

Part 2A Appendix 1 of Form ADV: *Wrap Fee Program Brochure*

Item 1 Cover Page

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Wrap Fee Program Brochure

This wrap fee program brochure provides information about the qualifications and business practices of Cascade Investment Group, Inc. If you have any questions about the contents of this brochure, please contact us at 719-632-0818 or 800-984-9074 or dcapozzella@ciginc.net. 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 Cascade Investment Group, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Cascade Investment Group, Inc. is a Registered Investment Advisor although this does not imply a certain level of skill or training.

Item 2 Material Changes

Cascade Investment Group, Inc. has had no material changes to its wrap fee program since its last annual update dated 03/15/2011.

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Cascade Investment Group, Inc. (CIGI) sponsors three wrap fee programs:

1. Portfolio Freedom Account (PFA)
2. Consulting and Evaluation Services (CES)
3. Consulting and Evaluation Services Plus (CES+)

Below are the details of each program:

1. Portfolio Freedom Accounts(PFA):

CIGI's PFA account is offered on a discretionary or non-discretionary basis. A PFA account provides an alternative to traditional trade-by-trade brokerage and execution charges. Rather than paying brokerage charges and similar fees at the time of each transaction, PFA's quarterly fee is based on the average quarterly value of the client's account assets. The PFA account allows clients to estimate the total brokerage costs and charges in advance and pay them quarterly. There is no need to open a special account to take advantage of PFA. Clients may select this pricing with new or existing accounts. CIGI or its employees or representatives act as an investment manager in respect to the PFA account when carried as a discretionary account.

While the PFA fee covers CIGI's transaction services for a broad range of investments, certain types of assets are excluded. Assets not covered under the PFA fee arrangement may be held in the same account, but the fees will not be applied to such asset; and transactions in these assets will be subject to individual transaction charges. The types of assets for which transaction services are not offered include, but are not limited to, insurance, certain types of limited partnership interests or units (i.e., those that are not publicly trades), precious metals or other commodities or futures thereon, options on futures, currency options, foreign currency or investment trust units.

Fees are assessed as follows and have the ability to be negotiated.

<u>Account Value</u>	<u>Equity and Balanced</u>	<u>Fixed Income</u>
First \$500,000	2.50%	0.50%
Next \$500,000	1.50%	0.40%
Next \$1,000,000	1.00%	0.30%
Over \$2,000,000	0.75%	0.25%

There is no minimum account size needed for this type of wrap fee program.

2. Consulting and Evaluation Services (CES)

In the Consulting and Evaluation Services Program (CES), CIGI provides clients with assistance in selecting one or more investment management firms to manage client's accounts. The minimum account size is generally \$100,000; certain managers may establish different minimums. In CES, the client remains the investment manager, with CIGI's assistance. Many investment management firms available through CES are otherwise available only to clients with significantly greater assets to invest.

Account Information

Clients will receive a quarterly review, from the management firm, which is an extensive statistical review and analysis of the account.

Fees

CES services are available on a wrap fee basis where the client's fees to CIGI cover its recommending and evaluating investment managers as well as custody of securities and trade execution with or through CIGI. Alternatively, CIGI may be compensated solely by collecting commissions or other charges on transactions made for the client's account. In either case the client pays separate fees to the investment manager(s) employed. The standard wrap fees charged by CIGI are as follows:

<u>Assets</u>	<u>Annual Fee</u>
First \$500,000	2.20%
Next \$500,000	1.70%
Next \$1,000,000	1.20%
Next \$3,000,000	0.65%
Next \$5,000,000	0.60%

Fees are negotiable based on the level of service provided and/or types of securities traded, which may result in a particular client paying a fee greater than or less than the standard fees. For accounts larger than \$10 million, fees generally are arranged separately on the basis of service provided. Fees are prorated and payable quarterly in advance.

In addition to fees paid to CIGI, in the CES program, clients pay investment fees separately to the investment manager(s). At a client's discretion, these fees may be payable through CIGI which debits the client's account and remits the advisory fee to the investment manager.

3. Consulting and Evaluation Plus (CES+)

In Consulting and Evaluation Plus Program (CES+), the same services are provided as through CES, except the hard dollar costs (clearing fees) that CIGI incurs from its clearing firm are passed through to the client. The same payment, termination, and refund policies apply as it applies to the CES program.

The portion of the total wrap fee paid to the portfolio managers is between 55 – 60%.

