

Claremont Financial Group, Inc.

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Form ADV, Part 2A Brochure

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This brochure provides information about the qualifications and business practices of Claremont Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at 909-624-9200. 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.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that Claremont Financial Group, Inc. or any person associated with Claremont Financial Group, Inc. has achieved a certain level of skill or training.

Additional information about Claremont Financial Group, Inc. is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 - MATERIAL CHANGES

Revised March 27, 2012

The purpose of this page is to inform you of any material changes since the previous version of this brochure. If you are receiving this brochure for the first time this section may not be relevant to you.

This brochure is a new document prepared according to the SEC's new requirements and rules. Therefore, this document is materially different in structure and requires certain new information that our previous brochure did not require. In the future, this item will discuss only specific material changes that we make to the brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

Claremont Financial Group, Inc. ("CFG") reviews and updates our brochure at least annually to make sure that it is still current.

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ITEM 4 - ADVISORY BUSINESS

Description of Advisory Firm

Claremont Financial Group, Inc. ("CFG," "we," "our," or "us") is a privately owned corporation headquartered in Claremont, California. CFG is registered as an investment adviser with the U.S. Securities and Exchange Commission.

In February 1996, CFG started operating as an investment adviser registered with the State of California. In May 2000, CFG was eligible for registration with the U.S. Securities and Exchange Commission. In 2005, Nicholas Scalzo and Gaetan Scalzo became owners of CFG. CFG offers two financial advisory services (1) personal financial planning and (2) investment management.

Advisory Services Offered

Personal Financial Planning Services

CFG offers personal financial planning services for a fee. We specialize in providing advice to professionals, pre-retirees and those who are retired. CFG uses financial strategies consistent with the individual client's financial condition, tax status, and risk/reward objectives. Strategies may focus on investments, insurance, taxes, and/or estate plans.

Over the series of planning meetings, we compile written information and analysis, which may include one or more of the following areas:

1. the client's objectives and financial goals,
2. a review of the client's assets, liabilities, income and expenses,
3. a review, analysis and recommendations regarding one or more of the subject planning areas previously listed,
4. a summary of findings, and
5. an action guide or "To Do" list.

Personal financial planning (the analysis, written report, and subsequent modifications and services) is a service separate from our investment management services. Clients have full discretion as to how they choose to implement the recommendations discussed in the financial planning phase. CFG will generally recommend implementation of financial plans, using us Claremont Financial Group, Inc. as the investment adviser. There are no requirements to use us, or our affiliates for investment services.

The investment management services, described below, are part of the implementation process that occurs once the initial planning has been accomplished. Use of our investment management services is not required. Some clients may use the services of CFG only for the financial planning; others may choose to use CFG only for investment management services. Many clients use both of these options.

Our personal financial planning services do not include preparation of any kind of income tax, gift, or estate tax returns nor preparation of any legal documents, including wills or trusts. We do not provide clients with any legal or accounting advice.

We describe fees charged for personal financial planning services below under ***Item 5 - Fees and Compensation***.

Investment Management Services

CFG offers asset allocation systems through third-party providers ("Platforms") including The Elements Financial Group, LLC ("TEG") and FTJ FundChoice ("FTJ"). We will use a sub-adviser to manage portfolios for clients where an asset allocation system is not suitable for a client. Existing CFG clients may have their assets managed through the platform known as Genworth Financial Wealth Management ("Genworth") (formerly known as AssetMark Investment Services); CFG no longer offers this platform to new clients.

Through these Platforms, we advise clients as to the selection of asset allocation models and provide continuous monitoring of the models. We describe the material investment risks under the heading ***Specific Security Risks*** in ***Item 8*** below.

We discuss our discretionary authority below under ***Item 16 - Investment Discretion***. For more information about the restrictions clients can put on their accounts, see ***Tailored Services and Client Imposed Restrictions*** in this item below.

We describe the fees charged for investment management services below under ***Item 5 - Fees and Compensation***.

Limitations on Investments

In some circumstances, CFG's advice may be limited to certain types of securities.

Limitation by Issuer

In the event CFG is managing assets within an annuity, CFG is limited to those investment options chosen by the insurance agency.

No Load Mutual Funds

The vast majority of mutual fund investments we recommend are in the form of no load or load waived mutual funds.

