

Item 1 – Cover Page

CFG Asset Management LLC  
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January 1, 2013

This Brochure provides information about the qualifications and business practices of CFG Asset Management LLC [“CFGAM”]. 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.

CFG ASSET MANAGEMENT LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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, January 1, 2012.

Currently, our Brochure may be requested by contacting Jennifer Laucella 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.

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#### Item 4 – Advisory Business

CFGAM became registered with the Securities and Exchange Commission on January 13, 2010 and commenced business as an investment adviser on that date.

CFGAM's Principal Owners are as follows:

CFGAM is a wholly owned subsidiary of CFG Advisors, LLC. ("CFG"). The principal owners of CFG are as follows:

Joseph Vincent Naselli  
Gary Earl Daniels

Mr. Naselli and Mr. Daniels are "members" of the CFG Advisors, LLC and both are "control persons" as that term is defined.

The managers of CFGAM are as follows:

James H. Unger, CFP®, President

As president of CFG Asset Management, Jim is responsible for the day-to-day operations of the firm and places particular focus on maintaining the firm's high standard of excellence in client service. He is a member of the Investment Strategy Committee and is a key architect of the firm's investment strategy. He is a frequent speaker on investment topics, global economic trends, and portfolio strategies. Jim is a Certified Financial Planner practitioner, a designation he earned in 1992 from the College for Financial Planning, and he holds FINRA Series 7, 24, 63, and 65 licenses. Jim joined Creative Financial Group in 1989, is a registered principal, and has been an Investment Specialist with New England Securities for over 15 years. Born 1957; BA University of Virginia.

Robert J. Hagenberg, Chief Operating Officer

As Chief Operating Officer of CFG Asset Management, Bob is responsible for the day-to-day management of all personnel in the firm,

including investment specialists, client service specialists, portfolio management and research personnel, and administrative personnel. Previously, Bob was Senior Managing Associate of the Wealth Advisory Group within Creative Financial Group, where he was responsible for client service, compliance, operations, and new business development. Bob is a registered principal and holds FINRA Series 7, 24, 6, and 63 licenses. He started his career with Creative Financial Group in 1997. Born 1975; BA in Economics and Business Administration, Ursinus College.

Matthew L. Forester, Senior Portfolio Manager

Matt is responsible for the design and management of the firm's proprietary portfolios. He is a member of the Investment Strategy Committee. Prior to joining CFG Asset Management, Matt was Chief Investment Officer of ETF Associates, LLC., a registered investment advisor. Previous to that he was Vice President and Portfolio Manager with Cumberland Advisors, Inc., a registered investment advisor, where he managed the firm's U.S. Equity, International Equity, Emerging Markets Equity, U.S. Taxable Fixed Income, Commodities, Foreign Currencies, and Global Multiple Asset Class ETF Portfolios. In addition, he managed the firm's AIMR (CFA Institute) compliance program for composite portfolio performance reporting; installed and managed the firm's third-party proxy voting compliance program; played a key role in designing and implementing the firm's macroeconomics-based fixed income valuation, trading, and interest rate forecasting analytics; and served as the firm's primary equity and macroeconomics research analyst. During his 20-year career with Cumberland Advisors he managed portfolios for both individual and institutional clients, and he designed, implemented, and managed one of the nation's pioneering Separately Managed Accounts platforms using exchange-traded funds across multiple custodian banks, brokerage firms, and wrap programs.

Matt is a frequent guest commentator on television and radio including Bloomberg, CNNfn, and Comcast CN8. Matt has also been a speaker or panelist for many industry conferences and national conference calls including the ETF Global Education Conference, Strategic Research Institute ETF Conference, Fidelity Investments, Barclays Global Investors, and a joint session of the Global Interdependence Center and Philadelphia Council for Business Economics at the Federal Reserve Bank of Philadelphia.

