

**Item 1 – Cover Page**

**Investment Adviser Wrap Fee Program Brochure**

**CFG Asset Management LLC (“CFGAM”)  
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Newtown Square, PA 19073**

**Telephone: 877 313 1343**

**S3 Portfolios**

**December 31, 2011**

**This wrap fee program brochure provides information about the qualifications and business practices of CFG Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at 877 313 1343 . 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 CFG Asset Management LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year (December 31<sup>st</sup>). We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

There are no Material Changes to report from the date of the last Form ADV.

Currently, our Brochure may be requested by contacting Stephanie Honeycutt at 610 325 5911. Our Brochure is also available on our web site [www.cfgam.com](http://www.cfgam.com), also free of charge.

Additional information about CFG Asset Management LLC is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with CFGAM who are registered, or are required to be registered, as investment adviser representatives of CFGAM.

# CFG Asset Management LLC

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## **Item 4 –Services, Fees and Compensation**

### **About CFG Asset Management LLC**

CFG Asset Management, LLC. (“CFGAM”) is an investment adviser offering investment management services to individuals, businesses, trusts, and employee benefit plans. The services are provided on a fee basis which may include hourly and/or fixed fees but predominantly are based upon assets under management. Prior to engaging CFGAM to provide any investment advisory services, the client will be required to enter into a written agreement with CFGAM setting forth the terms and conditions under which CFGAM shall render its services. CFGAM's advisory services are mainly focused around designing and implementing diversified portfolios of exchange traded funds. Portfolios are tailored to each client based on their unique goals and objectives. Considerations include risk tolerance, time horizon, income needs, liquidity needs, tax sensitivity, and other factors.

CFGAM is a subsidiary of CFG Advisors, LLC. (“CFG”). CFG has a contractual relationship with New England Life Insurance Company (“NELICO”) to market products of NELICO and its affiliated companies, such as life, health, disability, long term care, variable life and annuity, brokerage and certain banking products as well as financial planning and investment advisory services through CFG’s associates who are registered with the appropriate securities regulators as registered representatives and/or investment adviser representatives of New England Securities Corporation (“NES”). NELICO and NES (collectively “New England”) are affiliated but none of these entities are affiliated with CFGAM or CFG. In most cases, Investment Advisor Representatives (“IARs”) of CFGAM are licensed agents of CFG. New England is not responsible for the advisory services offered by IARs through CFGAM.

### **The S3 Portfolios Program (the “Program”)**

CFGAM offers clients the ability to invest in portfolios of exchange traded funds (“ETFs”). The S3 Portfolios are offered to individuals, businesses, trusts and employee benefit plans. These portfolios will be managed by CFGAM, generally on a discretionary basis. CFGAM is both the sponsor and the portfolio manager of the

Program. There are no external or third party portfolio managers in this Program. The S3 Portfolios are strategic asset allocation portfolios with global diversification and constructed primarily with exchange traded funds. These portfolios are tactically managed by CFGAM. Please review CFGAM’s disclosure document, Form ADV Part II, items 5 and 6 for the education, business standards, and business backgrounds of the individuals that determine the investment advice given to clients. CFGAM reviews each account upon establishment to assure accounts are in accordance with the clients goals, objectives, and risk tolerance. IARs of CFGAM obtain substantial background information about each client’s financial circumstances, investment objectives, and risk tolerance, among other things, through an in depth interview and information gathering process which includes client profile and risk assessment forms. IARs will review their client accounts regularly, but no less than annually, to identify any material changes to the clients goals, objectives, risk tolerance, and income needs and to assure that the current portfolio is in accordance with the client’s goals, objectives, and risk tolerance. Under the Program, generally, the client retains CFGAM through its IAR to provide discretionary asset management of assets held in a brokerage account established by the client at NES, a registered broker dealer. Under this program, assets are held in client’s brokerage account at Pershing, LLC (“Pershing”), the clearing firm and custodian for the assets in the brokerage account, with NES acting as the introducing broker-dealer. This account shall be known as the Program Account. Client also has the opportunity to impose reasonable investment restrictions applicable to Client’s assets in the Program by identifying them on the Investment Management Agreement. Investment restrictions must be reasonable, as solely determined by CFGAM, and must be complete and consistent with applicable law. CFGAM will observe the investment restrictions that the Client identified in the IAAA (or Investment Management Agreement), if deemed reasonable; provided that CFGAM reserves the right to seek further direction from the Client before any such investment restrictions are observed. By executing the IAAA (or Investment Management Agreement), the Client acknowledges and agrees that the Client has been given the opportunity to impose reasonable investment restrictions on Client’s Account, and the reasonable investment

