

Firm Brochure
(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of CWM Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at: (301) 840-1188, or by email at: jdp@cwmfinancial.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 CWM Financial Group, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

March 15, 2011

MATERIAL CHANGES

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisors to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization that are provided in this update.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (301) 840-1188 or by email at: jdp@cwmfinancial.com.

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ADVISORY BUSINESS

Firm Description

CWM Financial Group, Inc., (hereinafter, also “CWM” or “Advisor”) was founded in 1998 and is a SEC registered investment adviser.

CWM Financial Group, Inc. is a fee-only firm that offers Investment Management Services, Financial Planning Services and General Consultation Services to individuals, families, retirement plans, trusts, estates, charitable organizations and business entities.

Education and Business Standards:

CWM Financial Group, Inc requires that affiliated advisors have a bachelor's degree and further coursework and experience demonstrating knowledge of financial planning and investment management.

In addition, advisors will have, or be working toward, one of the following certifications: Certified Financial Planner (CFP®), Chartered Financial Analyst (CFA), Certified Public Accountant (CPA), or Personal Financial Specialist (PFS).

Principal Owner

John D. Peterson, CFP® is a 100% share owner.
953-D Russell Avenue, Gaithersburg, MD 20879
Phone: 301-840-1188 E-Mail: jdp@cwmfinancial.com
Year of Birth: 1960

Educational Background and Professional Designations:

University of Maryland, College Park MD, B.S. Finance (1982)
Certified Financial Planner CFP® (1995)

Business Experience:

- CWM Financial Group, Inc., Gaithersburg, MD, Principal Owner and Chief Compliance Officer
Registered Investment Advisory Firm 1998 - Present
- H. Beck, Inc., Rockville, MD, Registered Representative
Broker/Dealer 1995 - 2005
- Financial Concepts Unlimited, Gaithersburg, MD, Financial Advisor
1995 - 1998
- American Express Financial Advisors, Bethesda, MD, Financial Advisor
1994 - 1995
- Richard L. Cooper & Associates, Ltd., Fairfax, VA, Financial Advisor
1992 - 1994

CWM Financial Group, Inc. and Mr. Peterson have no legal history, disciplinary history or bankruptcy petitions to disclose. Mr. Peterson has no other business activities or compensation outside of CWM Financial Group, Inc. He serves as both Principal and Chief Compliance Officer of CWM Financial Group, Inc.

Types of Advisory Services

CWM provides investment advisory services, also known as Investment Management Services; manages investment accounts not involving investment supervisory services; and furnishes investment advice through consultations. CWM also furnishes advice to clients on matters not involving securities through Financial Planning Services and General Consultation Services.

Investment Management Services

CWM offers on-going Investment Management Services and these services are dependent upon the needs of each client. Investment advice and strategies are determined after the client's personal and financial information is reviewed.

CWM Investment Management Services include the following services:

- Asset allocation plan selection based on client risk tolerance, rate of return objectives, liquidity needs, time horizon(s) and financial planning objectives
- Asset Classes include Equities, Fixed Income, Alternatives and Cash Equivalents
- Investment manager(s) selection by asset class
- Portfolio and investment manager implementation, monitoring and reporting
- Re-balancing and re-allocation of portfolios based on client objectives, market and economic conditions, manager performance and tax management (where applicable)

Investments within portfolios primarily include cash equivalent vehicles, mutual funds, exchange traded funds, and separately managed accounts. Individual stocks and individual bonds and other investment vehicles may be also included in client portfolios primarily when inherited with the client account at initial implementation. These inherited assets are either liquidated and replaced depending on taxable consequences, or retained and managed based on the client's request and planning objective.

As part of Investment Management Services, CWM may implement the CWM Asset Management Program, a wrap fee program, as specified in Appendix 1 to this Form ADV Part 2A. Within the CWM Asset Management Program, CWM pays the transaction fees charged by the account custodian (e.g. TD Ameritrade Institutional Services). For client accounts managed outside of the CWM Asset Management Program, the client pays any transaction fees incurred unless negotiated otherwise.

It should be noted that asset allocation selection, investment manager selection, portfolio implementation, portfolio monitoring, and portfolio re-balancing and re-allocation services are the same for CWM Asset Management Program accounts and accounts outside of the CWM Asset Management Program.

