

**Part 2A Appendix 1 of Form ADV: *Wrap Fee Brochure***

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03/30/2015

**This wrap fee program brochure provides information about the qualifications and business practices of Capital Asset Advisory Services, LLC. If you have any questions about the contents of this brochure, please contact us at (517) 339-7662 or at [kene@wealth-advisor.biz](mailto:kene@wealth-advisor.biz). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Capital Asset Advisory Services, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Capital Asset Advisory Services, LLC is 110929. Registration with the Securities and Exchange Commission does not imply any level of skill or training.**

## **Item 2. Summary of Material Changes**

We have made the following material changes to this Form ADV Part 2A Appendix 1 Wrap Fee Brochure since it was filed with the SEC in March 2014:

- We have added the WealthMark II, WealthBuilder and WealthBuilder II Program under “Item 4 Services, Fees and Compensation”.
- We are in the process of changing our broker-dealer from INVEST to WFG Investments (“WFG”). During this transition, some of our advisors will be registered reps of INVEST and some will be registered representatives of WFG.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year which is December 31st. We will provide other ongoing disclosure information about material changes as necessary. We will also provide you with a new Brochure, as necessary, based on changes or new information. Currently, our Brochure may be requested at any time, without charge, by contacting our Chief Compliance Officer (“CCO”) 517-339-7662.

**Item 3. Table of Contents**

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#### **Item 4. Services, Fees and Compensation**

Capital Asset Advisory Services, LLC is a SEC-registered investment adviser with its principal place of business located in Michigan. Capital Asset Advisory Services, LLC began conducting business in 2004.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Anthony Joseph Mazzali, Managing Member

Certain Investment Advisory Representatives of Capital Asset Advisory Services, LLC may offer our services, along with other financial services, under the marketing names Redfield Financial Group, Prout Financial Design, Stites Financial, Northbrook Investment Management, Poterack Capital Advisory, Jay Greer & Co., Peachtree Financial Group, Encore Advisors, Smart Financial and CG Financial Services.

#### **WealthMark, WealthMark II, WealthBuilder and WealthBuilder II Program Accounts (“Program Accounts”)**

The WealthMark Program Account consists of the WealthMark, WealthMark II, WealthBuilder and WealthBuilder II which are discretionary advisory accounts with Adviser (the "Account"). This means that the Client authorizes Adviser to buy, sell or otherwise trade securities or other investments in the Account without discussing the transactions with Client in advance. Such securities are limited to open-end mutual funds and exchange-traded funds (“ETFs”). Securities selection in WealthMark program allocations falls into two groups. Portfolios including mutual funds with higher minimum investment requirements are called “WealthMark Portfolios”; portfolios including mutual funds with lower minimum investments are called “WealthBuilder Portfolios.” The WealthMark program uses Dimensional Funds and some alternative investments. The WealthMark II and WealthBuilder II programs do not use Dimensional Funds or alternatives as investments. Our investment policy committee manages all WealthMark, WealthMark II, WealthBuilder and WealthBuilder II portfolios on a discretionary basis.

We will assist you in determining your investment goals and objectives, risk tolerance, and retirement plan time horizon. Based on this information, we will create an initial portfolio allocation designed to complement your educational, home ownership and retirement goals and objectives. We may also recommend that you invest in more than one of our model portfolios.

Clients may select from among the following WealthMark, WealthMark II, WealthBuilder and WealthBuilder II:

- |  |  |
|--|--|
| • WealthMark Tactical Portfolio                            | • WealthMark Non-Qualified Moderate Conservative Portfolio       |
| • WealthMark/WealthBuilder Conservative Portfolio          | • WealthMark Non-Qualified Moderate Portfolio                    |
| • WealthMark/WealthBuilder Moderate Conservative Portfolio | • WealthMark Non-Qualified Moderate Aggressive Portfolio         |
| • WealthMark/WealthBuilder Moderate Portfolio              | • WealthMark II/WealthBuilder II Conservative Portfolio          |
| • WealthMark/WealthBuilder Moderately Aggressive Portfolio | • WealthMark II/WealthBuilder II Moderate Conservative Portfolio |
| • WealthMark/WealthBuilder Aggressive Portfolio            | • WealthMark II/WealthBuilder II Moderate Portfolio              |
| • WealthMark Income Portfolio                              | • WealthMark II/WealthBuilder II Moderate Aggressive Portfolio   |
| • WealthMark Income with Growth Portfolio                  | • WealthMark II/WealthBuilder II Aggressive Portfolio            |
| • WealthMark Muni Income Portfolio                         |  |
| • WealthMark Non-Qualified Conservative Portfolio          |  |

The WealthMark Tactical Program Account is based on securities selection and trading signals provided by Dorsey Wright, an unaffiliated firm.

