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Part 2A of Form ADV: Firm *Brochure*
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This brochure provides information about the qualifications and business practices of **Capital Strategy Group, Ltd.** ("CSG"). If you have any questions about the contents of this brochure, please contact us at 315.471.1547. 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 CSG also is available on the SEC's website at www.adviserinfo.sec.gov.

Where ever CSG is referred to as a "registered investment adviser" throughout this document, the term "registered" does not imply a certain level of skill or training. "Registered" means CSG has filed the necessary documentation to maintain registration as an investment advisor with the Securities and Exchange Commission.

2 Material Changes

Capital Strategy Group, Ltd. ("CSG") is required to disclose all material changes to this brochure since its last update. The prior version of this brochure was last updated on December 20, 2013. The terms and conditions of services offered and fees charged to clients of CSG's investment advisory business have not materially changed since the previous version of the brochure. CSG has no history of disciplinary action and is not currently under any disciplinary review.

The terms and conditions of services offered and fees charged to clients of CSG investment advisory business have not materially changed since the previous version of this brochure. However, descriptions of the terms and conditions of CSG services and fees have changed, in some instances, to provide detailed information in order to comply with the revised instructions.

3 Table of Contents

Contents

Cover Page.....	1
Material Changes.....	2
Table of Contents	3
4 Advisory Business	4
5 Fees and Compensation	6
6 Performance-Based Fees and Side-by-Side Management	8
7 Types of Clients.....	8
8 Methods of Analysis, Investment Strategies and Risk of Loss.....	8
9 Disciplinary Information	10
10 Other Financial Industry Activities	10
11 Code of Ethics, Participation or Interests in Client Transactions and Personal Trading	11
12 Brokerage Practices	11
13 Review of Accounts	13
14 Client Referrals and Other Compensation	13
15 Custody	13
16 Investment Discretion	14
17 Voting Client Securities.....	14
18 Financial Condition	14

4 Advisory Business

Incorporated November 15, 1983 CSG is an investment advisor registered with the Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940. CSG offers investment management and supervisory services to meet the individual needs of its clients. A more detailed description of the services provided by CSG can be found below.

CSG is an affiliate of Cadaret, Grant. & Co, Inc. Arthur F. Grant is the principal owner of both firms.

CSG provides investment management and supervisory services to meet the individual needs of its clients. The client's investment objectives will be determined based on answers to an investment strategy questionnaire, as well as other information provided by the client and information provided by the Cadaret, Grant Investment Advisor Representative (IAR) working with the client. Services offered by CSG include:

- CSG Separately Managed Customized Accounts – CSG provides continuous advice to clients regarding the investment of client funds based on the individual needs of the client. Through personal discussions either directly or through investment advisor representatives associated with Cadaret, Grant (IARs), in which goals and objectives based on a client's particular circumstances are established, CSG develops a client's personal investment strategy to create and manage a portfolio based on that policy. During the data-gathering process, CSG or IAR will determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. Ultimately, a broad investment strategy would be determined to begin the individual portfolio design process. Portfolios are typically allocated using publically traded equity and fixed-income securities. Clients retain individual ownership of all securities. Custom account strategies may include:
 - Income
 - Balanced
 - Equity Income
 - Moderate Risk
 - Equity

CSG manages these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives, as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Account minimums are typically \$100,000, while CSG retains the option to manage portfolios of a smaller size at its discretion. Custom accounts may be managed in a wrap fee program or on a transactional basis, management style does not differ between the two. When accounts are managed within the wrap fee program, CSG retains a portion of the wrap fee.