CWM also offers investment management programs through unaffiliated third party investment management firms such as Lockwood Advisors, Inc. CWM may utilize the services of outside, independent managers who typically have specialized expertise in areas such as managed portfolios of institutional separate account managers, foreign securities, hedge strategies, and institutional mutual funds.

Engaging the services of an unaffiliated investment management firm requires the client to enter into a separate, additional agreement with the designated investment management firm which sets forth

the terms of the engagement and fees, including custodian transaction fees. In most cases, CWM will maintain its role as the primary investment advisor to the client or will team with the unaffiliated investment management firm for their specialties.

CWM periodically reviews each client's financial situation and portfolio. Direct client meetings are scheduled on at least an annual basis unless not feasible geographically. Investment Management Services clients are required to maintain contact with CWM. Clients are responsible for promptly notifying CWM of any changes in their personal situation and financial condition that may alter their goals and objectives and thus the investment advice provided.

CWM does not custody client assets or securities. CWM generally recommends that TD Ameritrade Institutional Services serve as custodian for investment assets. Please refer to the Brokerage Practices section for more information.

CWM's investment management fees are explained in the Fees and Compensation section. Investment Management Services to clients are available on either a discretionary or non-discretionary basis. As of December 31st, 2010, CWM manages approximately \$34,341,051 in assets for approximately 55 clients. All of these assets are managed on a non-discretionary basis. Please refer to the Investment Discretion section of this brochure for more information.

Financial Planning Services

CWM is available to provide Financial Planning Services. These Financial Planning Services can be comprehensive in nature or can focus only on a specific financial planning area. Where the services provided are not comprehensive in nature and the project and the advice is limited in scope, CWM cannot consider the implications of the services to the client's total financial plan. The scope of the advice and services to be provided is dependent upon the client and agreed upon at the time of engagement. CWM can provide financial planning assistance and advice in the following areas:

- Cash Management
- Tax Planning
- Risk Management and Insurance
- Education Funding and Retirement Planning
- Estate and Charitable Planning
- Investment Planning

Preparation of a financial plan will include data gathering in the specified planning areas, review and analysis of the data, and presentation of a written plan with recommendations as they relate to the client's stated goals and objectives. CWM may also prepare and present financial projections as they relate to the client's income tax and estate tax liability. However, CWM does not prepare tax returns or estate planning documents. The client is responsible for selecting tax preparers and estate planning attorneys as required to implement recommendations. If specified within the financial planning engagement, CWM may coordinate the implementation of financial planning recommendations with the client's tax preparer and estate planning attorney.

The Financial Planning Services engagement may be the only service provided to the client and does not require that the client employ Investment Management Services as offered by the Advisor.

General Consultation Services

General Consultation Services are provided on a limited, time-available basis by CWM. Examples of General Consultative Services include a single, one-time discussion regarding 401k plan allocations, retirement plan selection for self-employed individuals, mortgage qualification and selection, or 529 education plans.

General Consultation Services are not ongoing in nature and thus terminate upon delivery of the agreed upon services. CWM provides these services in either verbal or written form as determined by CWM.

FEES AND COMPENSATION

Description

The scope of advisory services and fee is provided to the client in writing prior to the start of the relationship. A Client Agreement sets forth the services to be provided, the fees for the service(s). The agreement may be terminated by either party in writing at any time.

CWM bases its fees on a percentage of assets under management, hourly charges and fixed fees (not including subscription fees). Although the Client Agreement is an ongoing agreement and adjustments are often required, the length of service to the client is at the client's discretion.

CWM or its associated persons may receive compensation for financial planning services, consultation services and investment management services. CWM does not make any representation that these products and services are offered at the lowest available cost and the client may be able to obtain the same products or services at a lower cost from other providers. However, the client is under no obligation to accept any of the recommendations of the Advisor or use the services of the Advisor in particular.

Investment Management Services

CWM Investment Management Services fees, as outlined below, represent annual investment management fees billed quarterly and in advance of services. Modification of fees is at the discretion of CWM and may increase or reduce the fee depending upon the complexity of services or the portfolio, additional efforts, or pre-existing relationships. If a client engages services at any time other than the beginning of a calendar quarter, the investment management fees are prorated.

CWM's Investment Management Services fees are as follows and are negotiable:

<u>Portfolio Size:</u>	<u>Annual Percentage Fee:</u>
First \$1,000,000	1.00%
Next \$1,000,000	0.80%
Next \$3,000,000	0.40%
Over \$5,000,000	0.20%

Clients may also pay transactional and custodial fees to third party service providers. Fees are determined at the time of engagement and are subject to modification at any time with 30 days written notice.