### **WealthMark, WealthMark II, WealthBuilder and WealthBuilder II Outside RIA Program Accounts**

CAAS may also offer our portfolio management wrap fee program WealthMark, WealthMark II, WealthBuilder and WealthBuilder II through other outside registered investment advisers. In this instance, CAAS serves as the portfolio manager and the outside RIA serves as the as the Wrap Fee Sponsor.

### **Non-Program Accounts**

If you want a more customized portfolio than those offered in the WealthMark, WealthMark II, WealthBuilder or WealthBuilder II programs, we provide Non-Program Accounts, in which one of our Investment Adviser Representatives ("IARs") will individually manage your account. Your account may include individual securities as well as mutual funds and ETFs. Your IAR may recommend the use of Level One option writing if the IAR believes it is appropriate for your needs and is consistent with your tolerance for risk. This investment strategy is described in Item 6 of this Brochure.

Your account can be managed on a discretionary or a non-discretionary basis. In a discretionary account, we will place trades in your account without calling you obtain permission for the specific trades. In a non-discretionary account, we will need to call and obtain your consent to each transaction before we place it. We manage your account on a continuous basis. The investment strategies and securities selections for Non-Program accounts are determined by you and the IAR managing your account, and so advice may differ among similarly-situated clients. You are encouraged to discuss the particular strategies and investments used by the IAR managing your account. Non-program accounts may be offered on a wrap fee basis, but are also available for separate fees and transaction charges.

### **Trading in WealthMark, WealthMark II, WealthBuilder and WealthBuilder II Program and Non-Program Accounts**

We do not request or accept the discretionary authority to determine the broker dealer to be used for client accounts. Clients must direct us as to the broker dealer to be used for all client securities transactions. In directing the use of a particular broker or dealer, it should be understood that we will not have authority to negotiate commissions among various brokers, and best execution may not be achieved.

We suggest that WealthMark, WealthMark II, WealthBuilder and WealthBuilder II Program and Non-Program clients execute trades through TD Ameritrade Institutional. CAAS participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. CAAS receives some benefits from TD Ameritrade through its participation in the Program.

We reasonably believe that in the case of managed accounts, TD Ameritrade, Inc.'s blend of execution services, commission and transaction costs as well as professionalism is consistent with our fiduciary duty to the client. We anticipate that most trades will be executed at TD Ameritrade; however, in unusual circumstances, we may engage the services of other broker-dealers to execute transactions in thinly-traded ETFs. In this situation, we will absorb the trading costs associated with the use of another broker-dealer.

Generally, we will aggregate orders with respect to a security if such aggregation is consistent with achieving best execution for the various client accounts. When orders are aggregated, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based on each account's participation in the transaction, subject to our discretion depending on factual or market conditions and the duty to achieve best execution for client accounts. We may include proprietary or personal accounts in block trades. These proprietary or personal accounts are treated as client accounts and are given neither preferential nor inferior treatment versus other client accounts.

We allocate orders among client accounts in a fair and equitable manner. Generally, we allocate accounts with the same or similar investment objective on a pro rata basis according to the size of the accounts. We do not allocate trades on the basis of account performance or the amount or structure of management fees. However, the following factors may justify an allocation that deviates from the general rule:

1. an account's existing positions in securities.
2. the cash availability of one or more particular accounts.
3. a partial fill of the block trade.
4. tax reasons.

We receive no additional compensation or remuneration of any kind due to the aggregation of client trades.

As mutual fund accounts trade at Net Asset Value, all trades made on the same day will receive the same price. Our trading platform allows individual accounts investing in ETFs to participate in a single aggregated trade; however, accounts of households (several accounts by members of a family whose fees are paid from a single account) may only trade on a household-by-household basis. We have adopted a procedure under which aggregated trades for individual accounts are placed ahead of trades for household accounts. As a result, ETF prices for individual accounts may differ from those of household accounts, and ETF prices may differ among household accounts.

#### Trade Error Policy

If a trade error results in a loss, CAAS will make the client whole.

If a trade error results in a gain, the net gain will be donated to a charity selected by CAAS.

#### Additional Disclosures Regarding TD Ameritrade

CAAS participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. CAAS receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, CAAS participates in TD Ameritrade's institutional customer program and CAAS may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between CAAS's participation in the program and the investment advice it gives to its Clients, although CAAS receives 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 (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving CAAS participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to CAAS by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by CAAS's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit CAAS but may not benefit its Client accounts. These products or services may assist CAAS in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help CAAS manage and further develop its business enterprise.