Matt has been a guest lecturer in the MBA program at Rutgers University and has been active in volunteer service with the Bay-Atlantic Symphony, where he served two terms as president of the Board of Trustees, and the Planned Giving Advisory Board for the Cumberland County College Foundation. Matt holds FINRA Series 7, 24, 53, and 63 licenses. Born 1968; BS in Economics (with concentrations in Finance and Political Science), Wharton School of Finance, University of Pennsylvania.

Warren P. Gerdine, CMFC®, Head of Research

Warren leads investment and market research for CFG Asset Management and is a member of the Investment Strategy Committee. He works closely with the firm's portfolio management team in identifying economic themes and developing proprietary investment strategies. His work also supports the firm's Investment Specialists and their role in developing and managing client-tailored investment solutions. Since joining Creative Financial Group in 2001, Warren's focus has been on risk-sensitive and tax-sensitive investment guidance for individuals, trusts, foundations, endowments, nonprofit organizations, retirement and pension plans, and businesses. In addition, he is a specialist in fee-based financial planning, retirement planning, and wealth preservation strategies. He has earned the Chartered Mutual Fund Consultant designation from the College for Financial Planning, and he holds FINRA Series 2, 6, 7, 63, and 65 licenses.

Warren began his investment career in 1993 as Chief Investment Officer and principal of WP

Gerdine Investment Management, a registered investment advisor. In 1998 he transitioned that practice to become an investment and financial planning specialist with Prudential Financial before joining Creative Financial Group in 2001. From 1981 to 1993 Warren practiced as a registered professional engineer and design consultant on large, complex projects serving the energy, transportation, and defense industries. Born 1957; BS in Engineering, University of Michigan

William R. Meck, CPA, MBA, Chief Compliance Officer

CFG Asset Management has retained Bill Meck, an experienced compliance consultant and SEC veteran, to serve as Chief Compliance Officer for the firm. In this formal engagement, Bill is responsible for the top-down design of all RIA-related compliance procedures and their implementation.

Bill is the founder and managing partner of Meck Compliance Consulting LLC, a firm that provides compliance services to investment advisors and mutual funds. He retired in 2008 from the Securities and Exchange Commission (SEC), where he served as Senior Assistant Regional Director (Regulation) for the Philadelphia Regional Office, a position he held since 1992. Prior to that, he was a branch chief of examiners and a staff examiner since joining the SEC in 1983.

Born in 1949, Bill holds a Bachelors Degree (BBA) and a Masters Degree (MBA) from Temple University. Bill is a Certified Public Accountant licensed in Pennsylvania.

CFGAM's advisory services are mainly focused around designing and implementing diversified portfolios of primarily exchange traded funds, individual equity securities 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, individual equity securities and fixed income securities. 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.

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.

#### **CONFLICTS OF INTEREST:**

CFG Asset Management and its Investment Advisory Representatives ("IARs") may perform advisory services for various clients, and the IAR may give advice or take actions for other clients that differs from the advice given or the timing or the nature of any action taken for the Account. In addition, the IAR may, but is not obligated to, purchase or sell or recommend for purchase or sale any security which the IAR may purchase or sell for their own accounts or the account of any other client.

A client's IAR receives compensation as a result of the client's participation in the Program. This compensation may be more than what the IAR would receive if the client participated in other programs made available by CFG Asset Management or NES or paid separately for investment advice, brokerage, and other services. Therefore, the IAR may have a financial incentive to recommend the Program over other advisory programs or services offered to clients.

Client understands that a portion of the wrap fee that the client pays compensates NES for providing certain administrative services and oversight functions and expenses that NES incurs for certain services provided by Pershing.

Assets under Management are calculated as of November 30, 2012.

Discretionary Assets:	\$235,980,000
Non Discretionary Assets:	\$ 820,000
Total Assets:	\$236,800,000

## Item 5 – Fees and Compensation

The fees imposed by CFGAM are negotiated with the client in advance and are stated on the Investment Management Agreement as a percentage of assets under management. CFGAM management fees are a component of the wrap fee charged to the client.