Limitation by Client

CFG may also limit advice based on certain client-imposed restrictions. For more information about the restrictions clients can put on their accounts, see ***Tailored Services and Client Imposed Restrictions*** in this Item below.

Non-Managed Assets

CFG may offer securities trading activities for non-managed positions in a client's managed account, acting as an intermediary between the client and the custodian. We do not provide investment advice regarding that portion of the client's managed account designated as non-managed assets nor do we provide opinions as to the merits of any non-managed asset held in the account. We also do not make any judgments as to the appropriateness of assumed risk or suitability of any non-managed investment given the client's situation. CFG offers this service at no charge and at our discretion, in consideration of the client's other accounts that we manage.

Tailored Services and Client Imposed Restrictions

CFG manages client accounts based on the investment strategy the client chooses, as discussed below under **Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss**. CFG applies the selected strategy for each client, based on the client's individual circumstances and financial situation. We make investment decisions for clients based on information the client supplies about their financial situation, goals, and risk tolerance. Our recommendations may not be suitable if the client does not provide us with accurate and complete information. It is the client's responsibility to keep CFG informed of any changes to their investment objectives or restrictions.

Generally, CFG does not allow clients to impose restrictions on investing in certain securities or types of securities in the accounts. CFG reserves the right to not accept and/or terminate management of a client's account if we feel that a client wants to put a restriction that limits or prevents us from meeting or maintaining the client's investment strategy.

Assets Under Management

CFG manages client assets in discretionary accounts on a continuous and regular basis. As of 12/30/2011, the total amount of assets under our management was \$96,413,815.00.

ITEM 5 - FEES AND COMPENSATION

Fee Schedule

Personal Financial Planning Services

CFG offers personal financial planning services at the hourly rates describe below, which are negotiable depending on the nature and complexity of each client's circumstances. In these instances, we will provide an estimate of the total hours required at the start of the relationship. CFG may also provide services at a reduced rate or waive fees for certain clients (such as employees and their immediate family members). The current hourly rates charged to clients are:

- Nicholas Scalzo & Gaetan Scalzo \$250 / hour
- Senior Associate \$100 / hour
- Paraplanner \$75 / hour
- Clerical \$30 / hour

We believe that financial planning is an on-going process that should last a lifetime. After we conduct the initial risk analysis, we present the recommendations to the client. The on-going planning is an important service as well. We may incorporate the cost of financial planning services into the investment management fees for those clients making use of CFG's investment management services; see below for description of services. For such clients, there will be no additional charge for normal planning services over and above the investment fees. Additional analysis may require additional charges and are negotiable on a client-by-client basis.

We send an invoice to clients for services provided under our hourly rates at the completion of each key planning task for time incurred. The invoice is payable upon receipt and will include the fee calculation and amount due. We typically do not collect fees in advance for financial planning services.

Investment Management Services

CFG charges advisory fees for investment management services. For those clients making use of the investment management services provided by CFG and the asset allocation services of The Elements Financial Group, LLC ("TEG") or Genworth, the amount of the management fee is based upon the total assets under management and billed quarterly in advance according to the following schedule*:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$250,000	1.50%
Next \$250,000	1.25%
Next \$500,000	1.00%
Next \$1,000,000	0.75%
Next \$2,000,000	0.50%

*In addition to CFG's fees noted above, accounts managed on the TEG platform are charged the platform provider's fee of no more than 0.60% annually ("Platform Fee"), which is non-negotiable. This fee includes accounting and reconciliation duties, trading and research, asset allocation modeling, and the fees of the various strategists involved in the program. Clients that have Muni- Separate Managed Bond accounts will pay an additional annual fee of 0.10% on the total market value in the portfolio. This additional fee covers the additional costs of the services provided by the Bond Manager. TEG will add this fee to the Platform Fee and calculate the fee in the same manner as the Platform Fee.

For accounts managed on the Genworth platform, the fee schedule above includes the expenses of the Genworth platform that includes the various strategists involved in the program.

For those clients making use of the investment management services provided by FTJ FundChoice ("FTJ"), the annual fee is 1.75% of the assets under management. This fee covers the FTJ platform and includes the various strategists involved in the program.

