

S.E.C. Form ADV, Part II

1. Advisory Services and Fees

MARKETTRENDSM Advisors (MTA), a division of MTA Capital, Ltd. manages investment portfolios for clients in accordance with their financial and risk objectives. Beyond an initial consultation provided in part or in whole by the information disclosed on the Account Application and periodic reviews at the client's request, trading is typically done in the accounts without further consultation. We do, however, reiterate portfolio allocation targets, strategies employed, and status to targets as part of our client reports.

The Fee Schedule included with the current MTA Index, World Index, Wealth Builder and Sector Investment Advisory Agreement displays fees for these MTA services. Management fees start at 1.8% of assets with a \$1,500 annual minimum. For amounts above \$1 million, the management fee is 1.3%. Minimum recommended account size is \$75,000.

The Fee Schedule included with the current MTA Income Investment Advisory Agreement displays fees for this MTA service. Management fees start at 1% of assets with a \$500 annual minimum. For amounts above \$1 million, the management fee is 0.75%. Minimum account size is \$50,000.

We may also provide investment advice for a fixed fee, performance based fee, or negotiated hourly rate. We do not typically provide financial planning advice other than on an incidental basis. Client fee structures can vary.

Mutual Funds and Exchange Traded Funds charge management fees in addition to standard brokerage commissions.

2. Types of Clients

MTA provides portfolio management and advisory services primarily to individuals, but may also serve small businesses, pensions, trusts, charitable organizations, and corporations.

3. Types of Investments

In managing these accounts, we buy and sell mainly exchange-traded funds (ETFs) and mutual funds. We may also buy and sell stocks, bonds, options, investment trusts, and other financial instruments as necessary. Options and/or margin capability must be specifically requested by the client in setting up their Custodian account. Note that mutual funds may charge fees over and above the fees charged by the Advisor.

4. Methods of Analysis, Sources of Information, and Investment Strategies

a) We build portfolios focused on our MARKETTREND investing strategies for MTA accounts. We may also include mutual funds and income-generating investments to balance and diversify the portfolio, or to respond to specific client objectives.

We may apply technical and fundamental economic and stock analysis to determine appropriate investments and timing of buys and sells. All investment strategies use index-related funds, closed-end funds, and ETFs to profit from the market's intermediate trend. We determine the trend based on one or more market signals.

We choose mutual funds based on investment style, long-term fund performance, reasonableness of cost, and a fund's history of respect for the needs of individual investors, including their fiduciary record.

b) Our investing information may come from one or more market signal services. Additionally, we may use information from any number of national economic and financial publications and websites, including The Wall Street Journal, Barron's, Yahoo Finance, AAll, and Investors Business Daily.

c) Our MTA Index and MTA World Index Investment strategies attempt to profit from the stock market's overall trend. We are seeking the intermediate trend, a trend that lasts 3 months on average. However, we may also seek to profit

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from shorter or longer-term market trends. On occasion, we will hold securities such that we generate long-term gains or losses. But we are not driven by a 'tax-advantaged' strategy typically, meaning that our focus is not on achieving tax-favored long-term gains.

When the market is determined to be in an 'up' trend, we buy ETFs and index funds. When the market is determined to be in a 'down' trend, we typically buy inverse ETFs or index funds. To improve returns, we may use 'enhanced' index funds, margin, and/or options.

d) For our moderate MTA Sector Investment strategy we use industry and international exchange-traded funds (ETFs) and closed-end funds to provide focused investments in the best performing sectors across global equity markets. The funds are chosen based on their performance over multiple time periods ranging from one month to one year. The positions are reviewed monthly for potential changes and to identify sectors that are emerging as strong performers. The MTA Sector portfolio will typically include 10 equal-weighted positions.

We select funds that already outperform the broader market and when they are still accelerating in performance relative to other industry and international sectors, early in their cyclical up-trends. On longer-term market downtrends (e.g. those of more than one quarter) our MTA Sector model will begin building positions in defensive sectors that are showing strong relative performance. Historically defensive sectors have typically been bonds, utilities, real estate, healthcare, and precious metals (i.e. gold).

e) Our fully mechanical MTA Wealth Builder investment strategy considers the universe of stock market, real estate, bond, and commodity ETFs, then builds a portfolio focusing on the best-performing assets classes. As time goes on, MTA Wealth Builder automatically rotates from the weaker asset classes to those that are gaining strength.

In addition, this strategy adjusts asset allocation in recognition of market conditions. When the stock market is healthy and strong, the system fully invests in the 5 top-performing areas of the equity markets. When the stock market is uncertain and weak, MTA Wealth Builder shifts to cash and bonds, even taking a short equity index position in bear market periods

f) Our MTA Income Investment strategy aims to deliver current income with low volatility. This is achieved by the use of a tactical asset allocation approach that invests in a variety of asset classes which may include investment-grade U.S. corporate bonds, high-yield U.S. corporate bonds, U.S. treasuries, mortgage-backed bonds, sovereign debt bonds (including emerging market bonds), real estate investment trusts, and oil and gas pipeline limited partnerships. The portfolio invests in these asset classes primarily through the use of ETFs and closed end funds (CEFs), and occasionally U.S.-listed large cap individual stocks that provide consistently high dividend yields. Portfolios are concentrated in 7-10 positions and are diversified across asset classes. The portfolio does not employ short positions, leverage, or margin and may be in cash at times.

g) We do not typically use commercial paper, U.S. Treasury securities, bank CDs, municipal securities, commodities-based contracts, or currency-based contracts in our investment strategies unless already a part of the client's managed assets or part of a client's specific program. However, we may use ETFs that own these investment vehicles.

