

## **Item 1: Form ADV Part 2A Firm Brochure February 2015**



**Wealth Management**

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This Brochure provides information about the qualifications and business practices of CAFG Wealth Management, Inc. If you have any questions about the contents of this brochure, please contact us at 847-991-1099 or via e-mail at [john@cafginc.com](mailto:john@cafginc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about CAFG Wealth Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is the disclosure document for CAFG Wealth Management, Inc. ("CAFG" and/or "we"). CAFG is required to amend this Brochure when information becomes materially inaccurate. In the future, this Item 2 will be used to provide clients with a summary of new and/or updated information since the previous Brochure. We will inform clients of the revisions based on the nature of the updated information. Whenever you would like to receive a complete copy of the current Brochure, please contact us at 847-991-1099. We will always be happy to provide you with a complete copy without charge.

At this time, we have the following material changes to disclose about our Brochure:

- As of January 2014, John Dorn is now the firm's Chief Compliance Officer.
- Effective May 2014, our office will be located at 110 S Wynstone Park Drive, Suite 103, North Barrington, IL 60010

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## **Item 4: Advisory Business**

### **Description of the Firm**

CAFG is an Illinois corporation founded in 2005, with its principal place of business in Illinois. We are registered with the U.S. Securities and Exchange Commission (SEC). Thomas R. Chernesky is CAFG's sole shareholder, director and officer. Prior to founding CAFG, Thomas R. Chernesky owned and operated Chernesky & Associates Financial Group, Inc. from 1999 to 2005. This entity was dissolved.

### **Description of Services Offered**

CAFG offers investment advisory and financial planning services to its clients. We also offer tax return preparation services and career counseling services through employees and/or independent consultants.

The following paragraphs describe CAFG's services. Please refer to the following paragraphs for more detail about the specific service, and how we tailor our services to clients' individual needs. As used in this Brochure, the words "our" and "us" also refer to CAFG. The words "you," "your" or "client" refer to our client and prospective client. Other terms may be defined later in this Brochure as well.

### **Investment Advisory Services**

CAFG offers continuous and ongoing investment advice and portfolio management services through our wrap fee program (see Wrap Fee Brochure). Our advice and services are tailored to meet our client's individual needs, life circumstances and investment goals. We have personal discussions with the client to determine the client's investment objectives, risk tolerance, time horizons, economic environment, and liquidity needs. We use the information we gather to create an individualized investment strategy and portfolio for the client, while evaluating market trends and potentials.

Clients may impose reasonable restrictions and guidelines on investing in certain securities, types of securities or industry sectors. We expect all such restrictions to be timely communicated to us. We also expect clients to inform us of any changes to their financial circumstances, investment objectives or risk tolerance, or of any modifications or restrictions that should be imposed on the management of the client's account. In this manner, CAFG can better serve our clients' needs.

Account management and supervision is guided by the client's stated objective, reasonable restrictions and guidelines, and market conditions. We manage clients' investment accounts on a discretionary and non-discretionary basis. Once we construct an investment portfolio for a client, we will monitor the portfolio's performance on an ongoing and continuous basis, unless otherwise agreed, and will make adjustments and reallocations as necessary due to changes in market conditions and the client's financial circumstances.

For our discretionary asset management services, CAFG will receive a limited power of attorney to effect securities transactions on behalf of a client. This will allow us to determine the specific securities (subject to client restrictions) and the amount of securities to be sold in a client's

accounts without prior client approval. The client may limit our discretionary authority by providing us with a writing which details restrictions and other guidelines. In addition, our authority will always be subject to the client's stated investment objectives and goals.

Unless otherwise agreed to by the client and us, if we manage a client's account on a non-discretionary basis, we will either have the ongoing responsibility to select or make recommendations, based upon the client's individualized investment strategy, as to specific securities purchased or sold in the account, *or* we will develop and implement an asset allocation strategy, which we will continuously monitor and supervise. However, we would first obtain a client's approval before executing transactions in a non-discretionary account.

We explore different types of investment options and strategies in the design of a client's customized portfolio. Our investment recommendations are not limited by any specific product or service offered by a broker-dealer, custodian or insurance company. These recommendations will generally include, but not necessarily be limited to, advice regarding the following securities:

- Money market funds and other cash instruments
- Exchange listed securities, and securities traded over-the-counter
- Mutual fund shares, exchange traded fund shares, and futures fund shares
- Annuities
- Corporate debt securities
- Hedge fund shares
- Municipal securities
- U.S. governmental securities
- Real estate investment trust shares/interests
- Structured products and derivatives

Each type of security has its own unique set of risks associated with it, and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

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

### **Jefferson National's Monument Advisor Variable Annuities**

We also offer investment advisory services to clients in connection with the selection and monitoring of a model portfolio or a custom designed individual portfolio consisting of sub-accounts held within a Monument Advisor Variable Annuity. The Monument Advisor Variable Annuity is a no load fee-based variable annuity offered through Jefferson National Life Insurance Company ("Jefferson National"). There are no surrender charges and the policy can be liquidated at any time. We manage the subaccounts within the annuity with authorization provided by the client on the client's annuity application.

