



# Custom Portfolio Group LLC

## 2015 Form ADV Part 2A Disclosure Brochure

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This Brochure provides information about the qualifications and business practices of Custom Portfolio Group LLC (“Custom Portfolio Group”). If you have any questions about the contents of this brochure, please contact us at (720) 259-5113. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”), the Colorado Division of Securities, or by any state or federal securities authority.

Custom Portfolio Group is a Registered Investment Adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Custom Portfolio Group is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This brochure is current as of January 1, 2015.

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## Item 2: Material Changes

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Custom Portfolio Group has had no material changes to its practice since filling our annual updating amendment last year.

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## Item 4: Advisory Business

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Custom Portfolio Group provides wealth management, investment management, and financial planning services to individuals, families, businesses and non-profit organizations. Our firm was founded in 2011 by David Twibell, who is the firm's sole owner. Prior to starting Custom Portfolio Group, Mr. Twibell was the President of Wealth Management and Chief Investment Officer for Colorado Capital Bank in Denver, Colorado.

Custom Portfolio Group currently manages \$100,316,389 for 67 clients (as of January 1, 2015). Of this, \$93,446,413 is managed on a discretionary basis and the remaining \$6,869,976 is managed on a non-discretionary basis. The non-discretionary assets managed by our firm are in the form of self-directed retirement plans for which we provide investment consulting services to the plan sponsor.

As our name implies, our services are tailored to the needs of our clients. We work closely with each client to design an investment strategy that meets their unique financial goals and risk preferences. We encourage our clients to take an active role in setting the parameters for their customized investment strategy and provide them with an opportunity to restrict the type of investments we use in their portfolios. Our open architecture investment platform allows us access to a wide range of investments for clients, including individual securities, exchange-traded fund, mutual funds, options, hedge funds, and private investments.

In addition, we provide our clients with advice on a broad range of planning issues. This includes consulting with them in the areas of retirement planning, cash flow planning, education planning, asset protection planning, wealth transfer planning, and insurance planning. As with our investment management services, our planning services are tailored to the unique financial goals and risk preferences of each client.

## Item 5: Fees and Compensation

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Our firm is a fee-only wealth advisor, which means our clients pay us directly for the services we provide. Unlike many of our competitors, we do not accept compensation from outside entities, commissions for the sale of securities, or incentive fees for recommending specific investments to clients. We believe this helps us avoid conflicts of interest, whether real or perceived, and allows us to focus our time and energy on our clients' best interests.

Our fees are based on the amount of money we manage for a client and are calculated as a percentage of the value of the client's investment portfolio. Our standard fee structure is as follows:

- 1.25% of the first \$1,500,000 we manage for a client
- 0.60% of all amounts above \$1,500,000

Our fees are generally not subject to change or negotiation, although we reserve the right to make adjustments under unusual circumstances.

The specific manner in which fees are charged and calculated by Custom Portfolio Group is established in a client's written wealth management agreement. Custom Portfolio Group will generally charge a pro-rata portion of its annual fee in advance on a monthly basis. Clients may elect to be billed directly for fees or to authorize Custom Portfolio Group to directly debit fees from their accounts. Accounts initiated or terminated during a calendar month will be charged a pro-rated fee. Upon termination of an account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Custom Portfolio Group's fees do not include certain charges imposed by custodians, brokers, outside investment managers and other third parties such as custodial fees, transaction costs, deferred sales charges, transfer taxes, foreign taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Custom Portfolio Group does not receive any portion of these additional fees and costs.

## Item 6: Performance Based Fees

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Custom Portfolio Group does not charge performance-based fees or fees based on a share of capital gains or capital appreciation in a client's investment portfolio.

## Item 7: Types of Clients

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Custom Portfolio Group provides wealth management services to individuals, families, businesses (including corporate pension and profit-sharing plans), charitable institutions, foundations, and endowments. In order to ensure we have sufficient time and resources to meet and exceed our clients' expectations, new client relationships must meet our minimum account size of \$1,000,000. We reserve the right to waive or alter this minimum client account size at our sole discretion.



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

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Our investment approach is founded on two general tenets: (1) prudent risk-management, and (2) customization. When combined, these two principles allow us to design diversified investment portfolios that fit each client's specific needs, goals, and risk preferences.

Our investment approach is geared first and foremost to minimizing unnecessary portfolio risk. To achieve this goal, we combine extensive due diligence with a broadly-diversified portfolio strategy incorporating a variety of partially or completely non-correlated investments. These often include not only U.S. stocks and bonds, but also international stocks and bonds, natural resources, real estate, currencies, and other alternative investments.

Our approach incorporates components of Modern Portfolio Theory, as well as several quantitative analytical techniques designed to identify promising investments. In particular, when selecting individual securities for client portfolios, we look for a variety of factors including strong current and anticipated revenue and profit growth, attractive valuation, and the company's ability to generate free cash flow.

On top of this quantitative analysis, we overlay several qualitative criteria to better manage potential investment risk. These qualitative criteria include the strength and tenure of the company's management team, the possibility of a catalyst that might result in faster (or slower) than anticipated revenue and profit growth, and the amount and quality of institutional investors who hold positions in the company's stock or debt.

