

**Part 2A of Form ADV: Firm Brochure**

Item 1 Cover Page

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## **Firm Brochure**

This brochure provides information about the qualifications and business practices of Cascade Investment Group, Inc. If you have any questions about the contents of this brochure, please contact us at 719-632-0818 or 800-984-9074 or [dcapozzella@ciginc.net](mailto:dcapozzella@ciginc.net). 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 Cascade Investment Group, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Cascade Investment Group, Inc. is a Registered Investment Advisor although this does not imply a certain level of skill or training.

Item 2 Material Changes

Cascade Investment Group, Inc. has had no material changes since its last annual update dated 01/21/2014.

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Item 4 Advisory Business

Cascade Investment Group, Inc. (hereafter referred to as CIGI) is a full line financial services firm which has been in business since 1993.

CIGI's principal owner, owning 25% or more in the firm, is Kenneth M. Beach.

CIGI's principle activities include retail and institutional private client services, including but not limited to providing advice with respect to financial markets, securities, and executing securities transactions as broker or dealer.

CIGI offers a wide variety of investment management services and programs. CIGI also provides consulting and financial planning services through a variety of programs. Clients in these programs retain final authority and responsibility to determine whether and how any recommendations should be effected and by whom. CIGI does tailor its advisory services to meet the needs of individual clients. These needs can include but are not limited to length of managed service, exclusion of particular securities from the management process (no fees associated) to hold in their account, and restriction of particular securities or types of securities.

As of 12/31/2014, CIGI managed \$203,360,997 of client assets. The amount managed on a discretionary basis is \$194,383,158 and the amount managed under a non-discretionary basis is \$8,977,839.

- A. CIGI is compensated by two methods: A percentage of assets under management or hourly charges.

The fee schedule is as follows:

1. Portfolio Freedom Accounts(PFA):

CIGI's PFA account is offered on a discretionary or non-discretionary basis. A PFA account provides an alternative to traditional trade-by-trade brokerage and execution charges. Rather than paying brokerage charges and similar fees at the time of each transaction, PFA's quarterly fee is based on the average quarterly value of the client's account assets. The PFA account allows clients to estimate the total brokerage costs and charges in advance and pay them quarterly. There is no need to open a special account to take advantage of PFA. Clients may select this pricing with new or existing accounts. CIGI or its employees or representatives act as an investment manager in respect to the PFA account when carried as a discretionary account.

While the PFA fee covers CIGI's transaction services for a broad range of investments, certain types of assets are excluded. Assets not covered under the PFA fee arrangement may be held in the same account, but the fees will not be applied to such asset; and transactions in these assets will be subject to individual transaction charges. The types of assets for which transaction services are not offered include, but are not limited to, insurance, certain types of limited partnership interests or units (i.e., those that are not publicly trades), precious metals or other commodities or futures thereon, options on futures, currency options, foreign currency or investment trust units.

Fees are assessed as follows and have the ability to be negotiated.

<u>Account Value</u>	<u>Equity and Balanced</u>	<u>Fixed Income</u>
First \$500,000	2.50%	0.50%
Next \$500,000	1.50%	0.40%
Next \$1,000,000	1.00%	0.30%
Over \$2,000,000	0.75%	0.25%

2. Consulting and Evaluation Services (CES)

In the Consulting and Evaluation Services Program (CES), CIGI provides clients with assistance in selecting one or more investment management firms to manage client's accounts. The minimum account size is generally \$100,000; certain managers may establish different minimums. In CES, the client remains the investment manager, with CIGI's assistance. Many investment management firms available through CES are otherwise available only to clients with significantly greater assets to invest.

## Account Information

Clients will receive a quarterly review, from the management firm, which is an extensive statistical review and analysis of the account.