Jefferson National charges a \$20 monthly subscription fee per contract. Additional fees may be applicable. Please see the Jefferson National's Monument Advisor prospectus for details.

## **Asset Allocation/Portfolio Monitoring Services**

CAFG also offers asset allocation services that are tailored to meet our client's needs and investment objectives. These are not management and supervision services. Rather, we will provide the client with recommendations as to how to allocate investments among certain categories available. We will review the account on a pre-determined basis, such as monthly or quarterly. The frequency of the services provided will be agreed upon by us and the client, and detailed in the client service agreement. When agreed upon and appropriate, we may provide the client with recommendations to change the allocation consistent with investment objectives. The client is free to accept or reject our investment recommendations. In addition, the client is responsible for implementing the recommendations.

## **Financial Planning Services**

CAFG also provides financial planning services. Financial planning is a comprehensive evaluation of a client's financial situation by using currently known facts and variables. We create a personalized, detailed financial plan for the client, which is designed to assist the client to achieve financial goals and objectives. We may also prepare special reports at the client's request.

A financial plan may address one or more of the following areas:

- **Financial Position:** Understanding of a client's current financial situation. Sources of evaluation include income, expenses, assets, liabilities, etc.
- **Protection Planning:** Uncovering financial risks related to catastrophic losses.
- **Investment Planning:** Determining the most suitable way to structure investments to meet financial goals.
- **Income Tax Planning:** Evaluating the current tax situation to help maximize a client's taxes and find more profitable ways to use the extra income generated.
- **Retirement Planning:** Assessing retirement needs to help a client determine how much to accumulate, as well as distribution strategies designed to create a source of income during retirement years.
- **Estate Planning:** Helping plan for a smooth transition of a client's estate.

We gather information through in-depth personal interviews and review of documents provided by the client, including questionnaires. Information gathered includes the client's current financial status, future goals, investment objectives, risk tolerance, and family circumstances.

Typical financial planning services, which are offered to all individual clients, include one or more of each of the aforementioned service components and generally take a minimum of 3 hours for the initial data collection and 2 hours of additional time per service component during the course of the year to complete. A financial plan may require the services of a specialist such as an estate attorney, insurance specialist, or tax accountant. We may recommend third-party service providers, but the client is under no obligation to use any service provider recommended by us. Likewise, the client is under no obligation to act on our financial planning recommendations.

Financial plans are based on the client's financial situation at the time we present the financial plan to the client, and on the information provided to us. The client must promptly notify us if his/her financial situation, goals, objectives or needs change. Certain assumptions may be made with respect to interest, inflation rates, and use of past trends and performance of the market and

economy. Past performance is in no way an indication of future performance. We cannot offer any guarantees or promises that a client's financial goals will be met.

### **Tax Return Preparation Services**

We offer tax return preparation services through an independent consultant engaged by and/or an individual employed by CAFG, who is a licensed certified public accountant. These services are offered to all clients, but clients are free to use, or not use, our consultant and/or employee in the preparation of their tax returns. If a client elects to have CAFG's employee and/or consultant prepare the client's tax returns, we would generally disclose certain of the client's confidential information to the employee and/or consultant, such as investment performance, tax forms and personal identification information. Please review our privacy policy for more information about this disclosure.

### **Career Coaching**

We offer career coaching and consultation through an independent consultant engaged by CAFG. These services are offered to all individual clients, but clients are free to use, or not use, our consultant for the client's career coaching consultation needs. If a client elects to use the consultant, CAFG may disclose certain of the client's confidential information to the consultant, such as the client's contact information. Please review our privacy policy for more information.

### **Wrap Fee Accounts**

We offer wrap fee programs as further described in Part 2A, Appendix 1 (the "Wrap Fee Brochure") of our Brochure. Our wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. As further described in our Wrap Fee Brochure, we receive a portion of the wrap fee for our services.

### **Client Assets Under Management**

As of December 31, 2014, CAFG manages \$102,950,002 on a discretionary basis and \$12,527,195 on a non-discretionary basis.

## **Item 5: Fees & Compensation**

### **Investment Advisory Services**

Please see our firm's Wrap Fee Brochure for a full service description and corresponding fee schedule.

### **Asset Allocation/Portfolio Monitoring Fees**

CAFG charges a fixed fee for asset allocation/portfolio monitoring services, which fee ranges between \$100 and \$500 per year. In some circumstances, primarily when the client engages us for other services, we may not charge a separate fee for asset allocation/portfolio monitoring services. To the extent charged, we will invoice the client the fees for these services yearly in arrears, and fees will generally be due and payable within 30 days of the invoice. The fee is based on the size and

complexity of the client's portfolio, and the time involved in providing the services to the client.