### PROGRAM FEE AND BILLING:

The first payment is prorated to cover the period from the date that the Account balance has reached \$5,000 through the end of the current calendar quarter. Fees are debited directly from the client's Program Account based on the fee schedule and begin once the account balance has reached \$5,000. 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 on the date of any additional contribution equal to or greater than \$5,000. Payment of the Program Fee will be made in the quarter following any such contribution and will be based on the amount of the contribution. Similarly, if Client withdraws \$5,000 or greater, then the Client will receive a pro-rated refund in the following quarter. Through CFG Asset Management, the client instructs the Program Fee and other charges under this Program be deducted by Pershing 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 expected fees and charges under the program. If the Account does not have enough cash to pay for advisory and/or brokerage fees and charges, CFG Asset Management instructs NES and/or Pershing to sell any Account assets NES and/or Pershing deems appropriate to make such cash available even if Client did not grant Discretionary Trading

by executing a Discretionary Investment Management Agreement. In such cases, Client may face a taxable event, to which capital gains (or other) taxes apply.

For certain accounts, specific security exclusions from billing may be negotiated with client.

Client authorizes Pershing LLC to deduct all applicable fees from Client's Program Account and all such fees will be clearly noted on Clients' brokerage statement provided to the client no less than quarterly by Pershing LLC. Fee notifications will be provided to Client by Pershing, LLC.

The fee charged by CFG Asset Management for Program Accounts is represented by the standard fee schedule shown below. Fees are negotiable. At the discretion of management, certain multiple family accounts may be combined for fee purposes.

### Standard Fee Schedule

Asset Range (\$)	Annual fee
0 - 249,999	1.75%
250,000 - 499,999	1.50%
500,000 - 999,999	1.25%
1,000,000 +	1.00%

This fee schedule is not applicable to Retirement Plan Consulting Agreements. For those plans, fees vary on a plan by plan basis.

### Additional Client Fees

In addition, *other* NES brokerage account charges and fees (i.e. returned check fee, overnight charges, ACH return check fee, etc) *may* apply to Program Accounts. These charges and fees are disclosed in the Client Fee Schedule for brokerage accounts which is provided to client by the IAR at time client executes this Agreement with CFG Asset Management. In addition, NES will mail a new schedule prior to any changes becoming effective.

The Program Fee does not include special requests by clients or the internal management, operating or distribution fees or expenses imposed or incurred by Mutual Funds or ETFs. Clients should read each fund's or ETFs prospectus for a more complete explanation of these fees and expenses, which include fees for management, administration, shareholder servicing, distribution, transfer agent, custodial, legal, audit and other services. Clients may invest directly in mutual funds or ETFs (i.e., outside of the Program) without paying the Program Fee. Thus, it may be cheaper for clients to invest in the Mutual Funds and ETFs outside of the Program. However, clients will not receive the services provided under the Program if they choose to do so. CFG Asset Management 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.

#### TERMINATION:

Clients are required to sign the Investment Account Application & Agreement ("IAAA") to open a brokerage account with NES. This is in addition to the Investment Management Agreement clients sign to open an advisory account with CFG Asset Management. Client and/or CFG Asset Management may terminate the Investment Management Agreement at any time effective upon receipt of written notice by the other party.

Termination will not affect the validity of any action previously taken by the CFG Asset Management under the Agreement, liabilities or obligations of the parties from transactions initiated before termination, or the obligation of the client to pay fees and expenses incurred before termination. Termination will not automatically result in redemption or sale of any positions held in the program account, and the

client may choose to continue holding the securities in a standard brokerage account.

On termination, CFG Asset Management shall no longer have an investment advisory relationship with Client and will have no further obligation towards client for investment advisory services. Client will receive a refund of a pro-rata portion of any pre-paid, but unearned Program Fee paid for the current quarter. The amount refunded to Client will be based on the number of days remaining in the quarter after the date of termination. However, a portion of the fee may be retained in Client's account sufficient to effect any open and unsettled transactions and to pay for any unpaid Program Fees, account debit balances, and other charges owed by the client. Client is responsible to pay for services rendered, and for transactions effected, up until the date of termination.