## Fees

1. CES services are available on a wrap fee basis where the client's fees to CIGI cover its recommending and evaluating investment managers as well as custody of securities and trade execution with or through CIGI. Alternatively, CIGI may be compensated solely by collecting commissions or other charges on transactions made for the client's account. In either case the client pays separate fees to the investment manager(s) employed. The standard wrap fees charged by CIGI are as follows:

<u>Assets</u>	<u>Annual Fee</u>
First \$500,000	2.20%
Next \$500,000	1.70%
Next \$1,000,000	1.20%
Next \$3,000,000	0.65%
Next \$5,000,000	0.60%

Fees are negotiable based on the level of service provided and/or types of securities traded, which may result in a particular client paying a fee greater than or less than the standard fees. For accounts larger than \$10 million, fees generally are arranged separately on the basis of service provided. Fees are prorated and payable quarterly in advance.

In addition to fees paid to CIGI, in the CES program, clients pay investment fees separately to the investment manager(s). At a client's discretion, these fees may be payable through CIGI which debits the client's account and remits the advisory fee to the investment manager.

### 3. Consulting and Evaluation Plus (CES+)

In Consulting and Evaluation Plus Program (CES+), the same services are provided as through CES, except the hard dollar costs (clearing fees) that CIGI incurs from its clearing firm are passed through to the client. The same payment, termination, and refund policies apply as it applies to the CES program.

### 4. Other Solicitation Arrangements

CIGI has an agreement with the non-affiliated investment manager, Morningstar Managed Portfolios (MIS) to offer wrap account, asset allocation or asset management services to CIGI's clients. The duties of CIGI will include assisting the client in choosing investment objectives and appropriate investment managers, setting restrictions or limitations on the management of

the account, explaining portfolio strategies and transactions and answering client questions. Also, CIGI reviews the performance of third party advisors on a quarterly basis prior to introducing clients to non-affiliated investment advisors. As a result of the agreement, compensation will be provided to CIGI in exchange for introducing clients to the non-affiliated investment advisors.

A breakdown of the fees for the Morningstar Managed Portfolios Program is as follows:

<u>Asset Under Management</u>	<u>CIGI Fee</u>	<u>MIS Fee</u>	<u>Total Fee</u>
First \$500,000	110bp	40bp	150bp
Next \$500,000 - \$1,000,000	105bp	35bp	140bp
Next \$1,000,000-\$2,000,000	100bp	30bp	130bp
Over \$2,000,000	90bp	20bp	110bp

The maximum total fee permitted by MIS is 150 basis points (1.50%) not including mutual fund expenses.

#### 5. Investment Consultations (Hourly)

Investment consultations are one type of advisory service involving investment analysis and recommendations. Fees will be charged at a rate of \$300 per hour. This is a specific and finite service. Fees are paid when services are rendered.

- B. The PFA, CES and CES+ accounts may select to have their fees billed directly from their assets or billed for fees incurred. Fees are assessed on a quarterly basis (JAN, APR, JUL, and OCT). Hourly fees are billed. Morningstar fees are deducted directly from client assets.
- C. Other types of fees clients may pay in connection with CIGI advisory services include annual retirement account custodian fees, mutual fund expenses and shipping and handling costs per transaction.
- D. PFA, CES, and CES+ fees are all billed in advance. A client may obtain a refund for the pre-paid fee if the advisory contract is terminated before the end of the billing period. The amount of the refund is computed by taking the quarterly fee, dividing it by the number of days in the quarter which determines the client's daily rate. Then the daily rate is multiplied by the number of days remaining in the quarter that will not be under advisory services. This amount is the fee that may be credited back to the client's account.
- E. Additional compensation may be received by the sale of new issue securities (the compensation is automatically built into the sale and cannot be excluded) and also the receipt of service fees from the sale of mutual funds.