For client accounts invested in the CWM Asset Management Program, CWM will pay any additional transactional and custodial fees. For client accounts invested outside of the CWM Asset Management Program, the client will pay transactional and custodial fees unless negotiated otherwise.

All investment management fees paid to CWM for advisory services are separate from the fees and expenses charged to shareholders of mutual funds and exchange traded funds. These expenses are explained within the fund prospectuses.

Payment of transactional and custodial fees for client accounts managed through an unaffiliated third party investment management firm are determined within a separate agreement with the third party investment management firm.

The minimum portfolio size accepted by John D. Peterson, CFP®, Principal of CWM Financial Group, Inc., is \$500,000. Other Advisory Representatives of CWM Financial Group may provide Investment Management Services for portfolios with a minimum size of \$100,000. In either case, these minimums may be lowered based upon the complexity of the portfolio, additional efforts, or pre-existing relationships.

Payment of investment management fees are typically made through a debit directly to the client's account(s) by the qualified custodian holding the client's funds and securities. Cash equivalents such as money market balances are excluded from the fee calculation. The fee deducted each quarter is based on the percentage fee schedule and the market value of the account(s) at the end of the quarter. The client can determine whether the fee is applied to a single account or pro-rated across multiple accounts. At CWM's discretion, investment management fees may instead be billed directly to the client by mail with payment due within 10 days of the invoice date.

CWM may provide an accommodation account that is excluded from the investment management fee calculation. An accommodation account is typically used to hold a single security for specified planning goals or to provide the client with a designated account composed primarily of cash equivalents for withdrawal planning purposes.

An advisory client will have a period of five (5) business days from the date of signing the investment advisory agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the investment advisory agreement with 20 days written notice.

Upon termination, fees will be prorated to the date of termination and the unearned portion of the fee will be refunded to the client.

Where CWM is providing services in qualified plan situations where the client wishes to pay advisory fees as a deductible business expense, IRS regulations require the client to pay the fee separately via a direct billing and not have the advisory fee deducted from the plan assets.

Clients should be aware that they may incur other fees to unaffiliated third parties such as retirement plan administrative fees, deferred sales charges on mutual funds initially deposited into the account, 12b1 distribution fees and other mutual fund fees as described in the Prospectus of each fund. The

client will bear charges and the fees/charges of other programs which may involve investments in mutual funds and these fees may also apply to programs that maintain cash balances in money market funds. CWM does not receive any portion of transaction or administrative fees.

Financial Planning Services

The fees for Financial Planning Services are not based on the client's net worth or investments, but instead are based solely upon the complexity of services and are determined at the discretion of CWM. Financial Planning fees are based upon the Advisor's hourly fee scale of \$75 - \$250 per hour and agreed upon at the time of engagement. A financial planning engagement may be billed on an hourly basis or project basis.

Typically CWM will quote a fixed project fee that will take into consideration the hours required, complexity of the analysis or advice, and any other issues CWM may consider. The project fee is determined and agreed upon at the time of engagement. Fees are due upon the delivery of the agreed upon services. CWM may require a retainer equal to $\frac{1}{2}$ of the project fee to schedule the project. In such cases, the project balance would be due upon the completion of the agreed upon services.

A financial planning client will have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees.

Thereafter, the client may terminate the agreement by providing CWM with written notice prior to delivery of the plan or completion of the service. Upon termination, fees will be prorated to the date of termination and the unearned portion of the fee will be refunded to the client.

If the client's financial and/or investment circumstances should change during the project such that additional review, analysis and advice are required, additional fees may apply. In this case, CWM will notify the client of additional fees needed to complete the project.

The Financial Planning Services terminate upon delivery of the formal written financial plan and no on-going reviews are performed unless (1) the client engages CWM Financial Group for Investment Management Services, or (2) the client secures ongoing General Consultation Services.

Clients that engage in Investment Management Services with a minimum portfolio size of \$1,000,000 will generally receive Financial Planning Services, as they request of CWM, as part of the on-going Investment Management Services fee. Clients that engage in Consultation Services will receive assistance billed separately on an hourly basis.

The Financial Planning Services engagement may be the only service provided to the client and does not require that the client employ Investment Management Services as offered by the Advisor.