restrictions, if any, that the Client wishes to impose at the time Client executed the IAAA (or Investment Management Agreement) have been communicated in writing to CFGAM by the Client via the IAAA (or Investment Management Agreement).

#### Types of Advisory Services

CFGAM's advisory services are mainly focused around designing and implementing diversified portfolios of primarily exchange traded funds and selected fixed income securities. These services ("S3 Portfolios") are tailored to each client based on their unique goals and objectives. The S3 Portfolios are strategic asset allocation portfolios with global diversification. Considerations include risk tolerance, time horizon, income needs, liquidity needs, tax sensitivity, and other factors.

CFGAM will offer clients the ability to invest on a discretionary and non-discretionary basis in portfolios of primarily exchange traded funds (ETFs). Each client will receive individual service based on their needs and risk tolerances. Clients may impose restrictions on investing in certain securities or types of securities. IARs of CFG Asset Management will continue to render advisory services to the client relative to the ongoing monitoring and review of the client account, and at least annually IARs will review the appropriateness of the portfolio as it pertains to the client's risk tolerance, investment objectives, and financial situation.

Under this program, assets are held in a brokerage account at Pershing, LLC with New England Securities acting as the introducing broker-dealer. This account shall be known as the Program Account.

The client will retain CFG Asset Management to manage client's assets, generally on a discretionary basis, in such a manner based upon the goals, objectives, and risk tolerance of the client. In such relationships, the client would execute a Discretionary Investment Management Agreement with CFG Asset Management and a Brokerage Account Agreement with New England Securities. (Program Account). In certain instances, CFGAM selects sub advisers to manage segments of client accounts. CFGAM monitors

and reviews the CFGAM accounts that are sub advised by these external advisers. To date, CFGAM has hired one sub-adviser to manage fixed income portions of client accounts.

Advisory services are offered to individuals, businesses, trusts and employee benefit plans. These portfolios will be managed by CFGAM, generally on a discretionary basis. CFGAM is both the sponsor and the portfolio manager of the Program and the Program is structured as a wrap account. A wrap account is a type of individually managed account in which most expenses that are typical of a managed account are combined into one (a wrap) fee. This includes the management fee, the brokerage commissions, custodial fee and other expenses.

In addition to the services mentioned above, CFGAM provides financial planning services to individuals and high net worth individuals. Financial planning services are billed on a fixed or hourly basis.

#### Fees

Clients pay a single fee for CFGAM's advisory services, the operational, maintenance and administrative services provided by CFGAM, and the custodial and brokerage services provided by NES through Pershing. This fee is known as a "wrap" fee since it "wraps" together both advisory and brokerage services under a single fee.

The Program fee is negotiable and the fee charged by CFGAM for Program Accounts is represented by the Fee Schedule shown below. At the discretion of management, certain multiple family accounts may be househanded and combined for fee purposes.

#### **Standard Fee Schedule**

<u>Asset Range (\$)</u>	<u>Annual Fee</u>
\$ 0 to \$ 249,999	1.75%
\$ 250,000 to \$ 499,999	1.50%
\$ 500,000 to \$ 999,999	1.25%
\$ 1,000,000 +	1.00%

Overall costs in a wrap program may or may not be greater than in a traditional fee-plus-commission arrangement where separate fees for advisory, brokerage and custodial services are charged. Generally, the factors that bear upon

the cost of the program in relation to the cost of the same services purchased separately are the level of portfolio turnover (amount of securities transactions in the period) and the relative costs of the other fees if assessed individually.

