

McTaggart Capital, LLC

# MCTAGGART CAPITAL, LLC

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Omaha, NE 68136

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Form ADV Part 2A

McTaggart Capital LLC Client Brochure

June 16, 2021

## **Item 1 Cover Page**

This brochure provides information about the qualifications and business practices of McTaggart Capital, LLC.

If you have any questions about the contents of this brochure, please contact us at (402) 659-6618 or [joemctagg@yahoo.com](mailto:joemctagg@yahoo.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

McTaggart Capital, LLC is an investment advisor firm registered in the state of Nebraska. Registration does not imply a certain level of skill or training.

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## **Item 2 Material Changes**

1. Item 18 – Updated the Discretionary Assets from the 1/1/2020 amounts to the 1/1/2021 amounts.
2. Item 19 – Moved this information into Exhibit A, Brochure Supplement.
3. Exhibit A, Brochure Supplement – This Exhibit was added so is new from the prior version of the Brochure.

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# McTaggart Capital, LLC

## Item 4 Advisory Business

### A. General Description of the Company

McTaggart Capital, LLC “Advisor” is an investment advisor firm registered with the state of Nebraska. It began operations in January of 2019. It is fully owned and operated by its principal, Joe McTaggart. The Advisor provides investment advisory services to “Clients” who choose to enter into an agreement with the Advisor for these services.

### B. Summary of Investment Advisory Services

The Advisor offers an investment advisory and portfolio management service. As provided in the Advisor and Client Agreement (the “Agreement”), the Client grants the Advisor discretionary authority to manage Client assets in the account(s) Client chooses to have the Advisor maintain. Advisor makes these investment decisions without notifying the client while the Client retains custody of the assets.

### Taxable Accounts and Individual Retirement Accounts (“IRAs”)

Each customized taxable account or IRA account is designed to be consistent with the Client’s individual risk tolerance. The Advisor develops an investment plan and manages the Client’s portfolio with the goal of identifying the best asset classes and mix of those asset classes in which to invest, the most efficient Exchange Traded Funds (“ETFs”) or other investments to represent each of those asset classes, and to identify the appropriate time to rebalance or make other changes in an effort to maximize the return potential for the Client’s risk tolerance.

The Advisor offers tax-loss harvesting (“TLH”) strategies for taxable accounts for Clients with larger account sizes. TLH is a process designed to help lower the Client’s taxes while maintaining the Client’s desired level of risk and return. This is done by harvesting investment losses that were previously unrecognized in order to offset a tax liability generated from other gains and income. Harvesting these losses involves selling one or more securities at a loss to accelerate the realization of this loss and then investing those proceeds into a security with risk and return metrics similar to the security sold for a loss. The realized loss can then be applied to reduce the Client’s tax liability and the tax savings can be invested to accelerate the growth of the Client’s portfolio.

### C. Tailored Services and Investment Restrictions

The Advisor provides Clients with a thorough review of each Client’s investment goals and objectives. The Advisor will ask the Client a series of questions to evaluate the Client’s subjective interest in taking on risk as well as the Client’s objective capacity to take on risk. The more excess income and the longer time horizon a Client has the more risk a Client can take on but a Client should not take on more risk than they are comfortable with having. Clients may not

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impose restrictions on investing in specific securities except to a limited degree in connection with a qualifying Client's investments in a single US stock, such as the stock of the company for which the Client works.

### **D. Wrap Fees**

The Advisor does not charge Wrap Fees.

### **E. Discretionary and non-Discretionary Assets**

As of 1/1/2021 the Company had \$1,827,239 in discretionary assets under management. The Advisor has an online brokerage account where the Advisor trades securities that had a balance of \$208,392 as of 1/1/2021 but this account is not included when calculating the assets under management as of 1/1/2021. The Advisor has no non-discretionary assets under management.

## **Item 5 Fees and Compensation**

### **A. Advisory Fees**

Client agrees to pay Advisor an Investment Advisory Fee for its investment advisory services, determined, calculated, and payable as follows. The Advisor reserves the right, in its sole discretion, to negotiate, reduce, or waive the Investment Advisory Fees for certain Client accounts for any time period determined solely by the Advisor. Additionally, the Advisor may reduce or waive Fees for the accounts of some Clients, without notice to or fee adjustments for, other Clients. Fees are due quarterly in arrears.