**Investing in securities always involves a risk of loss and clients should be prepared to potentially lose money on their investments under our management. While we work diligently to mitigate this risk, our investment approach involves a variety of risks including the possibility of a negative market environment, the possibility that we will misjudge the attractiveness of certain investments, or the possibility that we will fail to properly execute our investment strategy.**

## Item 9: Disciplinary Information

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There are no legal or disciplinary events material to a client's or prospective client's evaluation of our firm or the integrity of our management.

# Item 10: Other Financial Industry Activities and Affiliations

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## **A. Registration as a Broker-Dealer or Broker-Dealer Representative**

Neither Custom Portfolio Group nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

## **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor**

Neither Custom Portfolio Group nor its representatives are registered as a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser.

## **C. Material Registration Relationships and Possible Conflicts of Interests**

Neither Custom Portfolio Group nor its representatives have any material relationships that would present a possible conflict of interest.

## **D. Selection of Other Advisors and Associated Compensation**

Neither Custom Portfolio Group nor its representatives: (i) receive compensation directly or indirectly from any other investment advisers, or (ii) have any business relationships with other investment advisers that would create a material conflict of interest.

# Item 11: Code of Ethics

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## **A. Code of Ethics**

Custom Portfolio Group 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, and personal securities trading procedures, among other things. All supervised persons at Custom Portfolio Group must acknowledge the terms of the Code of Ethics annually. Clients or prospective clients may request a copy of the firm's Code of Ethics by contacting David Twibell.

## **B. Recommendations Involving Material Financial Interests**

Neither Custom Portfolio Group, nor any of its employees, recommends to clients, or buys or sells for client accounts, securities of companies in which we have a direct material financial interest.

## **C. Investing Personal Money in the Same Securities as Clients**

From time to time, employees of Custom Portfolio Group may buy or sell securities for themselves that they also recommend to clients. While we appreciate that employees may have a high level of confidence in the companies Custom Portfolio Group owns for clients, and we support employees owning these same companies, all such transactions must adhere to Custom Portfolio Group's Code of Ethics and cannot prejudice the interests of any Custom Portfolio Group client.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, employees of Custom Portfolio Group may buy or sell securities for themselves at or near the time such securities are purchased in client accounts. All such transactions must adhere to Custom Portfolio Group's Employee Trading Policy and cannot prejudice the interests of any Custom Portfolio Group client.

# Item 12: Brokerage Practices

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## **A. Factors Used to Select Custodians and Broker-Dealers**

Custom Portfolio Group does not custody client assets. When a client does not have a pre-existing relationship with a custodian, we recommend the client open an account with Schwab Institutional Services. For accounts greater than \$1,000,000, Schwab Institutional Service's transaction fee for individual securities transactions is less than \$10 per transaction. Custom Portfolio Group does not charge a premium or commission on transactions, beyond the actual cost imposed by the custodian.

### 1. Research and Other Soft-Dollar Benefits

Custom Portfolio Group does not use client transaction fees or brokerage commissions in order to obtain research, products, or other soft dollar services, nor do we direct transactions to specific custodians or broker-dealers for such purposes. Further, we do not cause clients to pay higher transaction fees or commissions than necessary in return for soft dollar benefits. Like most outside custodians, Schwab Institutional Services does make available to our firm at no cost to us certain information about the economy, markets, investments, and financial services industry. This information is made available to all investment advisers who work with Schwab Institutional Services under the same terms and receipt of this information is not contingent on any level of transaction volume or transaction fees.

### 2. Brokerage for Client Referrals

Custom Portfolio Group receives no referrals from a broker-dealer, third party custodian, or vendor in exchange for doing business with that broker-dealer, third party custodian, or vendor.

### 3. Custodian Recommendations

Although Custom Portfolio Group can transact business through a wide range of outside custodians, we prefer to use Schwab Institutional Services as our primary custodian for client accounts. After appropriate research, we have concluded that Schwab Institutional Services is the best outside custodial option for our clients based on its low transaction fees, effective trade execution, comprehensive client reporting, online access, and back-office support. We do not receive compensation from Schwab Institutional Services for accounts our clients open with them. Not all investment advisers require their clients to direct brokerage. By requiring or recommending clients use a specific custodian, Custom Portfolio Group may be unable to achieve most favorable execution of client transactions and this may cost clients money over using a lower-cost custodian.

## **B. Block Trading for Multiple Client Accounts**

Custom Portfolio Group maintains the ability to make aggregated trade purchases across client accounts. This is often referred to as block trading. Custom Portfolio Group will engage in block trading transactions when we believe doing so is in the best interests of our clients.

# Item 13: Review of Accounts

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## **A. Frequency and Nature of Periodic Reviews**

Client accounts are reviewed at least monthly by David Twibell, President and Chief Investment Officer.

## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance). In addition, accounts are reviewed following material deposits, withdrawals, or large account transactions.