Billing Method

With client authorization, each Platform will automatically calculate and withdraw the Platform and CFG's advisory fees from the client's account held by an independent custodian. The fees are calculated according to the method outlined in each Platform's Form ADV 2 Brochure. Typically, the custodian withdraws advisory fees from the client's account during the first month of each quarter based on the Platform's instruction. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

Other Fees and Expenses

CFG's fees do not include custodian fees. Clients pay all brokerage commissions, stock transfer fees, and/or other similar charges incurred in connection with transactions in accounts, from the assets in the account. These charges are in addition to the fees client pays to CFG. See **Item 12 - Brokerage Practices** below for more information.

The vast majority of our clients are 100% invested in no load, load or load waived mutual fund shares, or other investment products that pay no commission to CFG, but may charge management fees. No commissionable product will be recommended or sold to any current or new client of CFG. CFG does not receive 12(b) fees, as those fees are retained by custodians and/or Platforms.

Additionally, a limited but increasing number of mutual funds are used in the model portfolios offered on the platforms have started to impose short term redemption fees for sales occurring within certain proscribed periods of time (i.e. 30-180 days) following the purchase of the funds. While the platforms' programs are not designed for short-term trading purposes, it is possible that in certain limited circumstances, including quarterly rebalancing of model portfolios, clients may pay short term redemption fees for certain sales of funds, which have not been held for the required minimum period. These fees, if assessed, will be collected directly by the mutual funds to offset the cost to the funds' shareholders for such trades. The specific funds and model portfolios for which such fees may apply is subject to change on a regular basis.

Each of the mutual funds, ETF's and variable annuity sub-accounts included in the model portfolios will bear its own operating expenses, including compensation to the fund or sub-account advisor. In addition to the participation fees paid to platforms and to CFG, as an investor in the mutual funds, ETF's or variable annuity sub-accounts, the Client will indirectly bear the operating expenses of the mutual funds, ETF's or sub-accounts as they will affect the net asset value (or share price in the case of an ETF) of each fund. The ratios of fund expenses to assets vary from fund to fund according to the actual amounts of expenses incurred and fluctuations in the fund's daily net assets. Information on the specific expenses for each of the mutual funds will be set forth in the fund's prospectus and periodic reports provided by the fund to the Client. Information concerning the specific expenses of each variable annuity sub-account and any other expenses assessed by each variable annuity issuer are contained in the Prospectus delivered to the Client by the variable annuity issuer.

Termination

Investment Management Services

Either party may terminate the advisory agreement at any time by providing written notice to the other party. The client may terminate the agreement at anytime by writing CFG at our office.

CFG will refund any prepaid, unearned advisory fees based on the effective date of termination. Upon termination of the agreement, we will send the client a prorated refund of unearned advisory fees using the following formula: $(Fees\ Paid) \times (Days\ Remaining\ in\ Quarter) / (Total\ Number\ of\ Days\ in\ Quarter)$.

Personal Financial Planning Services

In the event that either the client or CFG wishes to terminate the financial planning agreement before completion of the plan, either party may terminate the agreement at any time by providing written notice to the other party. The client may terminate the agreement at any time by writing CFG at our office.

Upon notice of termination, CFG will provide you with an invoice for services provided through the date of termination. If you paid fees in advance that were more than the amount due for services, CFG will refund any unearned fees to you.

Other Compensation

We have personnel who are associated with a non-affiliated registered broker-dealer as either a principal or a registered representative. For more information relating to the compensation they may receive, see below **Item 10– Other Financial Industry Activities and Affiliations**.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

CFG does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

ITEM 7 - TYPES OF CLIENTS

CFG offers discretionary investment management and financial planning services to professionals and retired (or about to be retired) persons. As a result of estate planning actions, charitable actions and other decisions made by these individual clients, CFG also provides its services to many personal and family trusts, to private charitable foundations and to a variety of charitable trusts. As a result of clients passing away, CFG occasionally provides its services to various estates.

CFG offers its investment management services and its related financial planning expertise to qualified and non-qualified retirement plans (including pension and profit sharing plans, 401(k) plans, and Simplified Employee Pension Plans) to corporations and other business entities. Some of these may arise as a result of services being provided to the business owners. Some may be independent of any such relationship.