- **CSG Separately Managed Model Accounts** – CSG provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal. Through personal discussions both directly or through IARs, the client's goals and objectives are established and CSG determines which, if any, model portfolio is suitable to the client's circumstances. CSG monitors the performance of each model and updates and modifies these models based on market conditions and CSG's investment outlook. Portfolios are typically allocated using publically traded equity and fixed-income securities. Clients retain individual ownership of all securities. Managed models strategies include:

- Income
- Balanced
- Equity Income
- Moderate Risk
- Equity

CSG manages these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives, as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Account minimums are typically \$100,000, while CSG retains the option to manage portfolios of a smaller size at its discretion. Managed model accounts may be managed in a wrap fee program or on a transactional basis, management style does not differ between the two. When accounts are managed within the wrap fee program, CSG retains a portion of the wrap fee.

- **Advisor's Edge** – CSG provides a mutual fund/ETF asset allocation program to meet the individual needs of its clients. In the Advisor's Edge program, CSG offers a variety of asset allocation strategies, each targeting a specific investment objective. The strategies provide different balances of risk and reward depending on a client's risk tolerance and time horizon. Through personal discussions both directly or through IARs, the client's goals and objectives are established and CSG determines which, if any, model portfolio is suitable to the client's circumstances. Portfolios are allocated between open-end mutual funds and exchange traded funds. CSG monitors the performance of each investment and investment strategy and updates and modifies these strategies based on market conditions and CSG's investment outlook. Advisor's Edge models include:

- Income
- Balanced
- Growth and Income
- Growth
- Aggressive Growth

CSG manages these advisory accounts on a discretionary basis. The Advisor's Edge program is custodied on Pershing, LLC's ("Pershing") platform. Mutual funds purchased in this program will either be "no-load" funds, or Class A shares "load waived". Account minimums are typically \$50,000, while CSG retains the option to manage portfolios of smaller size at its discretion. Advisor's Edge is part of CSG and Cadaret, Grant & Co., Inc.'s wrap fee program, of which both CSG and Cadaret, Grant & Co., Inc. retain a portion of the wrap fee.

As of 7/22/2014, CSG's discretionary assets under management totaled \$41,329,028.

5 Fees and Compensation

CSG Separately Managed Customized and Model Accounts

Accounts are billed either under the wrap fee program sponsored by Cadaret Grant & Co, Inc., or on a transactional basis with the client paying for clearing services separately.

The fees charged, under a wrap fee arrangement with Cadaret, Grant are negotiable with a maximum of 2.2% annually. CSG bills all fees quarterly in advance. The agreement may be terminated at any time on written notice by the client or CSG. Any portion of unearned advisory fees is rebated to the client on a prorated basis. CSG retains a portion of the wrap fee. Cadaret, Grant will send a quarterly billing invoice to the client and the custodian setting forth the fee due in advance for that quarter and the manner in which the fee is calculated. The client authorizes payment of the fee directly to Cadaret, Grant from the account upon presentation of this invoice.

The fees charged as a stand-alone service are:

- A fixed fee of \$100, payable in advance at the commencement of each period, is charged per fiscal or calendar quarter to maintain each client's records and performance data on CSG's systems, plus;
- An asset management fee equal to:
 - A quarterly fee of 0.3125% of the first \$1 million of portfolio assets.
 - A quarterly fee of 0.2344% of the next \$ 9 million of portfolio assets.
- CSG reserves the right to independently negotiate any contract fee.

Advisor's Edge Accounts

Advisor's Edge accounts are billed under the wrap fee program sponsored by Cadaret Grant & Co, Inc. The fees charged under the wrap fee arrangement are negotiable with a maximum of 2.20% annually, plus an account administrative fee of \$37.50 per quarter for accounts with less than \$100,000. Cadaret, Grant reserves the right to negotiate the minimum annual fee. Fees are billed in advance of each calendar quarter based on the value of the account on the last business day of the ending quarter. The initial quarterly fee will be prorated and the remainder of the quarters will be billed at the standard fee.

Cadaret, Grant will send a quarterly billing invoice to the client and the custodian setting forth the fee due in advance for that quarter and the manner in which the fee is calculated. The client authorizes payment of the fee directly to Cadaret, Grant from the account upon presentation of this invoice. Additional deposits of funds and/or securities will be subject to the foregoing billing calculation. In the event the account is not opened on the first day of a calendar quarter, the initial quarter's assessment will be prorated. The IAR has the discretion to discount fees.