When CAFG is providing investment advisory services to the client as well, asset allocation/portfolio monitoring services are provided in conjunction with investment advisory services, which generally means that we advise the client on a global scale and take into account monitored assets when analyzing a client's overall financial situation, goals and objectives.

### **Financial Planning Fees**

CAFG offers its financial planning services to all individual clients for a fee on either a stand-alone basis or in addition to investment advisory services. Financial planning fees are \$150 to \$300 per hour, depending of which of our employees performs the services. These fees are negotiable. We generally require a minimum fee of \$1,500 for financial planning services. The exact fee is determined by the level of complexity and the client's needs. The exact fee will be set forth in an agreement between CAFG and the client.

We will invoice the client for the financial planning services, and fees will generally be due and payable within 30 days of the invoice. In limited circumstances, and if agreed upon by the client in the agreement, CAFG may directly debit financial planning fees from client's account(s).

In some circumstances, the financial plan may require the services of a specialist such as an estate attorney, insurance specialist, or tax accountant. CAFG may recommend third-party service providers, but the client is under no obligation to use any service provider recommended by CAFG.

### **Tax Return Preparation Fees**

We offer tax return preparation services through an employee employed by or consultant engaged by CAFG, who is a licensed certified public accountant. These services are offered to all clients, but clients are free to use, or not use, our employee and/or consultant in the preparation of their tax returns. The client will be charged a fee based on an hourly rate, per tax return preparation. The fee will be set forth in writing prior to the engagement, and the fee is due upon completion of the services. In general, the hourly rate will be between \$85 and \$125, but the fee may increase or decrease based on the complexity of the client's personal tax situation.

The fee, which is payable to CAFG, will be no greater than the fee which would be payable if the client independently engaged the licensed certified public accountant to prepare the tax returns. The client has complete discretion over the decision to engage CAFG for these services.

### **Career Coaching Fees**

We offer personalized, non-financial career management direction and coaching support including: review of a client's professional background, experiences, skills and abilities; career issues and expectations; resume and cover letter building; interview preparation, practice and coaching; job search and networking strategies. Coaching and mentoring support is also available or recent college graduates of high school students considering a college selection. These services are offered through a consultant engaged by CAFG. These services are offered to all clients, but clients are free to use, or not use, our consultant.

The initial consultation with the career coach is done by appointment only, generally lasts one hour and is without charge to the client. Additional consultation is available to the client on a tiered basis as follows:



- For Level 1, the services offered include an intake consultation, and the drafting of one or more customized versions of a resume and cover letter for the client depending on client job opportunities and career goals. Level 1 services involve approximately 12 hours of time at a rate of \$85 per hour.
- For Level 2, the services offered include three 3-hour consultations covering interview preparation, skill development and coaching, interview evaluation and strategies, job search and networking strategies and availability for coaching support. Consultation regarding post-hiring needs is on a "to be determined" basis. The approximate time spent with the client for Level 2 services is 12 hours at a rate of \$125 per hour.
- For Level 3, the services offered include all services in Level 1 and Level 2 plus an additional consultation, with post-hiring requirements determined separately based on client's individual circumstances. The approximate time provided for Level 3 services is 27 or more hours. Level 3 services are offered for a flat rate of \$2,500.

CAFG will retain 20% of the fees charged to the client to cover administrative expenses. As such, a conflict of interest may arise where we may have an incentive to recommend that a client use the career counseling services of our consultant. Please keep in mind, however, that our first duty is to the client. In addition, the client has complete discretion over the decision to engage CAFG for these services.

### **Compensation for the Sale of Securities & Other Products**

One person providing investment advice on behalf of CAFG is a registered representative of Purshe Kaplan Sterling Investments (PKS), a SEC registered broker-dealer and a member of the Financial Industry Regulatory Authority and the National Futures Association. PKS is also registered with the Municipal Securities Rulemaking Board. CAFG is not affiliated with PKS. Services offered through PKS are separate and distinct from services offered through CAFG, and PKS is not a party to any services offered by CAFG.

In his capacity as a registered representative, such person will receive the usual and customary commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products through PKS. Compensation earned from PKS by such person in his capacity as a registered representative is separate from and in addition to CAFG's advisory and other fees. No client is under any obligation to purchase or sell securities through PKS or our associated person in his capacity as a registered representative. Moreover, CAFG anticipates that our associated person will not act as the registered representative with regard to assets which are subject to our investment advisory services and held with the custodian recommend for advisory accounts, which is TD Ameritrade, an independently owned and operated entity that has no affiliation with CAFG.

Persons providing investment advice on behalf of CAFG may also be licensed as independent insurance agents through various unaffiliated insurance companies. In their individual capacities as independent insurance agents, such persons will receive the usual and customary commission-based compensation in connection with the sale and renewal of insurance products. Compensation earned from insurance products by such persons acting as independent insurance agents is separate from and in addition to CAFG's advisory and other fees. No client is under any obligation to purchase insurance products through any associated person in their capacity as independent insurance agents.