General Consultation Services

CWM also offers General Consultation Services on an hourly billing arrangement on a limited, time available basis. General Consultation Services can focus on any issues of interest to the client and within the expertise of CWM. These services are offered outside of CWM's Financial Planning Services and Investment Management Services. CWM's hourly fees range from \$75 to \$250 per hour

depending upon the complexity of services, whether there is a pre-existing relationship, or other factors at the discretion of CWM.

Consultation Services and fees are agreed upon at the time of engagement. Consultation Services are not on-going in nature and thus terminate upon delivery of the agreed upon services.

A General Consultation Services client will have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing CWM with written notice prior to delivery of the plan or completion of the service. Since fees are payable after services are performed, there are no unearned fees and the client is not due a refund upon early termination.

CWM offers several advisory services detailed in this brochure that compensate CWM differently depending on the service selected. There is a conflict of interest for CWM and its associated personnel to recommend the services that offer a higher level of compensation to the Firm through either higher management fees or reduced administrative expenses. CWM mitigates this conflict through review of client services selected relative to the client's personal financial situation and stated advisory needs to ensure that the recommended CWM service is appropriate. Further, CWM is committed to its obligation to ensure associated persons adhere to the Firm's Code of Ethics and to ensure that the Firm and its associated persons fulfill their fiduciary duty to clients.

If required, CWM may also consult outside unaffiliated consultants including, but not limited to, attorneys, actuaries, accountants, stock options experts, pension specialists and insurance agents. Any costs associated with these consultations are born solely by CWM unless other arrangements are made, in writing, with the client in advance.

PERFORMANCE-BASED FEES

Investment management fees are not based on a share of the capital gains or capital appreciation of managed securities. CWM does not use a performance-based fee structure.

TYPES OF CLIENTS

Description

CWM generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, and corporations or business entities. Client relationships vary in scope and length of service.

Account Minimums

CWM requests a minimum portfolio size for its Investment Management Services. The portfolio minimum for John D. Peterson, CFP® is \$500,000 and for other Advisory Representatives it is \$100,000. CWM reserves the right to waive the minimum relationship size, depending upon the ability to meet the minimum within a reasonable time period, a pre-existing relationship, for family or friend accounts, or other identified special circumstances, at the discretion of CWM.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

Security analysis methods include fundamental analysis. CWM utilizes multiple written and web-based services available for investment advisors by subscription. Outside consultants and services may be utilized to provide investment management guidance in the areas of asset class assessment, investment manager reviews, tax alerts and statistical analysis.

Main sources of information include Morningstar, S&P Reports, financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission. Participation in conference calls with investment managers and attendance at industry conferences provide additional insight.

Investment Strategies

Strategic asset allocation and diversification are primary investment strategies for each client. The specific asset allocation and portfolio design for each client is based upon their unique financial objectives (e.g., supplemental retirement income), and risk tolerance and return objectives. The client may change these objectives at any time.

Primary asset classes used in client portfolios include equities, fixed income, alternatives and cash equivalents. Both active and passive investment management strategies for equity, fixed income and alternative asset classes are utilized. Portfolios are generally multi-asset class and are globally diversified to mitigate risks. Mutual funds, exchange traded funds and institutional separate account managers are implemented to provide diversified access to asset classes. Investment managers are selected and monitored based on the following criteria:

- Management tenure and overall experience
- Expenses
- Performance relative to peers
- Performance relative to risk assumed
- Adherence to investment style
- Performance in a variety of market conditions
- Correlation with other investment managers/asset classes

Specific asset allocation models are not used; however, clients with principal preservation objectives will have relatively higher fixed income allocations while those with capital appreciation, growth-oriented objectives will have relatively higher equity allocations.

Equity allocations may include US stocks, International stocks from developed countries and emerging markets, across large, medium and small market capitalizations. Fixed income allocations may include investment grade municipal, US government, corporate and foreign debt along with high yield debt. Use of alternative strategies is intended to provide additional diversification benefit through potentially lower correlations to traditional equity and fixed income markets. Examples of alternative investments include real estate, long-short strategies, commodities, managed futures and absolute return strategies.

The client may request an optional Investment Policy Statement that documents their objectives and their desired investment strategy.

Risk of Loss

All investment programs have certain risks that clients should be prepared to bear. Investment markets experience varying degrees of volatility and client portfolios will fluctuate and may be with more or less than the amount invested at any given time.