Account Requirements

Generally, CFG requires clients who we are providing investment management services to maintain a minimum account size of \$250,000. We generally combine family accounts to meet the account size minimum. We may reduce or waive the account minimum requirements at our discretion.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Financial Planning

The financial planning tools CFG uses to create financial plans for clients rely on various assumptions, such as estimates of inflation, risk, economic conditions, and rates of return on security asset classes. All return assumptions use asset class returns, not returns of actual investments, and do not include fees or expenses that clients would pay if they invested in specific products.

Financial planning software is only a tool used to help guide CFG and the client in developing an appropriate plan, and we cannot guarantee that clients will achieve the results shown in the plan. Results will vary based on the information provided by the client regarding the client's assets, risk tolerance, and personal information. Changes to the underlying assumptions or differences in actual personal, economic, or market outcomes may result in materially different results for the client. Clients should carefully consider the assumptions and limitations of the financial planning software as disclosed on the financial planning reports and should discuss the results of the plan with a qualified investment professional before making any changes in their investment or financial planning program.

We do not recommend individual securities to clients. However, we may make a general recommendation in the financial plan about investing a portion of your financial assets in securities. If the financial plan includes recommendations for investing in securities, you should understand that investing in securities involves risk of loss, and you should be prepared to bear that risk.

Methods of Analysis and Investment Strategies

CFG's general investment strategy is to seek real capital growth proportionate with the level of risk the client is willing to take. CFG treats each client account uniquely. Generally, CFG assists clients to develop an investment policy statement. Topics addressed in a typical investment policy statement may include the investment goals, time horizon, risk tolerance, tax considerations, frequency and type of monitoring and reporting, criteria for investment selection and overall investment strategy.

We design the investment recommendations to satisfy a hierarchy of needs, the first of which is the client's need for short-term cash flow and liquidity. To meet this requirement we recommend a level of short-term reserve funds and suggest appropriate investment vehicles. We then generally make recommendations geared to towards the long-term with emphasis placed on liquidity. We select investments for long-term growth or income potential but one's that are readily convertible to cash should unforeseen circumstances warrant. After these first two needs appear satisfied, we place the

emphasis for the client's remaining funds on long-term investments without regard to liquidity. Tax reduction strategies may also play an important role in these recommendations.

We typically recommend clients invest through various investment platforms. The platforms offer model portfolios of mutual funds, exchange traded funds (ETF's), bonds, and variable annuity sub-accounts which are provided by a number of institutional investment strategists and based on the information, research, asset allocation methodology and investment strategies of these institutional strategists.

With respect to clients investing through a platform, CFG introduces clients to investment managers or retains sub-advisers who provide discretionary management of individual portfolios.

Third-party platform providers use a variety of methods of analysis, sources of information, and investment strategies in the management of client accounts. Details of their methods, sources, and investment strategies are outlined in the third-party providers ADV 2 disclosure brochure, which are provided to clients engaging those services.

Investment Strategies for Managing Portfolios

CFG may use strategic asset allocation, tactical asset allocation, cash as a strategic asset, and/or long-term holding in the construction and management of client portfolios.

Strategic Asset Allocation

Strategic asset allocation involves periodically rebalancing portfolio in order to maintain a long-term goal for asset allocation regardless of the market conditions.

Tactical Asset Allocation

Tactical asset allocation is an active management portfolio strategy that re-balances the percentage of assets held in various asset categories in an effort to take advantage of market pricing anomalies or strong market sectors. This strategy provides an opportunity for CFG to create extra value by taking advantage of certain situations in the marketplace. CFG considers this a moderately active strategy since we return the portfolio to its original strategic asset mix if we achieve desired short-term profits or the perceived opportunity ends.

Cash as a Strategic Asset

CFG may use cash as a strategic asset and may at times move or keep client's assets in cash or cash equivalents. While high cash levels can help protect a client's assets during periods of market decline, there is a risk that our timing in moving to cash is bad either upon exit or re-entry into the market and we miss positive market moves.

Long-term Holding

CFG's strategy consists of investing through a platform where the model of the platform generally is purchasing, holding, and rebalancing a diversified portfolio of securities. We typically intend to hold these investments for the long term except when sales are necessary to rebalance the portfolio or to fund replacement acquisitions.

Sources of Information

We may consult with specialists in financial planning, mutual funds, variable annuities, and insurance products. We may also consult with the due diligence/investment research staff who reviews the products of various companies.

Investing Involves Risk

Investing in securities involves risk of loss, and clients should be prepared to bear that risk.