The Investment Advisory Fee is based on a percentage of Client's assets that Advisor managed and is calculated and charged in accordance with the following fee schedule:

Assets Under Management	Annualized Fee
Assets less than \$20,000	No fee
\$20,001 to \$1,000,000	1.00%
\$1,000,001 to \$5,000,000	0.75%
\$5,000,001 and above	0.50%

## McTaggart Capital, LLC

If the Client has \$100,000 that the Advisor managed for the full calendar quarter the Fee would be 1.00% annually divided by 4 quarters or 0.25% multiplied by \$100,000 for a quarterly Fee of \$250.

The Investment Advisory Fee is based on the market value of Client's account on the last day of each calendar quarter multiplied by the applicable annual rate and divided by 4. The Investment Advisory Fee is billed and payable quarterly (covering the preceding quarter) within ten (10) days after the end of the applicable quarter for which payment is due and will be based on the value of Client's account on the last business day of that quarter. Client's designated Custodian, an independent and unaffiliated party, will provide all quarter-end security valuations used to calculate the annual Investment Advisory Fee, independent from any Advisor involvement.

Client may choose to have the Investment Advisory Fees be deducted directly from the Client's account or to be billed each quarter for fees incurred.

If the Agreement is executed at any time other than the first day of a calendar quarter, one of the parties terminates the Agreement, or Client withdraws or adds assets to the account, the Investment Advisory Fee will be prorated based on the number of days in the quarter that Client was a client of Advisor or the assets were under Advisor's management.

At Advisor's discretion, Advisor may combine the account values of family members living in the same household to determine the applicable advisory fee and the Advisor may charge relatives and friends a lower rate or no fee. For instance, Advisor may combine account values for Client, his minor children, joint accounts with his spouse, and other types of related accounts. Combining account values may increase the asset total, ultimately resulting in Client(s) paying a reduced advisory fee based on the available breakpoints in the fee schedule laid out above. If Client authorizes Advisor to use margin in managing the account, the market value of the account and the corresponding fee payable to Advisor will be increased.

Advisor shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of Client.

### **B. Other Fees**

Client will not owe the Advisor any fees other than those disclosed in Item 5A above although the Client may incur brokerage fees or other transaction costs from their brokerage firm. There are a variety of online brokerages that offer regular stock trades for \$5 - \$10 per trade (buy or sell) and those fees are set by each brokerage. The Advisor does not have any influence on the fees a brokerage charges a Client.

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

The Advisor does not provide Performance-Based Fees, which are fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle). Clients are only charged an annual advisory fee as disclosed in Item 5A above.

## **Item 7 Types of Clients**

The Advisor generally provides investment advice to individuals and families rather than corporations, investment companies, or pensions. Typically, the minimum account size is \$10,000 of Assets Under Management. Each Client agrees to receive all account information and account documents, as well as any updates to these, through the Client's access to the Advisor's website (the "Site") and via electronic communication from the Advisor.

All information collected from the Client to develop the investment profile for the Client, as well as any future changes, are maintained in strict confidence subject to its Privacy Policy, which is available on the Site.

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

The Advisor utilizes a variety of sources of information to develop an investment strategy that is customized to each Client's needs. These sources include reports and analysis created by industry analysts and made available to the public as well as reports and other information created by publicly-traded companies and made available to the public.

The investment strategies will be customized to each Client's needs and will be a balance of growth, value, and income securities that is consistent with the Client's investment goals and risk tolerance. Any security has risk associated with it and Clients should be prepared to bear greater risk if they choose to have more of their assets focused on securities with higher potential rewards. Securities with lower risk, such as government issued securities, have lower potential rewards than other securities, such as stocks and bonds of publicly-traded companies.

Tax-Loss Harvesting ("TLH") is a technique designed to help lower the Client's taxes while maintaining the Client's desired level of risk and return. This is done by harvesting investment losses that were previously unrecognized in order to offset a tax liability generated from other gains and income. This is a more advanced strategy that is available for Clients with larger account sizes and is typically applied to individual stocks in a taxable account.

Buying stocks of well-performing companies to hold for the long term is a foundation of the Advisor's investment philosophy. The Advisor reserves the right to act otherwise if the Advisor

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feels another action would be in the best interest of the Client but the Advisor does not try to time the market.

The Advisor cannot guarantee any level of performance or that any Client will avoid a loss of the assets in their account. Any investment in securities involves risk and the possibility of financial loss which Clients should be prepared to bear.

