

**ITEM 1. COVER PAGE
FOR PART 2A OF FORM ADV:
FIRM BROCHURE**



Capital Region Financial Group, LLC

**620 Coolidge Drive, Suite 180
Folsom, CA 95630**

**Telephone: (916) 985-6000
Email: ellwood@crfg-llc.com
Web Address: www.crfg-llc.com**

January 2013

Firm Contact: Ellwood L. Jones, President and Chief Compliance Officer

This brochure provides information about the qualifications and business practices of Capital Region Financial Group, LLC. If you have any questions about the contents of this brochure, please contact Mr. Jones by telephone at (916) 985-6000 or email at ellwood@crfg-llc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Capital Region Financial Group, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Please note that the use of the term "registered investment adviser" and description of Capital Region Financial Group, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's

associates who advise you for more information on the qualifications of our firm and our employees. CRD number is 154990.

ITEM 2. MATERIAL CHANGES

Capital Region Financial Group, LLC is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

Our last annual amendment was filed on 02/10/2012. Since that time Mr. Glenn Andrade has departed from Capital Region Financial Group, LLC. No other material change has occurred.

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ITEM 4. ADVISORY BUSINESS

Capital Region Financial Group, LLC is an SEC-registered investment adviser with its principal place of business located in California. Capital Region Financial Group, LLC began conducting business in 2000 and is solely owned by Ellwood L. Jones. Capital Region Financial Group, LLC became registered as an investment adviser in 2010 and offers the following advisory services to our clients:

INVESTMENT SUPERVISORY SERVICES ("ISS")

INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit ○ Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Interests in partnerships investing in other
- Other

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

INVESTMENT SUPERVISORY SERVICES ("ISS")

MODEL PORTFOLIO MANAGEMENT

Our firm provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal. We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities. Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities:

- ☐ Exchange-listed securities
- ☐ Securities traded over-the-counter ☐ Warrants
- ☐ Corporate debt securities (other than commercial paper)
- ☐ Commercial paper
- ☐ Certificates of deposit
- ☐ Municipal securities
- ☐ Variable life insurance
- ☐ Variable annuities
- ☐ Mutual fund shares
- ☐ United States governmental securities
- ☐ Options contracts on securities
- ☐ Interests in partnerships investing in real estate
- ☐ Interests in partnerships investing in oil and gas interests
- ☐ Interests in partnerships investing in other
- ☐ Other

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. send quarterly written reminders to each Model Portfolio Management Services client requesting any updated information regarding changes in the client's financial situation and investment objectives;
2. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose

- investment restrictions or modify existing restrictions;
3. be reasonably available to consult with the client; and
 4. maintain client suitability information in each client's file.

INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides non-continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background. We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Once the client's portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio on an annual basis, based on the client's individual needs. Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- ☐ Exchange-listed securities
- ☐ Securities traded over-the-counter
- ☐ Foreign issuers
- ☐ Warrants
- ☐ Corporate debt securities (other than commercial paper)
- ☐ Commercial paper
- ☐ Certificates of deposit
- ☐ Municipal securities
- ☐ Variable life insurance
- ☐ Variable annuities
- ☐ Mutual fund shares
- ☐ Options contracts on securities
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- ☐ Interests in partnerships investing in oil and gas interests
- ☐ Interests in partnerships investing in other
- ☐ Other

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MODEL PORTFOLIO MANAGEMENT

Our firm provides non-continuous portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal. Through personal discussions with the client in which the client's goals and objectives are established, we initially determine whether the model portfolio is suitable to the client's circumstances. Once we confirm suitability, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities. We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Once the client's portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio on an annual basis, based on the client's individual needs. Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities. Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities:

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- ☐ Foreign issuers ☐ Warrants
- ☐ Corporate debt securities (other than commercial paper)
- ☐ Commercial paper
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- ☐ Municipal securities
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- ☐ Interests in partnerships investing in oil and gas interests
- ☐ Interests in partnerships investing in other
- ☐ Other

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. send quarterly written reminders to each Model Portfolio Management Services client requesting any updated information regarding changes in the client's financial situation and investment objectives;
2. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
3. be reasonably available to consult with the client; and
4. maintain client suitability information in each client's file.