## **C. Content and Frequency of Regular Client Reports**

Each client will receive a monthly report from Schwab Institutional Services detailing their account holdings, account performance, and account transactions.

# Item 14: Client Referrals and Other Compensation

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## **A. Economic Benefits Provided by Third Parties for Advice Rendered**

Neither Custom Portfolio Group, nor any of our employees, receives any economic benefit, sales awards, or other prizes from any outside parties for providing investment advice to our clients.

## **B. Compensation to Personnel for Client Referrals**

Our firm may pay referral fees to independent persons or firms (“Solicitor”) for introducing clients to us. Referral fees will only be paid in accordance with relevant state and Federal law, including Colorado Rule 51-4.9(IA). In keeping with that rule, we will only engage a Solicitor who is not statutorily disqualified from acting in this capacity and we will make bona fide efforts to ascertain that the Solicitor is acting in compliance with our agreement.

Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our Firm Brochure) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by Solicitors are not increased as a result of the referral arrangement. It is our policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## Item 15: Custody

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Custom Portfolio Group does not custody client assets. Custom Portfolio Group does have the authority to debit fees directly from client accounts subject to written client authorization. Clients should receive at least monthly statements from Schwab Institutional Services. We urge 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

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Custom Portfolio Group generally has discretionary investment authority over the accounts we manage for clients. The scope of this discretion is detailed in the Wealth Management Agreement signed by the client at the outset of the advisory relationship. In all cases, such discretion is to be exercised in a manner consistent with our understanding of the client's investment objectives, risk preferences, and applicable law.

## Item 17: Voting Client Securities

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As a matter of firm policy and practice, Custom Portfolio Group does not vote proxies on behalf of advisory clients. Clients retain the responsibility for voting proxies for any and all securities maintained in client portfolios. Custom Portfolio Group may provide advice to clients regarding the clients' voting of proxies.

## Item 18: Financial Information

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Custom Portfolio Group 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.



## **CUSTOM PORTFOLIO GROUP LLC**

### **2015 Form ADV Part 2B Brochure Supplement**

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This brochure supplement provides information about David A. Twibell that supplements the Custom Portfolio Group brochure. A copy of that brochure precedes this supplement. Please contact David A. Twibell if the Custom Portfolio Group brochure is not included with this supplement or if you have any questions about the contents of this supplement.

Additional information about David A. Twibell may be available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This brochure supplement is current as of January 1, 2015.

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**David Twibell, J.D.**  
**President & Chief Investment Officer**

## Item 2: Educational Background and Business Expertise

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David A. Twibell was born in 1966. He graduated *magna cum laude* with a Bachelor of Science degree in Finance from Santa Clara University in 1988. Mr. Twibell also earned a *Juris Doctorate* degree from The Boalt Hall School of Law at the University of California, Berkeley in 1991. While at Boalt Hall, Mr. Twibell received numerous academic awards including an American Jurisprudence Award, two Prosser Prizes, and inclusion in the *Order of the Coif* (which denotes a top 10% class ranking).

Mr. Twibell is currently the President and Chief Investment Officer of Custom Portfolio Group LLC. Prior to founding Custom Portfolio Group, Mr. Twibell was the President of Wealth Management and Chief Investment Officer for Colorado Capital Bank where he directed the company's wealth management operations and provided portfolio management and wealth advisory services to individuals, trusts, charitable organizations, and privately-owned businesses. In addition, he routinely counseled clients in the areas of financial and estate planning, retirement strategies, tax planning and business succession strategies.

Before joining Colorado Capital Bank, Mr. Twibell was a principal in Flagship Capital Management, an investment management firm focused on risk-controlled investment strategies for high-net-worth investors. He also practiced law with a major national law firm in the areas of environmental and business litigation. His clients included many privately-held businesses, as well as several Fortune 500 companies.

## Item 3: Disciplinary Information

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- A. David A. Twibell has not had any civil or criminal actions brought against him.
- B. David A. Twibell has not been subject to any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.
- C. David A. Twibell has not been subject to any proceedings before a self-regulatory organization.
- D. David A. Twibell has not been subject to any proceedings in which a professional attainment, designation, or license was revoked or suspended.

## Item 4: Other Business Activities

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- A. David A. Twibell is not engaged in any investment-related businesses outside of Custom Portfolio Group, nor does he have any applications pending to register with a broker-dealer or other investment firm. Mr. Twibell does not receive any commissions, bonuses, or other compensation based on the sale of securities or other investment products.
- B. David A. Twibell does not engage in any other businesses that provide a substantial source of his income or consume a substantial portion of his time.

## Item 5: Additional Compensation

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David A. Twibell does not receive any additional compensation beyond his salary, bonuses, and member draws for providing advisory services.



## Item 6: Supervision

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David A. Twibell, President and Chief Investment Officer, is also the Chief Compliance Officer for Custom Portfolio Group. His telephone number is (720) 259-5113. Mr. Twibell coordinates with his wealth management team on the investment and planning advice provided to clients. Ultimately, Mr. Twibell is responsible for supervising all Custom Portfolio Group staff.