To help manage the risks associated with investing, clients should invest assets with longer time horizons especially when equity allocations are included - preferably at least five to seven years.

Equity allocations are subject to numerous risk factors including financial, economic, and political, variables that can impact equity returns over an extended period. Equity values can rise and fall quickly. International equities may be subject to additional currency related risks that affect returns. Emerging market equities may have greater growth potential but involve exposure to markets that are generally less diverse and mature with less stable political and financial systems and are often less liquid and more volatile than developed countries.

Fixed income allocations are subject to credit risk as represented by the financial viability of debt issuers and the market's perception of those issuers. Interest rate risk can greatly impair returns of bonds especially in rising interest rate environments.

Alternative investment strategies can involve various risks that include limited liquidity and the risks associated with derivatives, using leverage and engaging in short sales. Securities that trade over the counter or that do not have a ready market or that are thinly traded are less liquid and may face material discounts in price level in a liquidation situation. Alternative investment strategies may involve the risk of substantial loss of principal and are relatively smaller allocations within portfolios.

DISCIPLINARY INFORMATION

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Affiliations

The advisors of CWM are affiliated with the Financial Planning Association, a professional membership organization representing financial advisors.

CWM coordinates client planning services with unaffiliated attorneys and tax preparers. CWM does not receive additional compensation or referral fees from other professionals based on these relationships.

CWM does not hold insurance licenses for the purchase of life, disability, long-term care, and health insurance. Should financial planning or general consultation services clients need to purchase insurance in order to meet a planning recommendation, CWM can facilitate the process through referral to an insurance agent. CWM receives no additional compensation or referral fees for this service.

Clients are never under any obligation to purchase the products or utilize the services of these other professional advisors or organizations that may be recommended.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

CWM has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that CWM's supervised personnel comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to report their personal securities transactions and holdings quarterly to CWM's Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to CWM's Compliance Officer. Each supervised person of CWM receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during that year. Clients and prospective clients may obtain a copy of CWM's Code of Ethics by contacting the Compliance Officer of CWM.

Participation or Interest in Client Transactions

Under CWM's Code of Ethics, CWM and its managers, members, officers and employees may invest personally in securities of the same classes as are purchased for clients and may own securities of the issuers whose securities are subsequently purchased for clients. If an issue is purchased or sold for clients and any of CWM, managers, members, officers and employees on the same day purchase or sell the same security, either the clients and CWM, managers, members, officers or employees shall receive or pay the same price or the clients shall receive a more favorable price. CWM and its managers, members, officers and employees may also buy or sell specific securities for their own accounts based on personal investment considerations, which CWM does not deem appropriate to buy or sell for clients.

Personal Trading

The Chief Compliance Officer of CWM is John D. Peterson, CFP®. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment.

BROKERAGE PRACTICES

Brokerage Firm Selection

CWM does not have the authority over the selection of the broker-dealer to be used and the commission rates to be paid without obtaining specific client consent. However, CWM may recommend brokerage firms as qualified custodians and for trade execution.

CWM prefers TD Ameritrade Institutional Services as brokerage firm/custodian of client accounts based on their overall brokerage platform offering, level of service, and trade execution capabilities. CWM is also able to create efficiencies in operations relating to client account management and data

reconciliation for client performance reporting when utilizing TD Ameritrade versus utilizing multiple custodians. They offer competitive rates for client transactions. It is possible, however, that the client may pay higher transaction fees by utilizing the preferred firm, TD Ameritrade Institutional Services.

Best Execution and Soft Dollars

In selecting/recommending brokers or dealers to execute transactions, the Advisor will seek to achieve the best execution possible but this does not require it to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. The Advisor is not required to negotiate "execution only" commission rates, thus the client may be deemed to be paying for research and related services (i.e., "soft dollars") provided by the broker which are included in the commission rate. CWM has no written or verbal agreements whereby it receives soft dollars.

Research and related services furnished by brokers may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; statistical and pricing services, as well as discussions with research personnel, along with hardware, software, data bases and other technical and telecommunication services and equipment utilized in the investment management process.