PENSION CONSULTING SERVICES

We also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations which would be incorporated into their asset management agreement. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

Investment Policy Statement Preparation (hereinafter referred to as "IPS"):

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

Selection of Investment Vehicles:

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

Monitoring of Investment Performance:

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

Employee Communications:

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide quarterly educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c).

The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

FINANCIAL PLANNING

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives. In general, the financial plan can address any or all of the following areas:

O PERSONAL: We review family records, budgeting, personal liability, estate information and financial goals.

O TAX & CASH FLOW: We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.

O INVESTMENTS: We analyze investment alternatives and their effect on the client's portfolio.

O INSURANCE: We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

O RETIREMENT: We analyze current strategies and investment plans to help the client achieve his or her retirement goals.

O DEATH & DISABILITY: We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.

O ESTATE: We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion. We also provide general non-securities advice on topics that may include tax and budgetary.

- ☐ Exchange-listed securities
- ☐ Securities traded over-the-counter
- ☐ Foreign issuers
- ☐ Warrants
- ☐ Corporate debt securities (other than commercial paper)
- ☐ Commercial paper
- ☐ Certificates of deposit
- ☐ Municipal securities
- ☐ Variable life insurance
- ☐ Variable annuities
- ☐ Mutual fund shares
- ☐ United States governmental securities
- ☐ Options contracts on securities
- ☐ Interests in partnerships investing in real estate
- ☐ Interests in partnerships investing in oil and gas interests
- ☐ Interests in partnerships investing in other
- ☐ Other

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

PORTFOLIO MONITORING SERVICE

Our Portfolio Monitoring Service provides for safekeeping/housekeeping of assets on behalf of clients with no on-going supervision, trading, or discretion with respect to securities transactions. Clients are responsible for placing and executing their own trades, either on their own or with another investment adviser. We provide non-continuous and periodic outside account monitoring.

AMOUNT OF MANAGED ASSETS

As of 12/31/2012, we were actively managing \$35,750,000 of clients' assets on a discretionary basis plus \$76,164,000 of clients' assets on a non-discretionary basis; and overseeing \$30,000,000 of clients' assets being managed by third-party money managers.

ITEM 5. FEES AND COMPENSATION

We are required to describe our brokerage, custody, fees and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally not negotiable.

**INVESTMENT SUPERVISORY SERVICES
INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

The annualized fee for Investment Supervisory Services will be charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$0 - \$1,000,000	1.50%
\$1,000,000 - \$2,000,000	1.25%
\$2,000,000 - \$5,000,000	1.00%
\$5,000,000 - \$10,000,000	0.60%
\$10,000,000 - \$25,000,000	0.45%
\$25,000,000 - \$40,000,000	0.30%
Over \$40,000,000	Negotiable

Our fees are billed in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement. A minimum of **\$150,000** of assets under management is required for this service. This account size may be negotiable under certain circumstances. Capital Region Financial Group, LLC may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**INVESTMENT SUPERVISORY SERVICES
MODEL PORTFOLIO MANAGEMENT FEES**

The annualized fee for Model Portfolio Management Services will be charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
0 - \$1,000,000	1.50%
\$1,000,000 - \$2,000,000	1.25%
\$2,000,000 - \$5,000,000	1.00%
\$5,000,000 - \$10,000,000	0.60%
\$10,000,000 - \$25,000,000	0.45%
\$25,000,000 - \$40,000,000	0.30%
Over \$40,000,000	Negotiable

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement.