Specific Security Risks

General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

Third-Party Investment Advisers and Sub-Advisers Strategies and Risks

The independent third-party investment advisers that we select to be sub-advisers to client's portfolio will use their own investment process and methods of analysis. The strategies and securities these managers invest in may have different or additional risks than those described in this brochure. Clients can find more information about the strategies and related risks of the sub-advisers in **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** in each manager's Form ADV 2 Brochure.

ITEM 9 - DISCIPLINARY INFORMATION

CFG and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. CFG does not have any disciplinary information to disclose.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Registered Representative of Unaffiliated Broker-Dealer

Certain Associated Persons of CFG are also either principals or registered securities representatives of Capital Investment Group, Inc. ("CIG"), a non-affiliated dually registered broker-dealer and a member of the Financial Industry Regulation Authority ("FINRA"). Associated Persons of CFG in their own capacities as either principal or registered representative of CIG may recommend securities and/or investment related products offered by CIG or its affiliates. This presents a conflict of interest because these Associated Persons may have an incentive to recommend CIG for executing securities transactions or securities and products for which they receive additional compensation. Clients are under no obligation to act upon any recommendations of the Associated Persons or effect any transactions through the Associated Persons if they decide to follow the recommendations. When acting as registered

representatives of CIG, these Associated Persons will be compensated for effecting securities transactions on the normal commission schedule. However, no commissionable product will be recommended or sold to any of CFG's current or new clients. CFG does not receive 12(b) fees, as those fees are retained by custodians and/or investment platforms.

It is also possible for Associated Persons of CFG to receive compensation for the sale of real estate, insurance, collectibles, commodities, and other "non-security" products. This presents a conflict of interest between CFG and CFG's client. The conflict is based on the fact that CFG is compensated for providing investment management and financial planning services and certain Associated Persons of CFG may also be compensated for selling insurance products, real estate, collectibles, commodities, and other "non-security" products that are recommended as part of the investment management or financial planning process. Therefore, clients are advised that if they elect to act on such recommendations, the client is under no obligation to transact the purchase of insurance products through any Associated Person of CFG.

Other Related Business

Nicholas Scalzo and Gaetan Scalzo are both Managing Members of The Elements Financial Group, LLC, a registered investment adviser, and provider of one of the platforms recommended by CFG. As members, Nicholas and Gaetan Scalzo participate in the profits and losses of The Elements Financial Group, LLC. As such, they have a conflict of interest in recommending The Elements Financial Group, LLC platform in which they both have a proprietary interest over another platform that they do not have a proprietary interest in.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

CFG believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. CFG's personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

CFG's Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. CFG's personnel are required to follow clear guidelines from the Code of Ethics such as areas of prohibitions of insider trading and adherence to applicable federal securities laws. Additionally, individuals who make investment decisions/securities recommendations to clients, or who have access to nonpublic information regarding any clients' purchase or sale of securities, are subject to personal trading policies governed by the Code of Ethics (see below).

CFG will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

Personal Trading Practices

CFG and our personnel may purchase or sell securities for themselves, regardless of whether the transaction would be appropriate for a client's account. CFG and our personnel may purchase or sell securities for themselves that we also recommend for clients. This includes related securities (e.g., warrants, options, or futures). This presents a potential conflict of interest as we may have an incentive to take investment opportunities from clients for our own benefit, favor our personal trades over client transactions when allocating trades, or to use the information about the transactions we intend to make for clients to our personal benefit by trading ahead of clients.

Our policies to address these conflicts include the following:

1. We use third-party platforms and/or sub-advisers for management of all client accounts. Therefore, we are not aware of the timing of when trades are placed.
2. Our personnel are required to submit quarterly and annual reports regarding transactions and securities holdings in their personal accounts.

ITEM 12 - BROKERAGE PRACTICES

CFG requires clients to open one or more custodian accounts in their own name at a third-party custodian. We require clients open such accounts at either at Charles Schwab & Co., Inc. ("Schwab"), TD Ameritrade, Huntington National Bank (collectively the "Custodian/Broker"). We are independently owned, operated, and not affiliated with any of these custodian/brokers. These Custodian/Brokers will hold client assets in a brokerage account, and buy and sell securities when the third-party platform provider or we instruct them to.