This raises a potential conflict of interest because persons providing investment advice on behalf of CAFG who are also registered representatives and/or independent insurance agents have an incentive to effect securities transactions and/or sell insurance products for the purpose of generating commissions. However, we and our associated persons have a duty to place the clients' needs ahead of our own. Moreover, the client is under no obligation to purchase securities or insurance products registered representatives and/or independent insurance agents associated with CAFG.

Please refer to Item 10 (Other Financial Industry Activities and Affiliates) and Item 12 (Brokerage Practices) of this Brochure for more information.

### **General Information**

A management agreement may be terminated at any time, by CAFG or the client, for any reason on 30 days prior written notice. In addition, if a client receives this Brochure at the time the client enters into the management agreement, the client has the right to terminate the agreement within 5 business days after entering into it by giving written notice of such termination to CAFG. Investment advisory fees which are not earned at termination are refunded to the client on a pro-rata basis.

Clients should be aware that similar advisory services may (or may not) be available from other registered or unregistered investment advisors for similar or lower fees.

CAFG will not take custody or possession of client funds or securities at any time except to the extent that CAFG may deduct fees directly from the client's account(s).

All fees paid to CAFG are separate and distinct from fees and expenses charged by any mutual fund, exchange-traded fund, private placement, pooled investment vehicle, and/or real estate investment trust. Mutual fund and/or exchange-traded fund fees are described in the respective fund's prospectus. The fees for private placements, pooled investment vehicles and/or real estate investment trusts are described in the confidential offering memoranda, subscription documents and/or trusts for each respective private placement and pooled investment vehicle. These fees will generally include management fees, various expenses and a possible distribution fee. There may also be an initial or deferred sales charge assessed against the client. A client could invest directly in the funds, private placements, vehicles and/or trusts, without our services. In that case, the client would not receive our services with regard to the funds, private placements, vehicles and/or trusts. The client is advised to read all prospectuses, offering memoranda, subscription documents and/or trusts. The client should review both the fees charged by the funds, private placements, vehicles and/or trust and those charged by CAFG to fully understand the total amount of fees to be paid by the client and to evaluate the advisory services being provided.

In addition, the client is also responsible for paying the fees and expenses charged by an independent, qualified custodian(s) other than TD Ameritrade. Except as provided below, the client is also responsible for fees and expenses imposed by broker-dealers (which includes registered representatives) including, but not limited to, any transaction charges imposed by a broker-dealer for transactions effected in the client's account(s). Clients who participate in the wrap fee program are not responsible for custody fees or for paying execution and clearing fees associated with transactions in the clients' accounts which are custodied at TD Ameritrade. Clients may be responsible for paying alternative investment fees, specialized investment fees and trade away fees.

## **Item 6: Performance-Based Fees & Side-by-Side Management**

CAFG does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees which are based on the share of capital gain or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged a performance-based fee.

## **Item 7: Types of Clients**

CAFG offers its investment advisory services to individuals, corporations and other business entities, pension and profit sharing plans, and trusts.

CAFG does not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate our relationship with a client if we believe that the account is too small to effectively manage.

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

CAFG may use one or more of the following methods of analyses or investment strategies when providing investment advice to clients, subject to the clients' investment objectives, risk tolerance, time horizons and stated guidelines:

### **Methods of Analysis**

- **Fundamental Analysis:** CAFG attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, the financial condition of the company, its products, and the experience and expertise of the company's management) to determine the value of the company and whether its stock is underpriced or overpriced. 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. In addition, there is a risk that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- **Technical Analysis:** CAFG analyzes past market movements and applies 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.
- **Quantitative Analysis:** CAFG uses a statistical analysis in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, volatility of returns, and trailing performance, and predict changes to that data. A risk in using quantitative analysis is that the analysis used may be based on assumptions that prove to be incorrect.

- **Qualitative Analysis:** CAFG subjectively evaluates non-quantifiable factors such as quality and tenure of management, investment and business strategies, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk is using qualitative analysis is that our subjective judgment may prove incorrect.
- **Fund Analysis:** CAFG looks at the experience and track record of the manager of the fund 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 fund construction, and the fund's investment mandate and strategy. A risk of fund 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, 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, which could make the holding(s) less suitable for the client's portfolio.

CAFG's 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**

CAFG uses the following strategies in managing client accounts. Investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon the client's predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. The client's restrictions and guidelines may affect the composition of his/her portfolio.