#### Additional Client Fees

The program fee does not include certain other fees and charges such as any fees imposed by the Securities and Exchange Commission, wire transfer fees, fees resulting from any special requests that client may have, fees or commissions for securities transactions (including without limitation dealer markups or mark-downs) effected through any broker-dealer other than NES's clearing firm, Pershing, or costs associated with temporary investment of client funds in a money market bank sweep account or mutual fund. In addition to the program fee, Pershing may charge the client additional miscellaneous fees (e.g., ACAT fees, IRA maintenance fees). Such fees are disclosed in the NES fee schedule that CFGAM provides to clients. The program fee also does not include the internal management, operating or distribution fees or expenses imposed or incurred by any exchange traded fund that client's account may hold and other fees and expenses that may be assessed by the investment vehicle's sponsor, custodian, transfer agent, adviser, shareholder service provider or other service providers. These expenses may include administration, distribution, transfer agent, custodial, legal, audit and other fees and expenses. Further information regarding charges and fees assessed by a fund company may be found in the appropriate prospectus, and/or annual report of the fund.

Clients may invest directly in ETFs (i.e., outside of the Program) without paying the program fee. Thus, it may be cheaper for clients to invest in ETFs outside of the Program. However, clients will not receive the services provided under the Program if they choose to do so. CFGAM does not represent that the program fee a client pays is the same as or lower than that charged to other clients who invest in the Program or is the same as or lower than that charged by other sponsors of comparable programs for accounts of comparable size or investment objectives.

Program Fees will automatically be debited directly from the Client's Program Account by Pershing and begin once the Program Account balance has reached \$5,000. The first payment

will be prorated to cover the period from the date that the Account balance has reached \$5,000 through the end of the current calendar quarter. Thereafter, the quarterly Program Fee will be paid at the beginning of each calendar quarter for such quarter and the fee will be based on the fair market value of the assets in the Account on the last business day of the preceding calendar quarter as calculated by Pershing. Client will also be subject to a Program Fee for any additional lump sum contribution(s) in a calendar quarter equal to or greater than \$5,000. Client will pay for that portion of the ongoing quarterly Program Fee that relates to the number of days remaining in the calendar quarter beginning on the date of an additional contribution equal to or greater than \$5000. Payment of the Program Fee will be automatically deducted by Pershing from client's Program Account in the quarter following any such contribution and will be based on the amount of the contribution. Similarly, withdrawals of \$5,000 or greater will result in a pro-rata refund.

The Program Fee and other charges under this Program are deducted from cash assets held in the Account. Therefore, Client should maintain a suitable percentage of the Portfolio in the cash asset class to pay for fees and charges under the Program. If the Account does not have enough cash to pay for advisory and/or any additional fees, charges or debits associated with the Program, including any fees that NES or Pershing may charge, client, through the investment management agreement instructs and authorizes NES to sell assets held in the Program Account that NES deems appropriate to make such cash available, even if no discretionary trading authority has otherwise been granted by client. In such cases, client may face a taxable event, to which capital gains (or other) taxes apply.

Client authorizes and instructs Pershing to deduct the Program Fee and all applicable fees and charges that are due and payable in a given calendar quarter directly from client's Program Account. Client understands that statements sent by Pershing will indicate all amounts disbursed from Client's Account, including the amounts necessary to pay the Program Fee and other fees and charges.

If client's Agreement is terminated for any reason, Client will be entitled to a pro-rata refund of any pre-paid quarterly advisory fee based

upon the number of days remaining in the quarter after termination.

### **Item 5 –Account Requirements and Types of Clients**

CFGAM provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, Trusts, estates, charitable institutions, foundations, and endowments. In general, CFGAM has a minimum account size of \$100,000. CFGAM, in its sole discretion, may accept portfolios of smaller amounts

### **Item 6 –Portfolio Manager Selection and Evaluation**

CFGAM is both the sponsor and the portfolio manager of the Program. At this time, there are no external or third party portfolio managers in the Program. CFGAM may at its discretion hire external or third party portfolio managers to assist CFGAM in managing select segments of client portfolios. CFGAM may select a sub-adviser to manage certain segments of a client's portfolio. To date, CFGAM has hired one sub-adviser to manage fixed income portions of client accounts.