PENSION CONSULTING FEES

Our fees for Pension Consulting Services are based on a percentage of assets under advisement. Capital Region Financial Group charges Pension Consulting clients a percentage of plan assets, ranging from 0.50% to 0.90%. The fee charged will depend on the services requested, the size of the plan, and negotiations with vendors and third party administrator. Plan sponsors will be invoiced in arrears, or have an account directly debited, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value) of the plan at the end of the previous quarter. Capital Region Financial Group will not directly debit any account without receiving written authorization from the client/plan sponsor.

In addition to Adviser's consulting fee, the Client may also incur certain charges imposed by unaffiliated third parties. Such charges include, but are not limited to, custodial fees, administrative fees, brokerage commissions, transaction fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund purchased for the account which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), wire transfer fees and other fees and taxes on brokerage accounts and securities transactions.

FINANCIAL PLANNING FEES

Capital Region Financial Group, LLC's Financial Planning fee will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. Our Financial Planning fees are calculated and charged on a fixed fee basis, typically ranging from \$500 to \$20,000, depending on the specific arrangement reached with the client. Our hourly fee is \$350/hr. We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1200 for work that will not be completed within six months. The balance is due upon completion of the plan. Clients engaged on an hourly basis will be billed quarterly in arrears based on actual hours accrued.

Financial Planning Fee Offset: Capital Region Financial Group, LLC reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a financial planning client chooses to engage us for our Portfolio Management Services.

Management personnel and other related persons of our firm are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacity (ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

PORTFOLIO MONITORING SERVICE

Clients will be billed \$500 annually in advance due upon receipt of our invoice. Portfolio Monitoring Services will automatically renew annually.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Mutual Fund Fees: All fees paid to Capital Region Financial Group, LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or EFTs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

ERISA Accounts: Capital Region Financial Group, LLC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Capital Region Financial Group, LLC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Capital Region Financial Group, LLC's advisory fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

Capital Region Financial Group, LLC does not charge performance-based fees.

ITEM 7. TYPES OF CLIENTS AND ACCOUNT REQUIREMENTS

Capital Region Financial Group, LLC provides advisory services to the following types of clients:

- ☐ Individuals (other than high net worth individuals)
- ☐ High net worth individuals
- ☐ Pension and profit sharing plans (other than plan participants)
- ☐ Corporations or other businesses not listed above

As previously disclosed in Item 5, our firm has established certain initial and maintenance minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Charting. In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price

movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Third-Party Money Manager Analysis. We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks. A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations: account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Trading. We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Short sales. We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Margin transactions. We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

Option writing. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time.

We will buy a put if we have determined that the price of the stock will fall before the option expires. We will use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

Risk of Loss. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

ITEM 9. DISCIPLINARY INFORMATION

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. The following are disciplinary events relating to our firm and/or our management personnel.

No charges or disciplinary events have been imposed on Capital Region Financial Group or its associated advisors.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Our advisory representatives are licensed to sell insurance products. They may receive normal commissions for the sale of these products. Our clients are never under any obligation to purchase insurance products through our advisory representatives.

Mr. Jones is founder and owner of Capital Region International, LLC, ("CRI") in the country of Nevis. CRI is a consulting firm specializing in offshore products and international hedge strategies. Our advisory clients are not solicited to invest in products and services offered by CRI. This activity takes up to 20% of Mr. Jones' time.

Mr. Jones serves on the Board of Directors for Synergex International LLC. He consults on the company's 401(k) plan. This activity takes up to 3 hours per quarter.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Capital Region Financial Group, LLC and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any

acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions. Capital Region Financial Group, LLC's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity. A copy of our Code of Ethics is available to our advisory clients and prospective clients.

