio income. The use of options transactions as an investment strategy can involve a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller.

Fulfillment may take the form of either selling or purchasing a security, depending upon the nature of the option contract. Generally, the purchase or sale of an option contract shall be with the intent of "hedging" a potential market risk in a client's portfolio and/or generating income for a client's portfolio.

**Please Note:** Certain options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Montis, in writing, not to employ any or all such strategies for his/her/their/its accounts.

### **Covered Call Writing.**

Covered call writing is the sale of in-, at-, or out-of-the-money call options against a long security position held in a client portfolio. This type of transaction is intended to generate income. It also serves to create partial downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced or lost to the extent it is determined to buy back the option position before its expiration. There can be no assurance that the security will not be called away by the option buyer, which will result in the client (option writer) to lose ownership in the security and incur potential unintended tax consequences. Covered call strategies are generally better suited for positions with lower price volatility.

### **Long Put Option Purchases.**

Long put option purchases allow the option holder to sell or "put" the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option can increase in value depending upon the strike price and expiration. Long puts are often used to hedge a long stock position to protect against downside risk. The security/portfolio could still experience losses depending on the quantity of the puts bought, strike price and expiration. In the event that the security is put to the option holder, it will result in the client (option seller) to lose ownership in the security and to incur potential unintended tax consequences. Options are wasting assets and expire (usually within months of issuance).

**Please Note:** There can be no guarantee that an options strategy will achieve its objective or prove successful. No client is under any obligation to enter into any option transactions. However, if the client does so, he/she must be prepared to accept the potential for unintended or undesired consequences (i.e., losing ownership of the security, incurring capital gains taxes). **ANY QUESTIONS:** Montis' Chief Compliance Officer, John Yancheck, remains available to address any questions that a client or

prospective client may have regarding options.

## Item 9 Disciplinary Information

Our firm has not been the subject of any disciplinary actions.

## Item 10 Other Financial Industry Activities and Affiliations

Neither Montis, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Montis, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

Montis' employee, Christiane Delessert, is a shareholder of National Advisor Holdings, Inc. ("NAH"). Ms. Delessert owns less than 2.0% of the outstanding stock of NAH. NAH has chartered an institution through the Office of Thrift Supervision known as National Advisers Trust Company ("NATC"). NATC provides custody, banking, and trust services to clients of registered investment advisory firms across the United States, such as Montis. Because Ms. Delessert, has an ownership interest in NAH, and therefore indirectly has an interest in NATC, a *conflict of interest* is present because Montis could have an economic incentive to recommend NATC's services. Montis may, and does, recommend NATC to certain clients for custody and trustee services when Montis believes NATC's services may be appropriate for those clients. No client is under any obligation to use NATC's services. **ANY QUESTIONS: Montis' Chief Compliance Officer, John Yanchek, remains available to address any questions regarding NATC and the corresponding conflict of interest.**

Montis does not recommend or select other investment advisors for its clients for which it receives a fee.

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

We maintain a written code of ethics, in accordance with the Advisers Act, that is intended to create an ethical culture for our firm. Our code of ethics requires our employees to comply with federal securities laws, safeguard material non-public information and to report their personal securities holdings. Our code sets forth standards of business conduct required from our employees when dealing with our clients. Employees are required to treat sensitive information with confidentiality and are forbidden to misuse any such information. We will provide a copy of our code of ethics upon request.

We typically do not recommend clients purchase securities in which our firm or employees have a material financial interest. In no event will we recommend or cause you to enter into transactions for the purpose of benefiting the direct or indirect securities holdings of our personnel.

We and our representatives may buy or sell securities we recommend to you. Our employees may invest their own funds in mutual funds, variable annuities, individual issues, private placements and other similar vehicles which we may also recommend to you. Such investments will be made independently of your investments and will be based upon our employees' own circumstances. However, returns of our employees' investments could be higher or lower than your returns, given the differences in circumstances. This practice could create a conflict of interest since we and our

employees are in a position to materially benefit from the sale or purchase of those securities. Abusive practices, such as "scalping" and "front-running," could take place if we did not have adequate policies and procedures in place to detect such activities. Scalping is selling a security for a profit immediately after a recommendation to purchase that security. Front-running is trading personal accounts prior to trading client accounts. We address these issues with our code of ethics and written compliance manual for the firm. Our employees must provide their personal securities holdings to the Chief Compliance Officer which helps address this conflict.

## **Item 12 Brokerage Practices**

In the event that the client requests that Montis recommend a broker-dealer/custodian for execution and/or custodial services, Montis generally recommends that investment advisory accounts be maintained at Schwab and/or Fidelity. Prior to engaging Montis to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Montis setting forth the terms and conditions under which Montis shall advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Montis considers in recommending Schwab and/or Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with Montis, financial strength, reputation, execution capabilities, pricing, research, and service. Although the transaction fees paid by Montis' clients shall comply with Montis' duty to obtain best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Montis determines, in good faith, that the transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, transaction rates, and responsiveness. Accordingly, although Montis will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions. Transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Montis' investment advisory fee.