Participation in a wrap fee program may cost the client more or less than purchasing such services separately. Factors that bear upon the relative cost of the program depend on the number of trades a client would typically execute and the price of the trade depending on the amount and price of the security.

Additional fees may include mutual fund expenses and commissions for new issue securities that are automatically built into these securities price. The fee for shipping and handling on each security transaction is also paid for by the client.

Custodian fees for retirement accounts (annual) and Transfer on Death (TOD) accounts are also separate expenses that are paid for by the client.

Fees for optional overnight disbursements or wired funds are paid for by the client.

Fees for optional check writing services on the client's account are paid for by the client.

The investment advisor who recommends a wrap fee program receives compensation as a result of a client's participation in the program. The amount of this compensation may be more than what the advisor would receive if the client participated in one of CIGI's other programs or if the client paid for investment advice, brokerage, and other services. The advisor may have a financial incentive to recommend the wrap fee program over other programs or services.

Item 5 Account Requirements and Types of *Clients*

Account Requirements:

CIGI does not impose a minimum account size for PFA accounts. Individual investment managers of CIGI may require a minimum account size.

To participate in the CES or CES+ accounts, typically the account minimum is \$100,000.

Types of Clients:

- A. Individuals
- B. Pension and profit sharing plans
- C. Trusts, estates, or charitable organizations
- D. Corporations or business entities such as Partnerships or LCCs

CIGI does not impose a minimum account size. However, investment managers may require a minimum account size.

Item 6 Portfolio Manager Selection and Evaluation

The Portfolio Manager for the PFA wrap fee program, PFA is the CIGI Investment Advisor a client personally chooses to manage his/her assets.

Under the CES or CES+ wrap fee programs, the CIGI Investment Advisor recommends a portfolio manager for a particular client based on the following criteria:

1. People – the reputation of that portfolio manager and the research staff.
2. Process – the investment style used by the investment manager. Is it Bottom Up or Top Down/ Growth or Value-based?
3. Price – the fee schedule available for the client's assets. Is it appropriate and beneficial to the client?
4. Performance – how does the investment manager fair in comparison to his/her peers?

CIGI reviews managers who have similar processes to see which has the best reputation, performance and price for the individual client.

CIGI's principle activities include retail and institutional private client services, including but not limited to providing advice with respect to financial markets, securities, and executing securities transactions as broker or dealer.

CIGI offers a wide variety of investment management services and programs. CIGI also provides consulting and financial planning services through a variety of programs. Clients in these programs retain final authority and responsibility to determine whether and how any recommendations should be effected and by whom. CIGI does tailor its advisory services to meet the needs of individual clients. These needs can include but are not limited to length of managed service, exclusion of particular securities from the management process (no fees associated) to hold in their account, and restriction of particular securities or types of securities.

CIGI does not accept performance-based fees.

CIGI will use the following security analysis methods:

- (1) Charting
- (2) Fundamental
- (3) Technical

The main sources of information CIGI uses include:

- (1) Financial websites
- (2) Research materials (examples: RBC Credit Suisse and Argus Research)
- (3) Corporate rating services (S & P)

The investment strategies used to implement any investment advice given to clients include:

- (1) Long term purchases (securities held at least a year)
- (2) Short term purchases (securities held less than a year)
- (3) Margin transactions
- (4) Option writing, including covered options

All investments involve risk that any client should be prepared to bear. CIGI primarily recommends securities that are of investment grade and fall within the guidelines of the “Prudent Man Rule” and reasonable fiduciary standards.

All advisory accounts are automatically enrolled in a proxy voting service reviewed and paid for by CIGI. If a client desires to receive their proxies and solicitations, they may request to do so at any time.

There are no additional fees passed to clients for this service.

The service is set to vote "with Management" for all proxy material; company annual, semi-annual, and interim reports, and/or reorganization material.

A copy of voting history, voting policies and procedures are available upon request.

Item 7 *Client* Information Provided to Portfolio Managers

CIGI will provide portfolio managers the basic information under the “Know Your Client Rule” which is needed to best determine the investment needs of the client.

CIGI collects this basic information about the client from the following sources:

1. *Account Applications, customer profiles and other forms*, which may include a customer’s name, address, social security number, date of birth, employment, tax bracket, savings, and information about a customer’s investment goals and risk tolerance;
2. *Account History*, for example, copies of confirmations or statements which may include information about investment transactions or the balances in a customer’s account; and
3. *Correspondence*, written, telephonic or electronic between the client and CIGI.