- **Long-Term Purchases:** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we use 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. Long term purchases may be affected by unforeseen long term changes in the company in which the client is invested or in the overall market. Another risk in a long-term purchase strategy is that by holding the security for a long length of time, CAFG may not take advantage 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 the decision to sell is made.
- **Short-Term Purchases:** We purchase securities with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Short term trading generally involves a greater degree of risk than long term trading due to market volatility over a short period of time. We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing clients' accounts. Short-term trading is not a fundamental part of CAFG's overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given a client's stated investment objectives and tolerance for risk

- **Margin Transactions:** If granted authority by a client, we may purchase securities for a client's with money borrowed from a client's brokerage account, in which case the security serves as collateral on the loan. When a client buys on margin, that means the client is borrowing money (interest is payable) from a broker to purchase securities. Margin trading allows a client to buy more stock than he/she would be able to normally. When the client sells the security in a margin account, the proceeds go to the broker against the repayment of the loan until it is fully paid. There may also be restriction called the maintenance margin, which is the minimum account balance a client must maintain before the broker will force the client to deposit more funds or sell stock to pay down the loan (a "margin call"). If for any reason the client does not meet a margin call, the broker has the right to sell the client's securities to increase account equity until the maintenance margin has been achieved. The broker may not be required to consult the client before selling. Margin trading is not a fundamental part of CAFG's overall investment strategy, but we may use this strategy very occasionally when given authority and we determine that it is suitable given a client's stated investment objectives and tolerance for risk.
- **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. We may also utilize funds which utilize options strategies. The two types of options are calls and puts. A "call" gives CAFG the right to buy an asset at a certain price within a specific period of time. We will buy a call if we believe that the stock will increase substantially before the option expires. A "put" gives the holder the right to sell an asset at a certain price within a specific period of time. CAFG will buy a "put" if we believe that the price of the stock will fall before the option expires. Option writing is not a fundamental part of CAFG's overall investment strategy, but we may use this strategy very occasionally when given authority and we determine that it is suitable given a client's stated investment objectives and tolerance for risk.

### **Investment Approach: "Blend" & "Blend with Individualized Securities"**

As disclosed under Item 5 (Fees and Compensation) of this Brochure, CAFG has a different advisory fee structure for its "blend" investment approach and its "blend with individualized securities" investment approach, with the "blend with individualized securities" approach assessing the higher fees.

As disclosed under Item 4 (Advisory Business) of this Brochure, CAFG can recommend money market funds, mutual fund shares, exchange traded fund shares, futures fund shares and hedge fund shares (collectively, "funds"). Funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment mandate, strategy and objectives. CAFG generally analyzes the purchase and sale of fund shares using the fund analysis set forth above, although there may be other methods of analysis used, such as technical analysis and qualitative analysis.

CAFG can also recommend exchange listed securities and those traded over-the-counter, corporate debt securities, municipal securities, U.S. government securities, real estate investment trust shares/interest, annuities and structured products and derivatives (collectively, "individualized

securities"). CAFG analyzes the purchase and sale of individualized securities on an individualized basis, by examining the underlying entity or issuer using one or more methods of analysis set forth above.

If a client's investment portfolio under management with CAFG includes individualized securities, the client will be assessed the advisory fee listed under the "blend with individualized securities" schedule. Thus, CAFG charges higher investment advisory fees if the client's investment portfolio under management with us includes individualized securities. There is a conflict of interest because we get a greater fee for the management of portfolios which include individualized securities to increase and we may therefore have an incentive to recommend the acquisition or holding of individualized securities. However, we have an obligation and duty to place the client's needs ahead of our own, and CAFG always manages a client's portfolio in accordance with the client's individual needs, investment goals and objectives, risk of loss tolerance and liquidity needs. The decision of whether to acquire or hold individualized securities in a client's managed account is made solely on the basis of the client factors noted above.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. Clients should know that all investments carry a certain degree of risk ranging from the variability of market values to the possibility of permanent loss of capital. Risks to capital include, but may not be limited to, changes in the economy, market volatility, company results, industry sectors, accounting standards, and changes in interest rates. Investments are also subject to risks inherent in governmental actions, exchange rates, inflation, deflation, and fiscal and monetary policies. Market risks include changes in market sentiment in general and styles of investing. There are also liquidity risks. Generally, assets are more liquid if many investors are interested in a standardized product, making the product relatively easy to convert into cash. CAFG does not engage in high-frequency trading activities or algorithmic trading strategies.

### **Generally**

Cash balances are typically invested daily in interest-bearing money market accounts, unless the client directs otherwise. Our strategies and investments may have unique and significant tax implications. However, unless CAFG agrees otherwise in writing, tax efficiency is not our primary consideration in the management of a client's assets. Regardless of account size or other factors, CAFG strongly recommends that its clients continuously consult with a tax professional prior to and throughout the investing of clients' assets. Each client is responsible for contacting his/her tax advisors to determine which cost basis accounting method is the right choice for the client. Clients should provide CAFG with written notice of a client's selected accounting method, and CAFG will alert the client's custodian of the individually selected accounting method. Clients should be aware that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **Item 9: Disciplinary Information**

CAFG is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of us, our business or the integrity of our management or associated persons.