Factors Considered in Selecting Broker-Dealers for Client Transactions

CFG considers several factors in recommending a Custodian/Broker to a client. We first determine which platform or sub-adviser will be used to service the clients account. Each platform has relationships with one or more Custodian/Brokers and will require the client to select a Custodian/Broker that they have an arrangement with. Other factors that we may consider include ease of use, reputation, service execution, pricing and financial strength of the Custodian/Brokers. CFG may also take into consideration the availability of the products and services received or offered (detailed below) by Custodian/Brokers.

Research and Other Soft Dollar Benefits

CFG may receive from particular Custodian/Brokers, without cost (or at a discount), support services and/or products that benefit CFG but may not directly benefit our clients' accounts. Custodian/Brokers make available products and services that may be used to service all or some substantial number of CFG's accounts, including accounts not maintained with these brokers. Custodian/Brokers make these products and services available to us on an unsolicited basis.

Products and Services Available to Us from Custodian/Brokers

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. Schwab makes available various support services. Some of those services help us manage or administer our clients' accounts; others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200.

Custodian/Brokers may make available products and services that assist CFG in managing and administering clients' accounts including software and other technology that:

1. provide access to client account data (such as trade confirmations and account statements);
2. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
3. provide research, pricing and other market data;
4. facilitate payment of CFG's fees from our clients' accounts; and
5. assist with back-office functions, recordkeeping, and client reporting.

Custodian/Brokers may also offer other services intended to help CFG manage and further develop our business enterprise. These services may include:

1. compliance, legal and business consulting;
2. publications and conferences on practice management and business succession; and
3. access to employee benefits providers, human capital consultants, and insurance providers.

Custodian/Brokers may make available, arrange, and/or pay third-party vendors for the types of services provided to CFG. Custodian/Brokers may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to CFG.

Custodian/Brokers may also provide other benefits such as educational events.

As part of our fiduciary duty to clients, CFG endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by CFG or our personnel in and of itself creates a potential conflict of interest and may indirectly influence CFG's recommendation of Custodian/Brokers for custody and brokerage services.

Directed Brokerage

CFG will not allow clients to direct CFG to use a specific broker-dealer to execute transactions. Clients must use the broker-dealers that CFG or platform provider recommends. Not all investment advisers require their clients to trade through specific brokerage firms. By requiring clients to use the broker-dealers that the platforms require, CFG believes we may be able to more effectively manage the client's portfolio, achieve favorable execution of client transactions and overall lower the costs to the portfolio.

Aggregation and Allocation of Transactions

Either third-party providers (“platforms”) will effect transactions for each client or a sub-adviser. Clients should review the platform’s or the sub-adviser’s Form ADV 2 Brochure for information regarding order aggregation and allocation of transactions.

ITEM 13 - REVIEW OF ACCOUNTS

Managed Account Reviews & Reports

Generally, each portfolio is reviewed every quarter by the platforms to evaluate the extent to which the actual allocation matches the target allocation. We offer account reviews to clients on a quarterly basis. Clients may choose to receive reviews in person, by telephone, or in writing. Nicholas Scalzo, CEO, and Gaetan Thomas Scalzo, CFP®, President, generally conduct all reviews based on a variety of factors. These factors may include but are not limited to stated changes in the model, investment objectives, economic environment, outlook for the securities markets, and the merits of the securities in the accounts. Other members of CFG’s team might be involved in the review of accounts from time to time.

In addition, we may conduct a special review of an account based on one or more of the following:

1. A change in the client’s investment objectives, guidelines and/or financial situation;
2. Changes in diversification;
3. Tax considerations; or
4. Material cash deposits or withdrawals.

Each client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. In addition, certain platform providers may provide written reports depending on platform the client is working with. Details of the account reporting that the third-party platform providers make available to clients are outlined in each provider’s Form ADV 2 Brochure. Applicable disclosure brochures are provided to clients engaging those services.