1. This practice may present a conflict of interest and does give your registered investment advisor an incentive to recommend investment products based on the additional compensation received rather than on the a client's needs. This conflict is addressed in the advisory agreements that each client is required to sign before the advisory relationship is initiated. In accounts that are primarily mutual funds, "no-load" funds are the recommended choice.
2. Clients are always able to purchase investment products that are recommended by CIGI through other brokers or agents that are not affiliated with CIGI.
3. Client quarterly advisory fees are not offset by the commissions or mark-ups incurred by the sale of new issues or mutual funds.



**Item 6 *Performance-Based Fees and Side-By-Side Management***

CIGI does not accept performance-based fees.

CIGI generally provides investment advice to:

- A. Individuals
- B. Pension and profit sharing plans
- C. Trusts, estates, or charitable organizations
- D. Corporations or business entities such as Partnerships or LCCs

CIGI does not impose a minimum account size for PFA accounts. Investment managers may require a minimum account size.

To participate in the CES or CES+ accounts, typically the account minimum is \$100,000.

To participate in Morningstar Managed Portfolios, there is a minimum account size of \$50,000.

CIGI will use the following security analysis methods:

- (1) Charting
- (2) Fundamental
- (3) Technical

The main sources of information CIGI uses include:

- (1) Financial websites
- (2) Research materials (examples: RBC Credit Suisse and Argus Research)
- (3) Corporate rating services ( S & P)

The investment strategies used to implement any investment advice given to clients include:

- (1) Long term purchases (securities held at least a year)
- (2) Short term purchases (securities held less than a year)
- (3) Margin transactions
- (4) Option writing, including covered options

All investments involve risk that any client should be prepared to bear. CIGI primarily recommends securities that are of investment grade and fall within the guidelines of the “Prudent Man Rule” and reasonable fiduciary standards.

Item 9      Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of CIGI's advisory business or the integrity of CIGI's management.

CIGI is also a registered Broker-Dealer (B/D).

CIGI is registered with the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), and various state regulatory agencies to provide services as a Broker/Dealer. In this capacity, CIGI may be compensated by fees or commissions from involvement in the sale of various types of securities, including but not limited to, stocks, bonds, and mutual funds. The Principals spend approximately 10% of their time selling securities, 75% of their time managing securities and 15% of their time providing investment advice.

CIGI has two registered investment advisors licensed to sell life insurance products: Janice M. Weiland and Robert G. Wrubel. This is an additional service that is provided to clients if they so desire and it is deemed appropriate for the client's overall financial objectives.

CIGI has one registered investment advisor who is a Certified Financial Planner (CFP) who provides this additional service for clients: Robert G. Wrubel.

CIGI has one registered investment advisor who is an Accredited Investment Fiduciary (AIF) who provides this additional service for clients: Robert G. Wrubel.

Ethical dilemmas occur when values are in conflict. We strive to pursue the selection of employees with high morals and integrity. We strive to provide excellent personalized investment service to all our clients. We are members of a profession explicitly committed to providing fair and truthful securities information. We have a special obligation to ensure that we safeguard our clients' assets as best we can in order to preserve principal, gain value and encourage growth for our present clients and their future generations.

The principles of this Code are expressed in broad statements to guide ethical decision-making. These statements provide a framework; they cannot and do not dictate conduct to cover particular situations.

- I. We provide the highest level of service to all clients through all methods of communication, mail, phone calls, meeting, and email. We provide this service in an accurate, unbiased, and courteous response to all requests.
- II. We uphold the principles of knowing our clients, fair trades, and resist all efforts to allow any unethical behavior such as churning or switching.
- III. We protect each client's right to privacy and confidentiality with respect to information sought or received.
- IV. We recognize and respect each client's individual financial investment needs.
- V. We treat co-workers and other colleagues with respect, fairness and good faith, and advocate conditions of employment that safeguard the rights and welfare of all employees of our firm.
- VI. We do not advance private interests at the expense of clients, colleagues, staff, or our firm. This includes no employee acquiring beneficial ownership in any security in an initial public offering or limited offering without prior approval from the Chief Compliance Officer.
- VII. We distinguish between our personal convictions and professional duties and do not allow our personal beliefs to interfere with fair representation of the aims of our client's investment goals.
- VIII. We strive for excellence in the profession by maintaining and enhancing our own knowledge and skills, by requiring and encouraging the continued professional development of co-workers, and by fostering the aspirations of potential members of the profession.