It is the policy and practice of CWM to strive for the best price and execution for costs and discounts which are competitive in relation to the value of the transaction and which comply with Section 28(e) of the Securities Exchange Act of 1934, as amended. Nevertheless, it is understood that CWM may pay compensation on a transaction in excess of the amount of compensation that another broker or dealer may charge so long as it is in compliance with Section 28(e), and CWM makes no warranty or representation regarding compensation paid on transactions. In negotiating mark-ups or mark-downs, CWM will take into account the financial stability and reputation of brokerage firms and the brokerage and research services provided by such brokers, although the client may not, in any particular instance, be the sole direct or indirect beneficiary of the research services provided. CWM has no obligation to deal with any broker or group of brokers in executing transactions in portfolio securities.

Order Aggregation

Order aggregation allows an advisor to place a single purchase or sell order for same security for many accounts, even though each client account is individually managed. Order aggregation may reduce transaction costs for clients since all clients share the transaction costs for the single aggregated order on a pro-rata basis.

CWM does not aggregate orders at this time. The potentially higher cost of not aggregating orders is borne by CWM for all clients that participate in the CWM Asset Management Program since CWM pays transaction costs for those clients.

CWM clients with accounts outside the CWM Asset Management Program may be subject to higher transaction costs since those orders may not be aggregated and they pay their own transaction costs. Payment of transaction fees for client accounts managed through an unaffiliated third party investment management firm are determined within a separate agreement with the third party investment management firm. Those third party investment management firms determine client aggregation policy within those separate agreements for those client accounts.

REVIEW OF ACCOUNTS

Periodic Reviews

Accounts reviews for Investment Management Services clients are performed at least quarterly by John D. Peterson, CFP®, Principal. He reviews the client's current positions and evaluates the client portfolio for continuing consistency with the client's investment objectives, diversified portfolio design and financial planning goals.

Review Triggers

Accounts are reviewed quarterly or more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's financial or personal situation.

Regular Reports

CWM will prepare written portfolio performance reports for Investment Management Services clients on a quarterly basis. These reports include the following: Current allocation of investments among asset classes for all accounts; Current market valuations for each investment in all accounts; Year-to-date performance for each investment and year-to-date performance for each account and the overall portfolio.

Clients will also receive standard custodial statements not less than quarterly at their address of record from their selected custodian(s) reflecting current positions and transactions.

CLIENT REFERRALS AND OTHER COMPENSATION

Incoming Client Referrals

CWM may from time to time receive client referrals from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

CUSTODY

Custody Policy

CWM does not accept or permit the Firm or its associated persons to obtain custody of client assets including cash and securities, to act as a trustee, to provide bill paying services, or to have password access to control account activity or any other form of controlling client assets.

All checks or wire transfers to fund client accounts are made out to/sent to the account custodian.

Account Statements

All assets are held at qualified custodians and the custodians provide account statements not less than quarterly to clients at their address of record. Clients should carefully review such statements for any discrepancies or inaccuracies.

Performance Reports

Pursuant to recent amendments to Rule 206(4) under the Investment Advisers Act of 1940, the Securities and Exchange Commission now requires advisors to urge clients to compare the

information set forth in their performance report from CWM with the statements received directly from the custodian to ensure accuracy of all account transactions.

INVESTMENT DISCRETION

Discretionary Authority for Trading

CWM Investment Management Services agreement allows the client to authorize CWM with either discretionary authority or non-discretionary authority to transact securities accounts on behalf of the client.

Discretionary authority allows CWM to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. The firm's discretionary authority regarding investments may however be subject to certain limitations. These limitations are recognized as the restrictions and prohibitions placed by the Client on transactions in certain types of businesses or industries. All such restrictions are to be agreed upon in writing at the account's inception.

As of December 31, 2010, all of CWM's client accounts include non-discretionary authority where CWM consults with the client prior to each trade in order to obtain client approval for the transaction(s).

Limited Power of Attorney

The client will need to provide limited power of attorney with authorization for the deduction of Advisor investment management fees directly from client custodial accounts as specified in the Fees and Compensation section of this brochure. The investment management fee will be listed on the custodian's monthly statement as provided to the client and should be reviewed by the client for accuracy.

A limited power of attorney also authorizes CWM to transact securities transactions on behalf of the client within their custodial accounts with prior client approval for non-discretionary accounts and without prior client approval for discretionary accounts.

VOTING CLIENT SECURITIES

Proxy Votes

CWM will not vote nor advise clients how to vote proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. CWM does not give any advice or take any action with respect to the voting of these proxies. For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. CWM promptly passes along any proxy voting information to the clients or their representatives.