You may request a copy by email sent to ellwood@crfg-llc.com, or by calling us at (916) 985-6000. Capital Region Financial Group, LLC or individuals associated with our firm may buy securities for the firm or for themselves from our advisory clients; or sell securities owned by the firm or the individual(s) to our advisory clients. We will ensure, however, that such transactions are conducted in compliance with all the provisions under Section 206(3) of the Advisers Act governing principal transactions to advisory clients. Capital Region Financial Group, LLC and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Related persons of our firm may also buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 48 hours of buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

ITEM 12. BROKERAGE PRACTICES

Capital Region Financial Group, LLC requires that it be provided with written authority to determine the broker-dealer to use for client transactions and the commission costs that will be charged to our clients for these transactions. Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing. As a matter of policy and practice, Capital Region Financial Group, LLC does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

Capital Region Financial Group, LLC has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with their "platform" services. The platform services include, among are intended to support intermediaries like Capital Region Financial Group, LLC in conducting business and in serving the best interests of our clients but that may also benefit us.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Capital Region Financial Group, LLC

to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Capital Region Financial Group, LLC (within specified parameters). These research and brokerage services presently include services such as MorningStar and are used by our firm to manage accounts for which we have investment discretion.

Capital Region Financial Group, LLC may also receive additional services which may include consultation and back office support. Without this arrangement, we might be compelled to purchase the same or similar services at our own expense. As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of Capital Region Financial Group, LLC's clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while Capital Region Financial Group, LLC will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Capital Region Financial Group, LLC and Fidelity are not affiliated and no broker-dealer affiliated with us is involved in the relationship between Capital Region Financial Group, LLC and Fidelity.

ITEM 13. REVIEW OF ACCOUNTS OR FINANCIAL PLANS

INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT

REVIEWS: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by Mr. Jones.

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from their custodian, we provide quarterly reports summarizing account performance, balances and holdings.

INVESTMENT SUPERVISORY SERVICES MODEL PORTFOLIO MANAGEMENT SERVICE

REVIEWS: While the underlying securities within Model Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by Mr. Jones.

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

MUTUAL FUND PORTFOLIO MANAGEMENT

REVIEWS: Capital Region Financial Group, LLC continually reviews and monitors the Mutual Fund's holdings in accordance with the investment objectives as detailed in the Fund Prospectus.

REPORTS: Clients should refer to the Fund Prospectus for information regarding regular reports to the fund by Capital Region Financial Group, LLC.

PORTFOLIO MANAGEMENT SERVICES

REVIEWS: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by Mr. Jones.

REPORTS: In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker-dealer, Capital Region Financial Group, LLC will provide quarterly reports summarizing account performance, balances and holdings.

MODEL PORTFOLIO MANAGEMENT SERVICES

REVIEWS: While the underlying securities within Model Portfolio Management Services accounts are regularly monitored, these accounts are reviewed on a quarterly basis. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by Mr. Jones.

REPORTS: In addition to the monthly statements and confirmations of transactions that Model Portfolio Management Services clients receive from their broker-dealer, Capital Region Financial Group, LLC will

provide quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

PENSION CONSULTING SERVICES

REVIEWS: Capital Region Financial Group, LLC will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. Capital Region Financial Group, LLC will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly. These accounts are reviewed by Mr. Jones.

REPORTS: These client accounts will receive reports as contracted for at the inception of the advisory relationship.

FINANCIAL PLANNING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

REPORTS: Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

PORTFOLIO MONITORING SERVICES

REVIEWS: We provide non-continuous and periodic outside account monitoring for Portfolio Monitoring clients.

REPORTS: We do not provide written reports for Portfolio Monitoring Services.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Except for the arrangements outlined in Item 12 of this brochure, we have no additional arrangements to disclose.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

ITEM 15. CUSTODY

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis,

the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Our firm does not have custody of client accounts.

ITEM 16. INVESTMENT DISCRETION

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Our discretionary authority includes the ability to do the following without contacting the client:

- ☐ Determine the security to buy or sell; and/or
- ☐ Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

ITEM 17. VOTING CLIENT SECURITIES

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We do not offer any consulting assistance regarding proxy issues to clients.

ITEM 18. FINANCIAL INFORMATION

Capital Region Financial Group, LLC has no additional no financial circumstances to report. Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Capital Region Financial Group, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.