#### Portfolio Manager Performance

Clients will receive performance reports on a quarterly basis, and statements on a monthly basis if there were transactions in a particular month and if not, on a quarterly basis, covering, among other things:

- All transactions made in the Program Account during the quarter;
- All contributions and withdrawals made to and from the Account;
- All fees and expenses charged to the Account;
- The value of the Account at both the beginning and end of the quarter; and
- The performance of the client's Account.

The performance reports and statements will indicate all amounts disbursed from clients' Accounts, including the amounts necessary to pay the Program Fee and other fees and charges,

and include a reminder to clients that they should inform their IARs of any changes in their financial situation or investment objectives or of any desire to modify or impose any restrictions on their Accounts if applicable. Pershing will be responsible for creating and sending the performance reports and the statements as well as written confirmations of all trades executed through clients' Program Accounts.

Program Account performance is measured by Pershing on a uniform and consistent basis according to industry standards. Those standards include the time weighted rate of return ("TWRR") calculated no less frequently than quarterly and linked to achieve annual rates of return. TWRR tracks the growth rate of a single dollar held in the portfolio for the entire measurement period independent of cash flows to or from the client. This isolates the contribution of the portfolio manager to those decisions over which the manager has sole control. TWRR utilizes portfolio valuations for each beginning and ending date and adjusts for daily weighted cash flows. The measurement periods (monthly or quarterly) are geometrically linked to achieve annual time weighted rates of return.

Also, each client's IAR is available to discuss the performance reports and statements, the asset allocation of and securities underlying the client's Account and any other issues relating to the Program.

#### Performance –Based Fees and Side-By-Side Management

CFGAM does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

#### Methods of Analysis

CFGAM utilizes many methods of analysis to serve our clients' needs. Our security analysis methods include fundamental analysis, technical and cyclical analysis of the world economy, national economies, industry sectors and individual securities. Our main sources of information are asset allocation studies, global econometric analyses, annual reports, prospectuses and filings with the Securities and Exchange Commission and other regulators, financial newspapers and

magazines, research prepared by others, corporate ratings services and company press releases.

Our investment strategies include long and short term purchases, and trading (securities sold within 30 days).

#### Investment Strategies and Risk of Loss

#### **Investing in securities involves risk of loss that clients should be prepared to bear.**

CFG Asset Management, LLC is a U.S. registered investment adviser specializing in global asset allocation strategies using exchange traded funds ("ETFs").

Investing involves risk, including possible loss of principal. Asset allocation strategies and diversification do not promise any level of performance or guarantee against loss of principal, and diversification may not protect against market risk.

CFG Asset Management manages the S3 Portfolios, a proprietary family of investment strategies implemented primarily with Exchange Traded Funds ("ETFs"). The portfolios seek to outperform their designated benchmark by raising and lowering asset class exposures, industry sector exposures, international country exposures, currency exposures, and various alternative asset class exposures to anticipate relative price movements. To this end, the portfolios utilize fixed income ETFs, individual fixed income securities, equity ETFs, international ETFs, currency strategy ETFs, and alternative class ETFs (including real estate, commodities, hedge fund strategies, private equity strategies, and potentially others) to adjust exposures where appropriate.

There are risks involved with investing in ETFs, including possible loss of money. Index-based ETFs are not actively managed. Actively managed ETFs do not necessarily seek to replicate the performance of a specified index. Both index-based and actively managed ETFs are subject to risk similar to stocks, including those related to short selling and margin maintenance.

In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable

fluctuation in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations.

Emerging markets and frontier markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Investments in smaller companies typically exhibit higher volatility. Narrowly focused investments typically exhibit higher volatility.

Real estate investments are subject to changes in economic conditions, credit risk and interest rate fluctuations.

Commodity-related investments are speculative and involve a high degree of risk. Commodities markets have historically been extremely volatile, creating the potential for losses regardless of the length of time an investment is held.

Bonds and bond funds will decrease in value as interest rates rise. Investment return and principal value will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost and potentially subject to capital gains taxes. Tax-exempt fixed income strategies invest in securities designed to pay income that is exempt from certain income taxes, but a portion of the income may be subject to federal or state income taxes or the alternative minimum tax. Federal or state changes in income or alternative minimum tax rates or in the tax treatment of municipal bonds may make them less attractive as investments and cause them to lose value.