Neither CAFG nor any of our associated persons has any reportable disciplinary events to disclose.

## **Item 10: Other Financial Industry Activities & Affiliations**

Some of our associated persons may be tax professionals and may offer their tax preparation services outside of CAFG. A client is under no obligation to use any tax preparation services offered by an associated person, either inside or outside of CAFG.

Persons providing investment advice on behalf of CAFG are registered representatives with PKS and are independent insurance agents with various unaffiliated insurance companies. Products offered through PKS and the aforementioned insurance companies are separate and distinct from services offered through CAFG. Please refer to Item 5 (Fees and Compensation) for more information regarding these other business activities.

In no event is any client obligated, contractually or otherwise, to use the services of any associated tax professional, registered representative, or independent insurance agent.

CAFG is not a registered broker-dealer, commodity firm, commodity trading advisor, or futures commission merchant, and does not have an application to register for any of the same pending.

CAFG does not recommend investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

CAFG has no affiliations with any entity through common ownership.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

CAFG has adopted a Code of Ethics that sets forth high ethical standards of business and professional conduct which we require our employees to follow. The Code of Ethics outlines proper conduct related to all services provided to clients by CAFG and our associated persons, and includes guidelines for compliance with applicable laws and regulations governing our practice. Our goal is to protect our clients' interests at all times and demonstrate our commitment to our fiduciary duties of honesty, good faith and fair dealing. Our Code of Ethics also requires that certain persons associated with CAFG submit reports of their personal account holdings and transactions to the Chief Compliance Officer who will review these reports on a periodic basis.

CAFG, its associated persons and/or their families may buy or sell the same securities that we recommend to clients or securities in which clients are already invested. CAFG, its associated persons and/or their families may engage in securities transactions for their own accounts that differ from those recommended or engaged in for other CAFG clients. We may also combine orders to purchase securities for CAFG, its associated persons and/or their families with a client's order to purchase securities ("block trading"). Please refer to Item 12 for more information on block trading. A conflict of interest may exist in these events because we have the ability to trade ahead of clients and may potentially receive more favorable prices (for CAFG, its associated persons and/or their families) than the client will receive. To eliminate this conflict of interest, we will make reasonable attempts to trade securities in client accounts at or prior to trading the securities in CAFG accounts, or accounts of associated persons and/or their families. Trades executed the same

day will likely be subject to an average pricing calculation. Moreover, it is our policy that neither CAFG nor its associated persons will have priority over a client's account(s) in the purchase or sale of securities.

It is the policy of CAFG to place the client's interests above those of CAFG and its associated persons.

Neither CAFG nor its associated persons has any material financial interest in client transactions beyond the provision of investment advisory services or other services as disclosed in this Brochure.

CAFG does not engage in principal trading (*i.e.*, the practice of selling stock to advisory clients from our inventory or buying stocks from advisory clients into our inventory). Nor does CAFG engage in agency cross transactions.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the e-mail or phone number listed on the cover page of this Brochure.

## **Item 12: Brokerage Practices**

CAFG will generally require discretionary advisory clients to provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to these clients for securities transactions. In limited circumstances, CAFG will allow a discretionary advisory client to select its own broker-dealer. (See below for more information on directed brokerage.)

### **TD Ameritrade Relationship & Benefits**

CAFG may recommend or require that clients establish accounts and custody their assets with TD Ameritrade, which is independently owned and operated, and which has no affiliation with CAFG. TD Ameritrade offers services to independently registered investment advisors which include custody of securities, trade execution, and clearance and settlement of transactions.

CAFG participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, member FINRA/SIPC/NFA ("TD Ameritrade"). Under this Program, TD Ameritrade provides CAFG with access to independent investment advisor services, which include custody of securities, trade execution, clearance and settlement of transactions. CAFG receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. Although there is no direct link between our participation in the Program and the investment advice we give to our clients, CAFG does receive economic benefits through its participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (which are provided without cost, or at a discount, to us):

- Receipt of duplicate client statements and confirmations;
- Research related products and tools, publications and seminars;
- Pricing and other market data;
- Consulting services;



- Access to a trading desk services;
- Access to block trading which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts (see below for more detail);
- The ability to have advisory fees deducted directly from our client's accounts;
- Access to an electronic communications network for client's order entry and account information, and access to client account data;
- Access to mutual funds with no transaction fees and to certain institutional money managers;
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to CAFG by third-party vendors; and/or
- Assistance with back-office functions, record keeping and client reporting.

TD Ameritrade may also have paid for business consulting and professional services received by us or our associated persons. Although the above benefits may assist CAFG in managing and administering clients' accounts, including those not maintained at TD Ameritrade, some of the products and services made available by TD Ameritrade Institutional through the Program may benefit CAFG in managing and developing its business, but may not directly benefit CAFG clients. Clients should be aware, however, that the receipt of economic benefits by CAFG and/or its related persons in and of itself creates a potential conflict of interest and may indirectly influence CAFG's choice of TD Ameritrade for custody and brokerage services.