CIGI will provide a copy of our code of ethics to any client or prospective client upon request.

CIGI or its associated persons may buy or sell for itself investment products recommended to clients. Records will be maintained of all securities bought or sold by CIGI, associated persons or related entities. Such records will be available for client inspection upon request. All securities transactions of related persons of CIGI will be reviewed by the principal of CIGI to ensure no conflicts exist with client executions. CIGI's policy for securities traded by related persons will be for these transactions to be placed **AFTER** the placement of clients' transactions.

As noted, CIGI is also registered with the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), and various state regulatory organizations to provide services as a Broker/Dealer. In this capacity, CIGI may be compensated by fees or commissions. The Principals of CIGI, in their capacity as Registered Representatives of CIGI, may recommend CIGI's Broker/Dealer services to clients who have or are utilizing CIGI's advisory services. In such cases, services are offered to these clients at the same cost as are offered to non-advisory clients. Clients are under no obligation to purchase or sell securities through CIGI. However, if they choose to do so, commissions may be earned which may be higher or lower than commission rates found at other Broker/Dealers.

CIGI has no soft dollar arrangements or client referral arrangements that influence our choice of broker-dealer choices.

Since we are a dual-registered company, we direct that an advisory client execute transactions through our clearing company as our small size limits our ability to have multiple clearing firm relationships.

Item 13      Review of Accounts

Principals of CIGI will review client's accounts at least annually to determine if client's investment objectives were met. Reviews will also be determined based on the client's risk tolerance, net worth, net income and other various suitability factors. This review may be triggered by tax law changes, market changes, or market conditions. A more frequent review may also be initiated by a client inquiry due to personal changes. There is no minimum number of accounts assigned for the reviewer.

CIGI provides performance reports to clients no less than annually, but may be more frequent. In addition, clients receive custodial statements no less than quarterly from CIGI's clearing firm who serves as the custodian for CIGI's clients' accounts.



Item 14      *Client Referrals and Other Compensation*

CIGI does not compensate any person for client referrals.

CIGI does not receive economic benefit from anyone providing investment advice or other advisory services to CIGI's clients.

CIGI is an Introducing Broker-Dealer which requires it to have a clearing relationship with a clearing firm in order to conduct securities trading and custody for its clients' assets.

CIGI has a clearing relationship with RBC Capital Markets (RBC). RBC, as custodian for clients' assets provides clients, at a minimum, a quarterly account statement. Clients are urged to carefully review those statements.

For PFA accounts only, CIGI encourages clients to compare the account information sent to them by RBC with the additional PFA advisory reports that they receive from CIGI.

CIGI accepts discretionary authority to manage securities on behalf of its clients.

Clients do not normally place any limitations on this authority but do have the right for PFA accounts only, to place additional limitations on specific securities in their portfolio if they so desire. These limitations are usually due to inherited securities that have extremely low cost basis and must be managed carefully to ensure no large capital gains are incurred or securities that have sentimental value to a client but do not contribute to the client's overall portfolio strategy.

CIGI assumes discretionary authority when the client signs the discretion section of the advisory agreement.

All PFA and CES advisory accounts are automatically enrolled in a proxy voting service reviewed and paid for by CIGI. If a client desires to receive their proxies and solicitations, they may request to do so at any time.

There are no additional fees passed to clients for this service.

The service is set to vote "with Management" for all proxy material; company annual, semi-annual, and interim reports, and/or reorganization material.

A copy of voting history, voting policies and procedures are available upon request.

Item 18 Financial Information

CIGI does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance.

CIGI has not been the subject of a bankruptcy petition at anytime in its corporate history.