Financial Plan Reviews & Reports

Nicholas Scalzo, ChFC, CLU, CEO, and Gaetan Thomas Scalzo, CFP®, President are responsible for creating and reviewing clients’ financial plans. Other members of CFG’s team might be involved in the review of financial plans from time to time. CFG will generally contact clients at least annually to discuss any changes in the client’s circumstances and necessary updates to the financial plan. We also work with clients on an ongoing basis to review the plan as needed or as requested by the client. Clients receive a copy of all written documents that are developed and discussed during the time we work together. Personal financial planning generally includes the analysis, written report, and subsequent modifications and services. The personal financial planning is a service separate from our investment management services.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Custodian/Brokers Support Products and Services

We receive an economic benefit from Custodian/Brokers in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at certain Custodian/Brokers. These products and services, how they benefit us, and the related conflicts of interest are described above (see **Item 12 – Brokerage Practices**). We do not base particular investment advice, such as buying particular securities for our clients, on the availability of Custodian/Brokers products and services to us.

Solicitors

If an unaffiliated solicitor introduces a client to CFG, we may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements.

If an unaffiliated solicitor introduces a client to CFG, that solicitor will disclose the nature of the solicitor relationship with CFG at the time of the solicitation. In addition, the solicitor will provide each prospective client with a copy of this brochure, and a copy of the written disclosure statement from the solicitor to the client disclosing the terms and conditions of the arrangement between CFG and the solicitor, including the compensation the solicitor will receive from CFG.

Professional Referrals

CFG may refer clients to unaffiliated professionals for a variety of services such as insurance, mortgage brokerage, real estate sales, and estate planning, legal, and/or tax/accounting services. In turn, these professionals may refer clients to CFG. From time to time, we may enter into agreements with such professionals to refer clients to each other and compensate one another for such client referrals. When such arrangements have been made, the client will be provided a separate disclosure document to outline the arrangement.

CFG only refers clients to professionals we believe are competent and qualified in their field. It is ultimately the client's responsibility to evaluate the provider. It is solely the client's decision whether to engage a recommended firm. Clients are under no obligation to purchase any products or services through these professionals, and CFG has no control over the services provided by another firm. Clients who chose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by CFG.

If the client desires, CFG will work with these professionals or the client's other advisers (such as an accountant, attorney, or other investment adviser) to help ensure that the provider understands the client's financial plan/investments and to coordinate services for the client. CFG does not share information with an unaffiliated professional unless first authorized by the client.

ITEM 15 - CUSTODY

CFG has limited custody of some of our clients' funds or securities when the clients authorize us or our advisory affiliate, The Elements Financial Group ("TEG"), to deduct our management fees directly from the client's account. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee. The fees for clients participating in the platforms offered by TEG, Genworth, or FTJ FundChoice ("FTJ"), will generally have management fees directly debited from the client's custodian account by the platform provider. The platform provider will pay CFG directly for our services.

Clients should carefully review the account statements they receive from the qualified custodian. When clients receive statements from either CFG or a platform provider as well as from the qualified custodian, they should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify us.

ITEM 16 - INVESTMENT DISCRETION

Clients electing to participate in the platforms offered by "The Elements Financial Group, LLC ("TEG"), Genworth, or FTJ FundChoice ("FTJ"), will be required to execute an investment advisory agreement with CFG granting CFG discretionary authority and limited power of attorney with respect to the investment of the client's assets. With this discretionary authority, we retain TEG as a sub-adviser or Genworth or FTJ as co-adviser to serve as discretionary money manager with respect to the assets of clients' accounts and to perform the following services:

- buy, sell, invest, reinvest, convey, exchange, convert, transfer, redeem, liquidate or otherwise dispose of securities in the assets of the clients' accounts in the platform without notice to, or approval of, CFG or clients, which are consistent with the model portfolios selected by CFG on behalf of clients;
- allocate investments within the chosen model portfolios, without distinction between principal and income; and
- enter into agreements with Strategists and/or third-party managers to provide manage model portfolios for the platform.

Clients who do not participate in the platforms will be required to execute an investment advisory agreement with CFG granting CFG discretionary authority and limited power of attorney with respect to the investment of the client's assets. With this discretionary authority, we retain TEG as a sub-adviser.

ITEM 17 - VOTING CLIENT SECURITIES

Proxy Voting

CFG does not accept or have the authority to vote client securities. However, clients may call us if they have questions about a particular solicitation. CFG will not be deemed have proxy voting authority solely because of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

Mutual Funds

The investment adviser that manages the assets of a registered investment company (i.e., mutual fund) generally votes proxies issued on securities held by the mutual fund.

Class Actions

CFG does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action.

ITEM 18 - FINANCIAL INFORMATION

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. CFG does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance, and does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.