FINANCIAL INFORMATION

Financial Condition

CWM does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. CWM meets all net capital requirements that it is subject to and CWM has not been the subject of a bankruptcy petition in the last 10 years.

CWM is not required to provide a balance sheet as it does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

BUSINESS CONTINUITY PLAN

General

CWM has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people. A summary of the business continuity plan is available upon request from CWM's Chief Compliance Officer

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is CWM's intention to contact all clients within five days of a disaster that dictates moving CWM's office to an alternate location.

INFORMATION SECURITY PROGRAM

Information Security

CWM maintains an information security program to reduce the risk that client personal and confidential information may be breached. Selected account custodians are expected to and have implemented security programs also.

Privacy Notice

Below is a summary of CWM's Privacy Policy regarding client personal information.

CWM Financial Group, Inc.:

Collects non-public personal information about its clients from the following sources:

- Information received from clients on applications or other forms;
- Information about clients' transactions with CWM, its affiliates and others;
- Information received from our correspondent clearing broker with respect to client accounts;
- Information received from service bureaus or other third parties.

Will not share such information with any affiliated or nonaffiliated third party except:

- When necessary to complete a transaction in a customer account, such as with the clearing firm or account custodians;
- When required to maintain or service a client account;
- To resolve client disputes or inquiries;
- With persons acting in a fiduciary or representative capacity on behalf of the client;
- With rating agencies, persons assessing compliance with industry standards, or to the attorneys, accountants and auditors of the firm;
- In connection with a sale or merger of CWM's business;
- To protect against or prevent actual or potential fraud, identity theft, unauthorized transactions, claims or other liability;
- To comply with federal, state or local laws, rules and other applicable legal requirements;
- In connection with a written agreement to provide investment management or advisory services when the information is released for the sole purpose of providing the products or services covered by the agreement;
- In any circumstances with the client's instruction or consent.

Restricts access to confidential client information to individuals who are authorized to have access to confidential client information and need to know that information to provide services to clients.

Maintains physical, electronic and procedural security measures that comply with applicable state and federal regulations to safeguard confidential client information.

Wrap Fee Program Brochure
(Part 2A of Form ADV, Appendix 1)

CWM Asset Management Program

CWM Financial Group, Inc.

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Phone

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This wrap fee brochure provides information about the qualifications and business practices of CWM Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at: (301) 840-1188, or by email at: jdp@cwmfinancial.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 CWM Financial Group, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

March 15, 2011

MATERIAL CHANGES

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Wrap Fee Program Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisors to provide a Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization that are provided in this update.

Full Brochure Available

Whenever you would like to receive a complete copy of our Wrap Fee Program Brochure, please contact us by telephone at: (301) 840-1188 or by email at: jdp@cwmfinancial.com.

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CWM ASSET MANAGEMENT PROGRAM

The CWM Asset Management Program (the “Program”) is offered through CWM Financial Group, Inc. (the “Advisor”). Management of investment accounts within the Program includes the same methods of analysis, investment strategies and risk of loss as accounts managed by the Advisor outside of the Program and explained in the Advisor’s Firm Brochure, Part 2A of Form ADV. The Advisor, however, pays all securities transaction fees for Program clients – refer to the Services, Fees and Compensation section of this brochure.

SERVICES, FEES AND COMPENSATION

The Advisor will identify and analyze the following client information in order to design, implement and manage an Asset Allocation Plan for the clients of the CWM Asset Management Program:

- Asset allocation plan selection based on client risk tolerance, rate of return objectives, liquidity needs, time horizon(s) and financial planning objectives
- Asset Classes include Equities, Fixed Income, Alternatives and Cash Equivalents
- Investment manager(s) selection by asset class
- Portfolio and investment manager implementation, monitoring and reporting
- Re-balancing and re-allocation of portfolios based on client objectives, market and economic conditions, manager performance and tax management (where applicable)

Investments within portfolios primarily include cash equivalent vehicles, mutual funds, and exchange traded funds. Individual stocks and individual bonds and other investment vehicles may be also included in client portfolios primarily when inherited with the client account at initial implementation. These inherited assets are either liquidated and replaced depending on taxable consequences, or retained and managed based on the client’s request and planning objective.

Investment Management Fees

The Investment Management Fee is paid directly from the client account(s) to CWM Financial Group, Inc. for investment advisory services. It is expressed as a percentage of the client's assets invested within the Program. The Advisor will negotiate the individual management fee schedule with each client subject to the maximum schedule listed below. The schedule will be listed in the Client Agreement.