TD Ameritrade may also provide other benefits such as educational events or occasional business entertainment of CAFG personnel.

CAFG also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may be offered to other independent investment advisors participating in the Program. Specifically, the additional services include BigFoot Investments, eMoney Advisor, Salesforce and Morningstar. TD Ameritrade provides the Additional Services to CAFG in its sole discretion and at its own expense. CAFG does not pay any fees to TD Ameritrade for the Additional Services. CAFG and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

CAFG's receipt of additional services raises potential conflicts of interest because, in providing additional services to us, TD Ameritrade most likely considers the amount, and profitability to TD Ameritrade, of the assets in and trades placed for CAFG's clients' accounts maintained with TD Ameritrade. TD Institutional has the right to terminate the Additional Services Addendum with CAFG, in its sole discretion, provided certain conditions are not met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, CAFG may have an incentive to recommend to our clients that their assets under management be held in custody with TD Ameritrade and/or to place transactions for clients' accounts with TD Ameritrade.

In evaluating whether to recommend that clients custody their assets at TD Ameritrade, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by TD Ameritrade, which may create a potential conflict of interest and may indirectly influence CAFG's choice of TD Ameritrade for custody and brokerage services.

The benefits received by us from TD Ameritrade do not depend on the amount of transactions directed to TD Ameritrade. Moreover, as part of our fiduciary duties to our clients, CAFG must at all times put the interests of our clients first, and our receipt of benefits from TD Ameritrade does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

### **Best Execution**

As stated above, CAFG may recommend or require that its clients establish broker accounts with TD Ameritrade. Such accounts will be "prime broker" eligible so that if and when the need arises to effect securities transactions from those accounts at broker-dealers other than with the current custodian ("executing brokers"), such custodian will accept delivery or deliver the applicable security from/to the executing brokers. TD Ameritrade charges a "trade away" fee which is charged against the client's account(s) for each "trade away" occurrence. Other custodians have their own policies concerning prime broker accounts and trade away fees. Clients are encouraged to consult their current custodian for its policies and fees. If TD Ameritrade both custodies the client's asset and acts as the client's broker-dealer, the client will not be charged a "trade away" fee with regard to that asset.

If the client is receiving discretionary advisory services, CAFG, pursuant to the terms of its management agreement with clients, will have discretionary authority to determine which securities are to be bought and sold and the price of such securities to effect such transactions. CAFG recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. CAFG will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include, but are not limited, to the following:

- The financial strength, reputation and stability of the broker-dealer;
- The efficiency with which the transaction is effected;
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- The availability of the broker-dealer to stand ready to effect transactions of varying degrees of difficulty in the future;
- The efficiency of error resolution, clearance and settlement;
- Block trading and positioning capabilities;
- Performance measurements;
- Online access to computerized data regarding customer accounts;
- Availability, comprehensiveness, and frequency of brokerage and research services;
- Commission rate;
- The economic benefit to the clients; and
- Related matters involved in the receipt of brokerage services.

Consistent with its fiduciary responsibilities, CAFG seeks to ensure that clients receive best execution with respect to the clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of CAFG's knowledge, TD Ameritrade provides high-quality execution, and CAFG's clients pay competitive rates for such execution.

Commission rates and securities transaction fees charged to effect transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, CAFG believes that TD Ameritrade's commission rates are competitive within

the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

### **Order Aggregation/Block Trading/Allocations**

As CAFG may be managing accounts with similar investment objectives, CAFG may aggregate orders for securities for such accounts. In this event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by CAFG in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts. Such aggregate orders may include transactions for accounts for employee benefit plans and private investment vehicles, such as limited partnerships or limited liability companies, in which CAFG, its affiliates, principals or employees are among the investors.

CAFG's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account clients' best interests. CAFG will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

CAFG's advice to certain clients and the action of CAFG for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his/her applicable investment objective, guidelines, risk tolerance and circumstances. Thus, any action of CAFG with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice or actions of CAFG to or on behalf of other clients.

CAFG will aggregate, *i.e.*, "block," trades where possible and when advantageous to clients. (Please note that this requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in hindsight.) CAFG will block trades among clients whose accounts can be traded at a given broker-dealer. Blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, as long as transaction costs are shared equally and on a pro-rata basis between all accounts included in the block. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended exposure. All clients participating in each aggregated order will generally receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro-rata portion of commissions, provided, however, that adjustments may be appropriate in some circumstances.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if CAFG believes that a larger size block trade would lead to best overall price for the security being transacted.

Transactions for any client account may not be aggregated for execution if the practice is prohibited by the client or with CAFG's order allocation policy.