### **Item 9 Disciplinary Information**

Like all registered investment advisors, the Advisor is obligated to disclose any disciplinary event that may be material to any Client.

Neither the Advisor nor the Principal have any disciplinary action that is pending or has occurred previously where there was a conviction or a plead of guilty or nolo contendere (“no contest”) to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion, or a conspiracy to commit any of these offenses.

### **Item 10 Other Financial Industry Activities and Affiliations**

Advisor is acting as a fiduciary regarding its investment advisory services for Client and must put Client’s interests above its own in managing Client’s account. Advisor agrees to provide these services to Client in a manner consistent with its fiduciary duty to Client and the provisions of all applicable laws, including the Investment Advisers Act of 1940 (the “Advisers Act”). Advisor will provide Client written disclosures of any conflicts of interest that might reasonably compromise Advisor’s impartiality or independence.

Advisor represents and warrants that Advisor (including its Investment Advisor Representatives) do not receive any compensation or other remuneration that is contingent on any client’s purchase or sale of a financial product. Advisor does not receive a fee or other compensation from another party based on the referral of a Client or Client’s business. Advisor may refrain from rendering any advice or services concerning securities of companies in which Advisor may have substantial economic interest or other conflict, unless Advisor discloses such conflict to Client before providing such advice or services with respect to Client’s account.



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

The Advisor's professional, ethical, and legal duty is to act as a fiduciary to its Clients at all times. This means the Advisor puts the interests of Clients ahead of the Advisor's own interests and carefully manages for any perceived or actual conflict of interest that may arise.

Client understands that conflicts of interest could arise between Client's account and other clients including with respect to the allocation of investment opportunities, time, and resources between Client and other clients. Among other things, the Advisor may be compensated differently by Client than by other clients. The Advisor will regularly monitor the performance and investment portfolio of the Client while also fulfilling its duty to manage other client accounts. The Advisor may determine in its sole discretion to allocate certain investment opportunities to its other clients and not Client and vice versa. Advisor may also pursue and execute trades in the same or different securities for Client and other clients at different times and it may purchase or hold securities for Client at the same time as it sells such securities for other clients or sell securities for Client at the same time that it purchases or holds them for other clients. Although Advisor will use its best efforts to manage all client accounts consistently, factors including date of account opening, account additions, withdrawals, and different investment choices may lead to different investment performances for similarly situated clients. Client also acknowledges that transactions in a specific security may not be accomplished for all clients at the same time at the same price.

Client understands that Advisor also buys or sells securities for the Advisor's account and may pursue and execute trades in the same or different securities for Client and the Advisor's account at different times and it may purchase or hold securities for Client at the same time as it sells such securities for the Advisor's account or sells securities for Client at the same time that it purchases or holds them for the Advisor's account. This could present a conflict of interest and these potential situations will be handled by first making any recommended trades for Client accounts prior to making any recommended trades for the Advisor's account in order to avoid the potential conflict of having more favorable trade prices for the Advisor's account.

### **Item 12 Brokerage Practices**

The Advisor utilizes Interactive Brokers as the Broker-Dealer for trading securities for the Client. The Advisor utilizes eTrade for the Advisor's own trades but does not receive any compensation or other value from recommending this or any other Broker-Dealer.

The Advisor typically does not aggregate the purchase or sale of securities for various Client accounts but may at times in order to reduce the commission each client would pay to the Broker-Dealer if a scenario presented itself where the same security was being purchased or sold in multiple clients' accounts at the same time and it was deemed most appropriate in that situation.

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## **13 Review of Accounts**

The Advisor provides Clients with continuous access via the Interactive Brokers website where Clients can access their account information and review their returns and performance. Clients may also receive periodic email communications containing portfolio performance, product features, and account information.

The Advisor will review the Client's account periodically to assess the performance and determine if any changes should be made. This will be done at least quarterly as well as when the Client informs the Advisor of a request to review the account due to a change in the Client's needs or for any other reason the Client wishes to have the account reviewed.

The Advisor will provide a written report annually to each Client regarding the performance of the Client's account. This report will be provided to the Client electronically.

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

The Advisor is not compensated for making any referrals of a Client to any other business or person.