The maximum CWM Investment Management Fee schedule is as follows:

Amount Invested	Annual Fee
First \$1,000,000	1.00%
Next \$1,000,000	.80%
Next \$3,000,000	.40%
Over \$5,000,000	.20%

The annual Investment Management Fee is calculated based on the asset value of the client's accounts at the end of each quarter and paid quarterly in advance. The client's account will be charged in the month following the end of each calendar quarter. For initial account set-up, the Investment Management fee is prorated based on the number of days for which services are provided in the initial calendar quarter. The custodian for the client's account (e.g. TD Ameritrade) will be authorized to make payment directly to the Advisor. Upon termination, fees will be prorated to the date of termination and the unearned portion of the fee will be refunded to the client.

The Investment Management Fee is the sole source of compensation paid to the Advisor from Program clients. This Investment Management Fee schedule is the same schedule that applies to client accounts of the Advisor managed outside the Program.

Fund Fees

Mutual funds and exchange traded funds charge separate internal fees and expenses as described in each Fund Prospectus. These fees and expenses are paid by the Fund but are ultimately borne by each client as a shareholder of the Fund. These expenses include administration, distribution fees such as 12b-1 fees, custodial, legal and other customary fees and expenses.

CWM Financial Group, Inc. does not receive any portion of internal fund fees.

Transaction Fees

Mutual funds included in this Program will be purchased at net asset value with no sales charges. Brokerage custodians may charge transaction fees for the execution of mutual fund, exchange traded fund and individual security transactions.

These transaction fees are paid by CWM Financial Group, Inc. for clients of this Program.

The cost of the investment advisory services provided through the Program may be more or less than the cost of purchasing similar services separately. Given the scope of the Program, participation should be less costly than separately obtaining investment advice, custodial services for the account, and software and communication services between the custodian and Advisor.

ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

The minimum portfolio size accepted for the Program is \$500,000. This minimum portfolio size may be lowered at CWM Financial Group, Inc.'s discretion.

The Program is offered to individuals, families, retirement plans, trusts, estates, charitable organizations and business entities.

PORTFOLIO MANAGER SELECTION AND EVALUATION

CWM Financial Group, Inc. has access to both retail and institutional investment managers for investment portfolios. Investment managers may be accessed through cash equivalent products, mutual funds, exchange traded funds, and other investment products. Mutual funds recommended within the Program may include no-load mutual funds and load mutual funds purchased at net asset value and without sales charges.

The Advisor selects and evaluates Investment Managers within the Program based on the following criteria:

- Performance among peers
- Performance relative to risk assumed
- Adherence to investment style
- Performance in a variety of market conditions
- Correlation with other Investment Managers
- Management tenure and overall experience
- Expenses

The Program may include active investment management and passive investment management (e.g. index-based exchange traded funds) for equity, fixed income and alternative investment allocations.

Equity managers specialize in large, medium and small capitalization companies with growth or value investment style orientations. These equity managers invest in U.S. and international developed and emerging markets.

Fixed income managers specialize in municipal, government and corporate debt securities with investment grade or high yield credit qualities.

Alternative investment managers that invest in real estate, long-short strategies, commodities, and managed futures may be included.

The Advisor will analyze the performance of the client's investment portfolio and individual investment managers and, in conjunction with the client, periodically rebalance and adjust the portfolio. Investment Managers within the Program may be added or deleted as determined by the Advisor.

CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

As shareholders of mutual funds and exchange traded funds, identifying client information is provided to the selected investment managers/fund families through the Program's brokerage firm.

CLIENT CONTACT WITH PORTFOLIO MANAGERS

This Program is available to all clients that meet specified minimums. It is not expected that the client will be able to consult directly with the investment managers. The client will consult directly with CWM Financial Group, Inc. regarding their portfolio.

ADDITIONAL INFORMATION

The Advisor and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

The Advisor coordinates client planning services with unaffiliated attorneys and tax preparers. The Advisor does not receive additional compensation or referral fees from other professionals based on these relationships. The Advisor does not compensate referring parties for referrals either.

The Advisor has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that supervised personnel comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information.

The Advisor does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. The Advisor meets all net capital requirements that it is subject to and has not been the subject of a bankruptcy petition in the last 10 years.

The Advisor is not required to provide a balance sheet as it does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.