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled", the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's

allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

CAFG acts in accordance with our duty to seek best price and execution and will not continue any arrangements if we determine that such arrangements are no longer in the best interest of our clients.

### **Directed Brokerage**

Clients who designate the use of a particular broker-dealer other than the one recommended by us should be aware that they will lose any possible advantage CAFG derives from aggregating transactions. Such client trades are typically affected after the trades of clients who have not directed the use of a particular broker-dealer. CAFG loses the ability to aggregate trades with other CAFG advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions. In addition, clients who use a broker-dealer other than TD Ameritrade for investment accounts managed by us are not eligible to participate in the wrap fee program.

### **Brokerage for Client Referrals**

CAFG does not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

## **Item 13: Review of Accounts**

Mr. Dorn, Chief Compliance Officer, or Stephen MacTavish, our financial planning analyst/risk management specialist, will monitor managed and supervised accounts on an ongoing basis to ensure that the advisory services provided to clients are consistent with the clients' stated investment goals and objectives. The formal of reviews is determined based on the individual client's investment objectives, with reviews generally conducted no less frequently than quarterly. Accounts are reviewed in the context of each client's stated investment objectives, risk tolerance and written guidelines and restrictions. More frequent reviews may also be triggered by a change in the client's investment objectives or risk tolerance, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in investment or fund managers, or changes in the economic market. Financial plans are reviewed periodically with the client, on an as-needed basis.

With respect to managed accounts, investment advisory clients also receive standard account statements from the independent, qualified custodian and/or broker-dealer of their accounts on a monthly basis, but no less frequently than quarterly. In addition, CAFG will provide no less than quarterly electronic access to account balances, asset allocations and securities holdings. The account statements received from the custodian and/or broker-dealer are the official records of the client's account(s).

When a client has contracted for only non-continuous management of account(s) (such as asset allocation/portfolio monitoring services), the client's account(s) will be reviewed periodically as agreed upon in the management agreement between CAFG and the client.

## **Item 14: Client Referrals & 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 have previously disclosed in Item 5 (Fees & Compensation) that CAFG may directly debit advisory and other fees from client accounts. As part of this billing process, the independent, qualified custodian of the client's account(s) is advised of the amount of the advisory or other fee to be deducted from the client's account(s). The client will receive account statements from the custodian holding the account(s) at least quarterly. These statements will show all transactions within the account during that reporting period, including the amount of advisory or other fees debited from the client's account(s). Because the custodian does not calculate the amount of the fees to be deducted, it is important for clients to carefully review their account statements to verify the accuracy of the fee calculation, among other things. The client may also receive an account statement from CAFG. The client should always compare the account statement received from the custodian with any statement received from us for the same reporting period. The custodian's account statement is the official record of the client's account(s).

A client should contact us directly if he/she believes there is an error or have a question regarding an account statement.

This ability to deduct our fees from a client's account(s) causes us to exercise limited custody over these accounts under applicable law. We do not have, and will not take, physical custody of any clients' funds, securities or assets. Clients' funds, securities and assets will be held with a bank, broker-dealer or independent, qualified custodian.

## **Item 16: Investment Discretion**

When a client hires CAFG to provide discretionary investment advisory services, we have the authority to place trades, buy and sell securities on the client's behalf, determine the amount of the securities to buy and sell, and determine the nature and type of securities to buy and sell without obtaining a client's consent or approval prior to each transaction. Clients who give us discretionary authority will give CAFG a power of attorney and/or trading authorization forms to make the above decisions on the client's behalf.

Clients may limit our authority by giving us written instructions, restrictions and guidelines. For example, a client may specify that the client's account not contain investments in a specific industry. Clients can change such instructions, restrictions and guidelines by providing us with written instructions. The most current written instructions will control.

If the client enters into a non-discretionary arrangement with CAFG, we will obtain the client's approval prior to the execution of any transactions in the account(s). With such an arrangement,

the client has the unrestricted right to decline to implement advice provided by us on a non-discretionary basis.

### **Item 17: Voting Client Securities**

Regardless of whether CAFG has discretion over a client's account(s), we will not vote proxies on behalf of any client. At a client's request, CAFG may offer advice regarding corporation actions and the exercise of proxy rights.

CAFG will instruct the qualified, independent custodian to forward all proxy materials to the client to review and make his or her own informed decision on how to vote. In the event we receive the proxy material, we will forward them directly to the client by mail or by electronic mail (if the client has authorized electronic communication).

### **Item 18: Financial Information**

Under no circumstances does CAFG require or solicit the payment of fees in excess of \$1,200 per client and more than six months in advance. Nor does CAFG take custody of client funds or securities. Therefore, we are not required to include a financial statement.

CAFG does not have any financial issues that would impair its ability to provide services to clients, and CAFG has not been the subject of a bankruptcy petition at any time during the past ten years. We have no additional financial circumstances to report.