Other Fees and Expenses

The account fees noted above are separate and distinct from other fees that might apply, including transaction fees, custodial fees, and underlying mutual fund fees and expenses paid to the fund by shareholders of the fund as outlined in each fund's prospectus. In addition to the account fees noted above, the client may also incur certain charges imposed by third parties other than Cadaret, Grant or the IAR in connection with investments made through CSG. These include mutual fund or money market 12b-1 fees and sub-transfer agent fees, mutual fund and money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, other transaction charges and service fees, IRA and qualified retirement plan fees, and other charges that may be required by law. Cadaret, Grant and the IAR may receive a portion of these fees.

Further information regarding fees and charges assessed by a mutual fund is available in the appropriate mutual fund prospectus. Certain fee amounts and arrangements are negotiable and CSG may, in its sole discretion, waive any fee, whether on an ongoing or a one-time basis. CSG may also allow for the aggregation of assets from "related accounts" for purposes of determining the amount of assets under management and, thus, the applicable advisory fee paid by a client. CSG reserves the right to determine whether accounts are "related" for purposes of the foregoing aggregation exception.

Conflicts of Interest

Principals of CSG who are also registered representatives of Cadaret, Grant may accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. This practice presents a conflict of interest and may give these principals an incentive to recommend investment products based on the compensation received, rather than on a client's needs. CSG has adopted a standard of conduct under its Code of Ethics which emphasizes putting the client's interest first and avoiding any conflicts of interest, by only making recommendations that are reasonably believed to be in the best interest of the client. Any violations of these standards are to be reported to CSG's senior management, who will evaluate violations and may impose sanctions. Potential conflicts are disclosed to clients through required disclosures such as this document. CSG's compliance personnel and senior management review and evaluate the facts and circumstances of conflicts that do arise on a case by case basis. As circumstance necessitates, CSG will contact clients directly to explain and/or address conflicts. Clients always have the option to purchase recommended investment products through other brokers or agents that are not associated with CSG or Cadaret, Grant.

6 Performance-Based Fees and Side-by-Side Management

Item 6 of the Form ADV Part 2 instructions is not applicable to CSG's brochure. CSG does not charge performance-based fees based on a share of capital gains or capital appreciation of the assets held within a client's account.

7 Types of Clients

The types of clients to whom CSG generally provides investment advice include: Individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

Minimum account size information can be found in the sections of this brochure titled Advisory Business and Fees and Compensation.

8 Methods of Analysis, Investment Strategies and Risk of Loss

Capital Strategy Group, Ltd. Accounts

For our CSG accounts, we divide equity research into two broadly defined groups:

Core stocks form the foundation of the portfolio and tend to be large, well-known firms, representative of their specific equity sector. For diversification purposes, the size of individual stock positions are calculated from S&P 500 index sectors, or groups of sectors, if individual sectors are too small for economic purchase.

Tactical stocks form the variable part of the portfolio. CSG expects these stocks to add incremental performance. As CSG's position on market direction changes, the percentage of tactical holdings increases or decreases. We employ two different sub approaches in selection of tactical stocks:

Top-down: This approach begins with the broadest possible analysis and moves down toward specific selections. CSG analyzes the economy in order to highlight market sectors expected to perform well. We assess the prospects for change in major economic conditions, industrial goods prices and outlooks for major industries. The possible effects of these changes are forecast to select industries with the best relative benefit. For individual stock selection within industries, the bottom-up approach is used.

Bottom-up: This approach starts with confidence in a specific investment and moves toward its appropriateness to the forecasted economic environment. Stocks that are considered undervalued, either on an absolute basis or relative to their growth rates, are identified by CSG's valuation studies. Once a company is identified as attractive from a bottom-up viewpoint and finds application in a top-down forecast, its size, cost competitiveness and trading activity is reviewed, as well as its financial condition, management and character of operations. CSG contacts many firms (and their competition) as well as outside brokerage research to examine their industry position on specific securities. When a security passes all these tests, price limits for possible

purchase and sale are set. Our limits are dynamic, often changing as new information becomes available.