**Research and Benefits:** Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Montis can receive from Schwab and/or Fidelity (or another broker-dealer/custodian, investment manager, platform or fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Montis to better monitor and service client accounts maintained at such institutions. Included within the support services that can be obtained by Montis can be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support-including client events, computer hardware and/or software and/or other products used by Montis in furtherance of its investment advisory business operations.

Certain of the above support services and/or products assist Montis in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Montis and/or its representatives.

Montis' clients do not pay more for investment transactions effected and/or assets maintained at Schwab and/or Fidelity as a result of this arrangement. There is no corresponding commitment made by Montis to Schwab and/or Fidelity, or any other any entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.



**ANY QUESTIONS:** Montis' Chief Compliance Officer, John Yanchek, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflict of interest presented by such arrangements.

Montis does not receive referrals from any broker-dealer.

**Directed Brokerage.** Montis generally recommends that its clients utilize the brokerage and custodial services provided by Schwab and/or Fidelity. Montis generally does not accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Montis will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Montis. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. **Please Note:** In the event that the client directs Montis to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Montis. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**Order Aggregation.** Transactions for each client account generally will be effected independently, unless Montis decides to purchase or sell the same securities for several clients at approximately the same time. Montis may (but is not obligated to) combine or "bunch" such orders to obtain best execution. Should Montis bunch client transactions, such transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Firm shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13 Review of Accounts**

For those clients to whom Montis provides asset management services, account reviews are conducted on an ongoing basis by one or more of the Firm's investment professionals. All asset management and financial planning clients are advised that it remains their responsibility to advise Montis of any changes in their investment objectives and/or financial situation. All clients (in person or telephonically) are encouraged to review financial planning issues, investment objectives and account performance with Montis on an annual basis, as applicable.

Montis may also conduct account reviews based upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with summary account statements directly from the broker-dealer/custodian for the client's accounts. Montis shall generally also provide a quarterly report summarizing account activity and performance.

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

As indicated at Item 12 above, Montis can receive from Schwab and/or Fidelity (and others) without cost (and/or at a discount), support services and/or products. Montis' clients do not pay more for

investment transactions effected and/or assets maintained at Schwab and/or Fidelity (or any other institution) as result of this arrangement. There is no corresponding commitment made by Montis to Fidelity, or to any other entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements. **ANY QUESTIONS: Montis' Chief Compliance Officer, John Yanchek, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflict of interest presented by such arrangements.**

We have entered into a written agreement with SmartAsset Advisors LLC ("SmartAsset") under which SmartAsset refers potential clients to the us in exchange for a monthly referral fee. We pay referral fees to SmartAsset regardless of whether you become a client of Montis. The amount of the referral fees is determined between us and SmartAsset. However, no portion of the referral fees paid to SmartAsset will be charged to you, and the fees you pay us will not be increased as a result of this arrangement.

## Item 15 Custody

Montis shall have the ability to deduct its advisory fee from the client's custodial account on a quarterly basis. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian (i.e., Schwab, Fidelity, etc.) at least quarterly. **Please Note:** To the extent that Montis provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Montis with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Montis' advisory fee calculation.

Montis engages in other practices and/or services on behalf of its clients that require disclosure at the Custody section of Part 1 of Form ADV, certain of which practices and/or services are subject to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940. In addition, certain clients have established asset transfer authorizations that permit the qualified custodian to rely upon instructions from Montis to transfer client funds or securities to third parties. However, in accordance with the guidance provided in the SEC's February 21, 2017 *Investment Adviser Association* No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination. Custody arrangements are also disclosed at Item 9 of Part 1 of Montis' Form ADV. **ANY QUESTIONS: Montis' Chief Compliance Officer, John Yanchek, remains available to address any questions that a client or prospective client may have regarding custody-related issues.**

## Item 16 Investment Discretion

You can engage us to provide asset management services on a discretionary basis. Discretionary trading authority means placing a trade in your account without your prior approval. You will execute an agreement with us granting us discretionary trading authority to buy, sell, or otherwise effect investment transactions involving the assets in your account. Although we may have discretionary authority, we generally seek (with exceptions) to obtain your approval prior to placing transactions for your account(s).

You may, at any time, impose restrictions, in writing, on our discretionary authority. For example, you can limit the types and amounts of particular securities we purchase for your account.

## **Item 17 Voting Client Securities**

We do not vote client proxies. You maintain exclusive responsibility for: (1) directing and voting the proxies solicited by issuers of securities you own, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to investments in your accounts. You will receive proxies or other solicitations directly from your account custodian. You may contact us to discuss any questions you may have with a particular solicitation.

## **Item 18 Financial Information**

We do not solicit fees of more than \$1,200, per client, six months or more in advance. We do not have any financial condition likely to impair us from meeting our contractual commitments to you. We have not been the subject of a bankruptcy petition.

### **ANY QUESTIONS:**

***Montis' Chief Compliance Officer, John Yancheck, remains available to address any questions regarding this Part 2A.***