More information about MTA and our various investment strategies can be found on our website at www.MarketTrendAdvisors.com.

5. Education and Business Standards

We work with people and firms that can improve our service to our customers regardless of their education and business backgrounds.

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6. Education and Business Background

Don Lansing, in consult with our research team, makes the final decisions regarding securities to be bought and sold. The firm does not have a formal investment committee or group.

Don Lansing, born in 1961, is portfolio manager of our MTA Wealth Builder accounts. Don conducts stock and ETF research, develops new portfolio strategies and serves as the main spokesperson and liaison of MTA. Don has a Bachelor of Business Administration degree in Finance from the University of Texas at Austin and an MBA in Business Management from St. Edwards University. An investor for over 20 years, Don formed an investment advisory practice, Lansing Investments, LLC, in 2003, and partnered as the Chief Investment Officer to form MARKET TREND Advisors, Ltd. in 2004. Prior to 2003, Don served as a Director of Finance for Advanced Micro Devices. Since 2003, Don has also taught Finance and Investments at St. Edwards University. Don holds a Series 65 license and is a Registered Investment Advisor with the SEC and the Texas State Securities Board.

Garrett Beauvais, born in 1967, serves as portfolio manager for our MTA Index, MTA World Index, and MTA Sector strategy accounts, conducts stock and ETF research, and assists in the development of new portfolio strategies. Garrett holds an MBA from the University of Texas at Austin and a BA in Psychology from the University of California, San Diego. Before joining MTA in July 2005, Garrett managed Advanced Micro Devices' \$200+ million global marketing budget for their microprocessor division. Garrett's desire to help individual investors began as a teaching assistant for Personal Family Finance at the University of Texas at Austin where he taught undergraduate lessons in investing, personal tax preparation, and Texas Family Law. Garrett holds a Series 65 license and is a Registered Investment Advisor with the S.E.C. and the Texas State Securities Board.

7. Other Business Activities

MTA is owned in part by members of Fraser Partners, who also own the *TimingCube* investment information service, the *ETFTide* sector fund picking service and the *TradeGuru* stock picking service. MTA is also owned in part by members of TGI Partners and CG Strategies. There is no legal relationship between the company and *Fraser Partners* other than a licensing agreement to use the three investment service signals. There is no legal relationship between MTA and TGI Partners or CG Strategies. The firm does not sell any products or services on behalf of anyone else. We are independent and seek to provide a low-cost investment advisory service to produce outstanding results for our clients.

8. Other Securities Industry Affiliations or Activities

We are not registered as a broker or dealer, nor do we have any partners or employees who are affiliated with any broker or dealer. Don Lansing and Garrett Beauvais also own Lansing Investments, LLC, a Texas-state registered investment advisor. There is no legal or financial relationship between the two firms.

9. Participation or Interest in Client Transactions

We do not buy or sell securities from or to any client. We do not effect securities transactions for compensation as a broker or agent for any clients. We do not recommend clients buy or sell any securities or investment products in which we have a financial interest. We do buy and sell for our own accounts securities that we recommend to clients. We will trade positions recommended by our models on days following a signal. We will provide a copy of our code of ethics to anyone upon request.

10. Conditions for Managing Accounts

MTA recommends a minimum balance of \$75,000 for opening or maintaining an MTA Index, MTA World Index, MTA Sector, or MTA Wealth Builder

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investment account. The minimum management fee is \$1,500 annually for these MTA accounts regardless of account size.

For MTA Income accounts the minimum balance, is \$50,000 and the minimum annual fee is \$500 regardless of account size. Multiple accounts of each client will be combined to effect fee savings.

11. Review of Accounts

Accounts are reviewed by the Chief Investment Officer or his designee yearly to insure consistency with clients' financial objectives and target asset allocation, including amounts invested or targeted for investment in our MTA Investment strategies. Account reviews can also be triggered by client questions or a significant change in account balance, such as new deposits or withdrawals.

Clients receive monthly and year-end account statements from their Custodian. In addition, clients have ongoing access to web-based reports through the Custodian website. We distribute reports quarterly showing account information and management fee deductions.

12. Investment or Brokerage Discretion

As a client of MTA's portfolio management service, the client gives the firm the discretion to buy and sell securities for their account. That includes the discretion over which securities to buy or sell and the amount of the sale or purchase.

Clients are expected to use a broker recommended by the company. This improves the efficiency and effectiveness in managing the client's account, improves our service and results, and potentially reduces the client's transaction cost. Clients are asked to grant the authority to have management fees deducted directly from the account. It is the client's responsibility, not the Custodian's, to insure that management fees are correct by reviewing the quarterly fee statement

and comparing it to the custodian's monthly statements.

MTA receives benefits such as research services; market, economic and financial data; and trading software from its respective brokers. These benefits do not affect the cost to the client.

Though every client's portfolio is unique, many of our clients utilize one or more of our investment strategies. As some of these transactions are driven by changes in a given signal, we recognize the necessity to act quickly and accurately to make appropriate portfolio changes consistent with the new signal. Upon change in a signal, we make every effort to insure that all clients get the best possible price by bunching together similar orders in an effort to achieve price consistency across accounts.

13. Additional Compensation

MTA may pay for referrals or share fees and has entered into written agreements with other companies and persons that direct clients to the firm. This compensation does not affect the cost to the client.

New client solicitors may at certain times receive a free three-month subscription to one of Fraser Partners' online products.

14. Balance Sheet

We are not required to file a balance sheet for purposes of this document. We do not custody client assets nor do we require prepayment of more than \$500 in fees 6 or more months in advance.