For the Fixed income portion of our accounts we utilize a variety of approaches in fixed income management. Interest rate anticipation emphasizes rates forecasting to determine the maturities of bond investments. Analysis of company financials helps to forecast improved credit ratings and thus improve relative bond performance. Dedication strategies involve offsetting specific future payments with bond interest and principal payments, can, and have been used where it is appropriate for a specific client. Some or all of these approaches are combined to select each bond or note, as well as overall strategy. Among the key elements in this selection process are maturities, issuers, credit quality, call provisions, yields, and coupon interest rates.

We invest account credit balances in a variety of short-term instruments, including money market funds, tax-exempt instruments, or Treasury bills depending on the outlook for short-term rates and inter-market spreads.

For each account, for each selected investments; In addition to the possible potential returns the investment may add, the portfolio manager will also consider the level of risk of the investment and how the added risk affects the overall risk of the portfolio. Care is taken to keep the portfolio within the risk level of the portfolios investment objective. However, all methods of analysis and investment strategies involve some material risks, including the risk of loss.

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

Advisors Edge Accounts

In Advisors Edge Accounts: we use a combination of selecting the best-ranked mutual funds within each investment area, in conjunction with our experience in portfolio management to put together an overall portfolio for each client. At times when we wish to focus on a specific target area of the investment spectrum, we may also use an ETF position to enhance the portfolio.

Each month we rank the order of funds available to us for use on the Pershing platform. Our propriety ranking uses a number of factors we believe help identify those funds which will continue to provide best in category returns. These factors include but are not limited to:

- A modified Sharp ratio for the mutual fund
- A propriety relative performance ranking with multiple factors from the Morningstar relative performance returns
- A propriety return Stability ranking, favoring stable return funds
- A propriety Tenure ranking favoring the most experienced managers
- A ranking of Turnover favoring slow trading funds
- A ranking favoring lower operational cost funds
- A trading indicator favoring funds with lower cost of trading

Once all funds are globally ranked, they are ranked within each Morningstar category.

Starting with the highest ranked funds, the portfolio manager builds a portfolio with various investment themes as a global goal. Each position added to an account is expected to be held for a least one year. When ranking the funds, if one of our holdings falls into the lower half of our rankings we will replace it with a new fund.

Over time different global themes are used to capture the current trends. As a portfolio approach consideration is given to

- Level of equity exposure
- Level of exposure to any given investment sector
- Large Cap exposure Vs Small Cap exposure
- US Based Equity exposure Vs Foreign exposure
- Level of inflation related investments
- Level of income the portfolio will generate.

The portfolio manager will also consider the level of risk of the investment and how the added risk affects the overall risk of the portfolio. Care is taken to keep the portfolio within the risk level of the portfolios investment objective.

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

9 Disciplinary Information

CSG has no history of disciplinary action and is not currently under any disciplinary review.

10 Other Financial Industry Activities

The principal business of Cadaret, Grant is providing a full line of services as a FINRA member securities broker/dealer. In its capacity as a broker/dealer, Cadaret, Grant is involved in the sale of securities of various types, including stocks, bonds, mutual funds, limited partnerships, unit trusts, and variable annuities. Sales of securities products are carried out by independent contractor registered representatives who maintain registration and/or licenses through Cadaret, Grant.