## **Item 15 Custody**

The Advisor will not have custody of the Client's assets at any time. Depending on how the Client chooses to pay the Advisor the Investment Advisor Fee as described above in this document, the Client may agree in writing to have the quarterly Investment Advisor Fees automatically deducted from their account by the Custodian. McTaggart Capital, LLC does not have access to the Clients' accounts to deduct fees.

## **Item 16 Investment Discretion**

The Advisor requires a prospective Client who chooses to become a Client of Advisor to complete and execute a McTaggart Capital LLC and Client Agreement. Under the terms of that Agreement the Advisor assumes full discretionary trading and investing authority over the client's assets in accounts covered by the Agreement. This gives the Advisor full discretionary authority without notifying the client first to determine the timing, size, and identity of securities to buy and sell for the Client.

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

The Advisor will not have or accept authority to vote client securities. Clients will receive their proxy statements directly from their custodian or transfer agent.

### **Item 18 Financial Information**

The Advisor does not require or solicit prepayment of fees. The Advisor began operations in January of 2019. The discretionary assets under management as of 1/1/2021 were \$1,827,239 and the Advisor's brokerage account had assets of \$208,392 that were not included in the above calculation. There are no liabilities for the Advisor as of 1/1/21.

### **Item 19 Requirements for State-Registered Advisers**

Please see the "Brochure Supplement" in Exhibit A of this document.

McTaggart Capital, LLC

**Exhibit A**

Form ADV Part 2B

McTaggart Capital, LLC Brochure Supplement

June 16, 2021

**Item 1 – Cover Page**

Advisor Representative:  
Joseph W. McTaggart  
15823 Cottonwood Street  
Omaha, NE 68136  
402.659.6618  
joemctagg@yahoo.com

Advisor:  
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This brochure supplement provides information about Joseph W. McTaggart that supplements the McTaggart Capital, LLC brochure above.

Additional information about Joseph W. McTaggart is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## McTaggart Capital, LLC

### **Item 2 – Educational Background and Business Experience**

The Advisor's principal is Joseph (Joe) W. McTaggart, who was born in 1978 and fully owns the Advisor company. Joe McTaggart has a bachelor's degree in Business Administration with a major in finance as well as a master's degree in Business Administration (MBA). Mr. McTaggart has passed the Series 65, an exam administered by the Financial Industry Regulatory Authority (FINRA) on behalf of The North American Securities Administrators Associations. The Advisor is registered in the state of Nebraska as an Investment Advisor and Mr. McTaggart is registered in the state of Nebraska as an Investment Advisor Representative of the Advisor.

Joe worked for one year as a small business consultant while in grad school, for seven years as an Operations and Business Analysis Manager for OTC, and for ten years as the Director of Financial Planning & Analysis with NRC Health ending in March of 2021. He is currently a 1/3 owner of a civil construction company named MC Wells Contracting, LLC.

The principal also holds the below professional certifications:

1. Certified Public Accountant (CPA)
  - a. This requires a minimum of 150 semester hours of college, including at least 30 hours of accounting above the introductory level, as well as passing a 4-part examination. Supervision by another CPA for at least two years is also required, as is obtaining at least 40 hours each year of continuing professional education.
2. Certified Management Accountant (CMA)
  - a. This requires a bachelor's degree from an accredited college or university as well as passing a 2-part examination. At least two years of experience in management accounting or financial management is also required, as is obtaining at least 30 hours each year of continuing professional education.

### **Item 3 – Disciplinary Information**

If there have been any legal or disciplinary events material to a client's or prospect's evaluation of Joseph W. McTaggart those events are required to be disclosed. There are no such events to disclose.

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### **Item 4 – Other Business Activities**

- A. Joseph W. McTaggart is not engaged in any other investment-related business activities.
- B. Joseph W. McTaggart is a 1/3 owner of a civil construction company named MC Wells Contracting, LLC. This takes up a variable amount of time ranging from 5 – 20 hours per week on average.

### **Item 5 – Additional Compensation**

Joseph W. McTaggart is not engaged in any other advisory services for which he is compensated.

### **Item 6 – Supervision**

Joseph W. McTaggart is the sole owner and operator of McTaggart Capital, LLC. As the sole owner / employee of the company there are no additional supervisory relationships within the company.

### **Item 7 – Requirements for State-Registered Advisers**

- A. Joseph W. McTaggart has *not* been found liable or had any awards against him in any arbitration or civil matter.
- B. Joseph W. McTaggart has *not* been the subject of a bankruptcy petition.