#### Voting Client Securities

As a matter of firm policy and practice, CFGAM does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

#### **Item 7 –Client Information Provided to Portfolio Mangers**

As CFGAM is both the sponsor and the portfolio manager of the Program, all client information obtained in the course of the adviser/client relationship is obtained by CFGAM.



## **Item 8 –Client Contact with Portfolio Manger**

The client's IAR will schedule client meetings on a periodic basis, but no less than annually, to review a client's portfolio, performance, market conditions, financial circumstances, and investment objectives, among other things, to confirm the firm's investment decisions and services are consistent with the client's objectives and goals. Clients are free to contact and consult with their IAR at any time during normal business hours.

## **Item 9 –Additional Information**

### Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of CFGAM or the integrity of CFGAM's management. CFGAM has no legal or disciplinary events or history that is applicable to this Item.

### Other Financial Industry Activities and Affiliations

CFGAM is a subsidiary of CFG Advisors, LLC. ("CFG"). CFG has a contractual relationship with New England Life Insurance Company ("NELICO") to market products of NELICO and its affiliated companies, such as life, health, disability, long term care, variable life and annuity, brokerage and certain banking products as well as financial planning and investment advisory services through CFG's associates who are registered with the appropriate securities regulators as registered representatives and/or investment adviser representatives of New England Securities Corporation ("NES"). NELICO and NES (collectively "New England") are affiliated but none of these entities are affiliated with CFGAM or CFG. In most cases, Investment Advisor Representatives ("IARs") of CFGAM are licensed agents of CFG. New England is not responsible for the advisory services offered by IARs through CFGAM.

All IARs of CFGAM are also registered representatives of NES. Brokerage services are offered and transacted through NES. IARs recommending the Program will be compensated by a portion of the wrap fee.

### Code of Ethics

CFGAM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at CFGAM must acknowledge the terms of the Code of Ethics annually, or as amended.

CFGAM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which CFGAM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which CFGAM, its affiliates and/or clients, directly or indirectly, have a position of interest. CFGAM's employees and persons associated with CFGAM are required to follow CFGAM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of CFGAM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for CFGAM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of CFGAM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of CFGAM's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity

by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between CFGAM and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with CFGAM's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. CFGAM will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

CFGAM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Stephanie Honeycutt at 610 325 5911.

#### Review of Accounts

CFGAM provides continuous and regular supervisory or management services to its clients. Accounts are monitored daily by the portfolio manager or an assistant. In certain instances, CFGAM selects and monitors sub advisers to manage client accounts. CFGAM monitors and reviews the CFGAM accounts that are sub advised by these external advisers.

All new advisory accounts at the time the account is established are reviewed by CFG Asset Management to assure the accounts are in accordance with the client's goals, objectives, and risk tolerance. Individual IAR's obtain substantial background information about each client's financial circumstances, investment objectives, and risk tolerance, among other things, through an in-depth interview and information gathering process which includes client profile and risk assessment forms. IAR's will review their client accounts regularly, but no less than annually, to identify any material changes to the clients goals, objectives, risk tolerance, and income needs along with any other identifiable, material changes as well as

current economic and financial market conditions. IAR's will also schedule client meetings on a periodic basis to review a client's portfolio, performance, market conditions, financial circumstances, and investment objectives, among other things, to confirm the firm's investment decisions and services are consistent with the client's objectives and goals.

#### Client Referrals and Other Compensation

CFGAM may utilize the services of individuals to act as Solicitors as defined in Rule 206(4)-3 of the Investment Advisers Act of 1940. The Solicitor's primary role is to introduce and assist each Solicited Client in establishing a relationship with CFGAM which will include introducing prospective clients and providing information about CFGAM. Any unaffiliated Solicitors will provide each client with a "Solicitor's Brochure" which describes the relationship, the Solicitor's compensation and whether the client will pay a fee different than if the client had come directly to CFG Asset Management.

#### Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the adviser's financial condition. CFGAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.