CSG (CSG) is affiliated with Cadaret, Grant and is registered as an Investment Advisor with the Securities and Exchange Commission due to its affiliation with Cadaret, Grant as an Investment Advisor registered with the Securities and Exchange Commission. CSG acts as a sub-advisor and portfolio manager for Cadaret, Grant's Advisors Edge program. The principals of CSG may also be registered representatives and principals of Cadaret, Grant. In one or more of these roles, they may share in brokerage commissions paid in connection with investment transactions which are recommended by CSG in its capacity as advisor. Cadaret, Grant has entered into a contractual relationship with CSG to perform the administrative client reporting and billing arrangement with regard to TIMS (The Investment Management System), an investment advisory platform offered through Cadaret, Grant's RIA. CSG's may also hold advisory accounts with Cadaret, Grant. Please

refer to the sections of this document titled *Advisory Business* and *Fees and Compensation* for information on the terms and conditions of the services offered, fees charged under these programs, and potential conflicts of interest.

11 Code of Ethics, Participation or Interests in Client Transactions and

Personal Trading

CSG has adopted a Code of Ethics and Personal Securities Trading Policy to comply with SEC Rule 204A-1. The following is a summary of the main components of this Policy:

- Requirement that employees comply with all state and federal securities laws and regulations.
- Adoption of standards of conduct which emphasizes putting the client's interest first and avoiding any conflicts of interest.
- Protection of the client's personal non-public confidential information.
- Prohibition against the use of material non-public information (insider trading).
- Reporting of personal securities transactions for all "access persons".
- Requirement to report any violation of these policies to senior management.

A complete copy of our Code of Ethics may be obtained by writing or calling CSG at the address or phone number listed above.

CSG is aware of the potential risks of a conflict in interest when CSG's IARs trade securities in their own accounts that they also recommend to clients or trade on behalf of clients. Conflicts arise when CSG's IARs have the ability to take advantage of investment opportunities that could have been made for clients or when they use their knowledge of pending client transactions to front-run such transactions. To address these potential risks, CSG's Code of Ethics includes reporting requirements that allow CSG access to review and monitor personal trading activity. CSG's IARs must also refrain from executing a personal trade of the same general security as that of an advisory client, either for themselves or for a member of their household, on the same day as that of an advisory client's trade unless the client receives the better price or both trades are completed as a block trade and average pricing is applied (excluding open-end mutual funds and general obligations of the United States). Transactions that are deemed inconsistent with this policy are subject to cancellation or correction at the IAR's expense.

12 Brokerage Practices

CSG is affiliated with Cadaret, Grant, which is dually registered as an SEC Registered Investment Advisor, and as a broker/dealer with FINRA, and may provide various services as a broker/dealer for whom it will be compensated by a commission. CSG may recommend to their advisory clients that they utilize Cadaret, Grant broker/dealer services, in which case services are offered at the same cost as to non-advisory clients. However, if a CSG client maintains a brokerage account with Cadaret, Grant, in its

capacity of a broker/dealer, they may incur a higher transaction cost in the form of commissions or ticket charges than if their accounts were held elsewhere.

Except as provided for in any wrap fee program, the brokerage commissions and/or transaction fees charged by Pershing, LLC, or any other designated broker/dealer are exclusive of and in addition to CSG's fee.

Currently, CSG recommends Pershing, LLC (Pershing) to maintain custody of client's assets and to effect trades for their advisory client's accounts. Pershing also acts as Cadaret, Grant's clearing broker. CSG is independently owned, and is not affiliated with Pershing. The commissions and/or transaction fees charged by Pershing may be higher or lower than those charged by other broker/dealers. The commission paid by CSG shall comply with CSG's duty to obtain "best execution". However, a client may pay a commission that is higher than another qualified broker/dealer might charge to effect the same transaction where CSG determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and 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. Consistent with the foregoing, while CSG will seek competitive rates, they may not necessarily obtain the lowest possible commission rates for client transactions. Pershing provides CSG with access to institutional trading, portfolio management, brokerage and custodial services, research, and access to mutual funds and other investments that are otherwise generally available only for institutional investors or would require a higher minimum initial investment.

CSG may receive other products and services from Cadaret, Grant, or Pershing that benefits CSG but not client accounts. Some of these other products and services assist CSG in managing and administering client accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitating trade execution (and allocation of aggregated trade orders for multiple client accounts), facilitating payment of client fees from accounts, and assist with back office functions, record keeping and client reporting. These services may be used to service all or a substantial number of client accounts.