Item 8 Client Contact with Portfolio Managers

There are no restrictions placed on a client's ability to contact and consult with their PFA portfolio manager.

Under the CES and CES+ programs, CIGI investment advisors serve as the conduit and evaluator of the independent advisory programs and communicate the client's needs and desires to that manager. There are no restrictions on a client's ability to contact and consult with their CIGI investment advisor to perform these services for them in communicating with their CES or CES+ manager.

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of CIGI's advisory business or the integrity of CIGI's management.

CIGI is also a registered Broker-Dealer (B/D).

CIGI is registered with the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), and various state regulatory agencies to provide services as a Broker/Dealer. In this capacity, CIGI may be compensated by fees or commissions from involvement in the sale of various types of securities, including but not limited to, stocks, bonds, and mutual funds. The Principals spend approximately 10% of their time selling securities, 75% of their time managing securities and 15% of their time providing investment advice.

CIGI has two registered investment advisors licensed to sell life insurance products: Janice M. Weiland and Robert G. Wrubel. This is an additional service that is provided to clients if they so desire and it is deemed appropriate for the client's overall financial objectives.

CIGI has two registered investment advisors who are Certified Financial Planners (CFP) who provide this additional service for clients: Robert G. Wrubel and Patrick R. Rudy.

CIGI has two registered investment advisors who are Accredited Investment Fiduciaries (AIF) who provide this additional service for clients: Robert G. Wrubel and Patrick R. Rudy.

CIGI has one registered investment advisor who is also a Certified Public Accountant, Inc. (CPA): Patrick R. Rudy.

Principals of CIGI will review client's accounts at least annually to determine if client's investment objectives were met. Reviews will also be determined based on the client's risk tolerance, net worth, net income and other various suitability factors. This review may be triggered by tax law changes, market changes, or market conditions. A more frequent review may also be initiated by a client inquiry due to personal changes. There is no minimum number of accounts assigned for the reviewer.

CIGI provides performance reports to clients no less than annually, but may be more frequent. In addition, clients receive custodial statements no less than quarterly from CIGI's clearing firm who serves as broker/dealer custodian for CIGI's clients.

CIGI does not compensate any person for client referrals.

CIGI does not receive economic benefit from anyone providing investment advice or other advisory services to CIGI's clients.

CIGI does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance.

CIGI has not been the subject of a bankruptcy petition at anytime in its corporate history.

Ethical dilemmas occur when values are in conflict. We strive to pursue the selection of employees with high morals and integrity. We strive to provide excellent personalized investment service to all our clients. We are members of a profession explicitly committed to providing fair and truthful securities information. We have a special obligation to ensure that we safeguard our clients' assets as best we can in order to preserve principal, gain value and encourage growth for our present clients and their future generations.

The principles of this Code are expressed in broad statements to guide ethical decision-making. These statements provide a framework; they cannot and do not dictate conduct to cover particular situations.

- I. We provide the highest level of service to all clients through all methods of communication, mail, phone calls, meeting, and email. We provide this service in an accurate, unbiased, and courteous response to all requests.
- II. We uphold the principles of knowing our clients, fair trades, and resist all efforts to allow any unethical behavior such as churning or switching.
- III. We protect each client's right to privacy and confidentiality with respect to information sought or received.
- IV. We recognize and respect each client's individual financial investment needs.
- V. We treat co-workers and other colleagues with respect, fairness and good faith, and advocate conditions of employment that safeguard the rights and welfare of all employees of our firm.
- VI. We do not advance private interests at the expense of clients, colleagues, staff, or our firm. This includes no employee acquiring beneficial ownership in any security in an initial public offering or limited offering without prior approval from the Chief Compliance Officer.
- VII. We distinguish between our personal convictions and professional duties and do not allow our personal beliefs to interfere with fair representation of the aims of our client's investment goals.
- VIII. We strive for excellence in the profession by maintaining and enhancing our own knowledge and skills, by requiring and encouraging the continued professional development of co-workers, and by fostering the aspirations of potential members of the profession.

CIGI will provide a copy of our code of ethics to any client or prospective client upon request. CIGI or its associated persons may buy or sell for itself investment products recommended to clients. Records will be maintained of all securities bought or sold by CIGI, associated persons or related entities. Such records will be available for client inspection upon request. All

securities transactions of related persons of CIGI will be reviewed by the principal of CIGI to ensure no conflicts exist with client executions. CIGI's policy for securities traded by related persons will be for these transactions to be placed **AFTER** the placement of clients' transactions.