Unless Client has provided other instructions, upon termination, account assets will be moved to a standard brokerage account with NES. The assets therein will be subject to the fees and charges normally assessed by NES on its brokerage accounts. The standard brokerage account is subject to the terms and conditions of the IAAA.

Item 12 further describes the factors that CFGAM considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

#### **Item 6 – 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).

#### **Item 7 – 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. CFGAM provides financial planning services to individuals and high net worth individuals.

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

### **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"), individual equity securities and fixed income securities.

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.

#### **Item 9 – 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.

#### **Item 10 – 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.

#### **Item 11 – 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 ensure 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 not materially 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 Jennifer Laucella at 610 325 5911.

It is CFGAM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. CFGAM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross

transaction is defined as a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

### **Item 12 – Brokerage Practices**

CFGAM is a subsidiary of CFG. CFGAM requires its clients to custody its funds and securities and execute its transactions through NES as introducing broker and Pershing LLC as executing broker. Not all advisers require their clients to direct brokerage. The CFGAM management program (S3 Portfolios) is a wrap program. CFGAM acts as both the sponsor and the portfolio manager of the program. CFG has chosen the NES "RMS Platform" to effectuate the CFGAM S3 Portfolios wrap program. NES/Pershing was selected, in part, because of an existing relationship between CFG and NES (see Item 10, Other Financial Industry Activities and Affiliations). Compensation to the various parties in a wrap program is apportioned through the wrap fee. The factors that we consider in reviewing the brokerage relationship include the average wrap fee and the quality of brokerage execution and the quality of client reports and services. Brokerage commissions are typically not a consideration in a wrap program because there are no transaction specific commissions. Execution quality means how well the trade is executed, generally whether the price is in line with other similar trades. CFGAM evaluates the quality of brokerage execution by monitoring a sample of our prices against the volume weighted average price ("VWAP") for that security, that day. CFGAM has the capability to aggregate trades for multiple clients. Generally, this results in more efficient execution and standardization of price (purchase or sales). CFGAM will aggregate trades when it is advantageous to its clients to do so. There are occasions where aggregation is not advantageous to clients and in those

circumstances, CFGAM will place individual orders.

CFGAM does not have any arrangements or relationships with any broker-dealer that involves the receipt of third party soft dollar benefits. CFGAM does receive proprietary research from NES (introducing broker) and Pershing (executing broker). When CFGAM receives proprietary research in connection with client securities transactions, we receive an economic benefit because we do not have to produce or pay for the research.

#### Error Account

An Error Account has been established with NES for the purpose of enabling CFG Asset Management LLC to effect trade corrections due to trading errors associated with transactions executed in client accounts. The purpose of the Error Account is to ensure that clients that have incurred market losses because of any trading error by CFGAM are made whole. Should any error/correction result in a gain (above those necessary to make the client whole), that gain will be kept in the Error Account and will not be credited to the client. Gains that are captured due to trade errors are maintained in the Error Account and used to offset any future trade error loss. Should the Error Account be closed, any gains not used to cover trade error loss will be considered a profit.

#### **Item 13 – 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 ensure 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.

#### **Item 14 – 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.

CFGAM does not have any arrangements under which CFGAM receives any economic benefit, including sales awards or prizes, from a person who is not a client for providing advisory services to clients.

#### **Item 15 – Custody**

Clients will receive at least quarterly statements from the broker dealer, bank or other qualified

custodian that holds and maintains client's investment assets. CFGAM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

CFGAM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Investment discretion is granted to CFGAM by the client by the execution of a limited power of attorney. This power of attorney is a part of the CFGAM Investment Management Account and the brokerage account application. When selecting securities and determining amounts, CFGAM observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to CFGAM in writing.

Clients that select discretionary accounts have the opportunity to impose reasonable investment restrictions applicable to Client's assets. 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 provides, if deemed reasonable; provided that CFGAM reserves the right to seek further direction from the Client before any such investment restrictions are observed.

#### **Item 17 – 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 18 – 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.