CSG may also receive services from Cadaret, Grant or Pershing that are intended to help CSG manage and further develop its business. These services may include information technology, regulatory compliance and marketing.

As a fiduciary, CSG endeavors to act in the best interest of its clients, and CSG may make recommendations that clients maintain their assets in accounts through Cadaret, Grant with Pershing. These recommendations may be based in part on the benefits to CSG, such as the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by Cadaret, Grant or Pershing, which may create a conflict of interest. Clients of CSG must be aware that if they direct CSG to use a particular broker/dealer, that it may limit CSG

the ability to achieve best execution, negotiate commissions with other brokers on behalf of the client, or limit the client's participation in block trading.

CSG may (but is not obligated to) combine or "batch" orders to obtain the best execution and to equitably allocate among their clients the difference in price that might have been obtained had such orders been placed independently. Account allocations must be determined prior to execution of any aggregate purchases or sales. Purchases and sales that are not aggregated when the opportunity exists should be placed in an order that does not give preferential treatment to one client over another. Examples include random, alphabetical or account number sequential order. When purchases and sales are not aggregated when the opportunity exists, the potential costs to clients are generally price related. For instance, some clients may receive worse prices than others based on the timing or size of their orders as compared to other clients. Generally larger orders and round lot orders (100 shares of stock or 5 bonds) receive better execution than smaller orders.

13 Review of Accounts

Both CSG accounts, and Advisors Edge accounts, are continuously monitored by a designated portfolio manager. Each quarter a complete report package is sent to each client. The package includes:

- A Performance Report – stating the client's year to date performance.
- A Portfolio Appraisal Report – stating what the client owns including cost basis.
- An Unrealized Gain and Loss report – stating client's asset values verses their cost basis.
- An Income Report - stating the portfolios year to date earned income.
- A Realized Gain and loss report stating the actual gains and losses for the year.

14 Client Referrals and Other Compensation

CSG does not receive economic benefit from non-clients for providing investment advice to its clients. CSG also does not directly or indirectly compensate any persons who are not supervised persons for client referrals.

15 Custody

CSG does not hold custody of client accounts. The Client will receive statements directly the custodian. CSG's affiliate, Cadaret, Grant & Co., Inc., is subject to a surprise custody examination, of certain CSG clients' assets, by an independent public accountant as required under Investment Advisers Act of 1940 rule 206(4)-2(a)(4)

At a minimum, all clients with an account receiving investment supervisory services will receive a monthly and/or quarterly statement from the qualified custodian (Pershing, LLC), detailing activity in the account, and account holdings. Clients should carefully review those statements.

Clients will also receive quarterly reports directly from CSG detailing performance, activity in the account, and account holdings. Clients are urged to compare the account statements they receive from the qualified custodian with the reports they receive from Cadaret, Grant.

16 Investment Discretion

CSG accepts and provides discretionary account management for the assets in client's accounts. Discretionary authority begins upon receipt of all required paperwork in good order, and when the account is funded to expected levels. Discretionary authority is authorized within CSG's Investment Advisory Agreement. As stated in the Investment Advisory Contract, discretionary authority may be terminated by either party with written notification. Clients may place reasonable restrictions on CSG's discretion with respect to purchasing or selling a specific security. Restrictions are reviewed by CSG prior to agreement and approval.

17 Voting Client Securities

CSG does not take any action on behalf of the client, and are not obligated to provide any advice to the client concerning:

- (a) The voting of proxies solicited by, or with respect to, the issuers of any securities held in the client's portfolio(s) or
- (b) Legal proceedings involving securities or other investments currently or previously held in the client's portfolio(s), or the issuers of those securities, including bankruptcies. Unless CSG and the client make other written arrangements, the custodians will send all such proxy and legal proceedings information and documents it receives to the client so that the client may determine what action to take.

18 Financial Condition

CSG has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.