The benefits received by CAAS or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, CAAS endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by CAAS or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the CAAS's choice of TD Ameritrade for custody and brokerage services.

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

CAAS's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to CAAS, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, CAAS's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with CAAS, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, CAAS may have an incentive to recommend to its Clients that the assets under management by CAAS be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. CAAS's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including seeking best execution of trades for Client accounts.

CAAS considers a number of factors in selecting brokers and custodians at which to locate (or recommend location of) its client accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. In selecting TD Ameritrade Institutional ("TD Ameritrade") as the broker and custodian for certain of its current and future client accounts, CAAS takes into consideration its arrangement with TD Ameritrade as to obtaining price discounts for TD Ameritrade's automatic portfolio rebalancing service for advisors known as "iRebal".

The standard iRebal annual license fee applicable to CAAS is \$95,000 (That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD Ameritrade platform will bring fee reductions of up to \$95,000 per year for each of as many as three years or more.

The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs).

If CAAS does not maintain the relevant level of taxable assets on the TD Ameritrade platform, CAAS may be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall.

Although CAAS believes that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect CAAS' independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for client accounts.

Ameritrade does not supervise CAAS and has no responsibility for CAAS's management of client portfolios or CAAS's other advice or services.

## **Fees**

### **WealthMark, WealthMark II, WealthBuilder and WealthBuilder II Program and Non-Program Accounts**

WealthMark, WealthMark II, WealthBuilder and WealthBuilder II Program Accounts and Non-Program Accounts are offered on a wrap fee basis, in which you pay an annual advisory fee of up to 2.25%. You will also be subject to an annual administrative fee of up to 0.30% for Program and Non-Program Accounts to cover costs associated with servicing your account (including costs for technology and miscellaneous costs associated with providing administrative services apart from investment advice, such as processing client requests for asset transfers, disbursements, and other such administrative matters.)

We may offer Non-Program Accounts on a wrap fee basis, in which the fee includes brokerage costs such as commissions and ticket charges, or on a fee-only basis, in which case you are charged separately for brokerage costs such as commissions or ticket charges. Please refer to our Form ADV Part 2A Brochure for information about fee-only accounts.

Account minimums for WealthMark and WealthMark II:

\$50k for Qualified Accounts

\$100k for Non-Qualified Accounts

Account minimums for WealthBuilder and WealthBuilder II:

\$25k for Qualified Accounts

\$50k for Non-Qualified Accounts

We may waive these minimums at our discretion.

We will directly debit the WealthMark, WealthMark II, WealthBuilder and WealthBuilder II Program fees from your custodial account, unless we agree to bill you directly.

## **WealthMark, WealthMark II, WealthBuilder and WealthBuilder II Outside Registered Investment Adviser Program Fees**

### Non-Program Accounts

We may offer Non-Program Accounts on a wrap fee basis, in which the fee includes brokerage costs such as commissions and ticket charges, or on a fee-only basis, in which case you are charged separately for brokerage costs such as commissions or ticket charges. In either case, we charge an annual advisory fee of up to 2.25% of assets under management. You will also be subject to an administrative fee of up to 0.30% to cover costs associated with servicing your account (including costs for technology and miscellaneous costs associated with providing administrative services apart from investment advice, such as processing client requests for asset transfers, disbursements, and other such administrative matters).

You or we may terminate the agreement for Non-Program Accounts within five days of the date of acceptance with no penalty. After the five-day period, either party, upon written notice to the other, may terminate the agreement. You will receive, where applicable, a prorated refund of any prepaid advisory fees. Such prorated refunds will be based upon actual services and termination costs incurred up to and at the time the assets transfer out of your account. Any earned, unpaid fees will be due and payable upon termination.

We will directly debit Non-Program Account fees from your custodial account(s), unless we agree to bill you directly.

### Third Party Asset Management Fees

#### **First Mercantile**

The Annual Service Charge is a percent of the assets invested in each fund, and is accrued and deducted monthly in arrears from Plan Assets.

The Annual Investment Expense ("AIE") for Sub-Advised Funds is equal to the "FMT Management Fee", which is a fee to FMT for management and other trustee duties of the fund, plus the "Sub-Adviser Fee," which is the fee paid to the Fund's sub-adviser retained by the Trustee for sub-advisory services. The AIE for Funds Investing in Underlying Funds consists of the "FMT Management Fee", plus the "Underlying Fund Investment Expense". The Underlying Fund Investment Expense equals the internal expenses of the underlying fund, less any applicable "Underlying Fund Revenue Sharing Offset," which is a credit to the Fund in the amount of revenue sharing payments received by FMT from the Underlying Fund.

The AIE for Asset Allocation Funds (e.g. "LifeStyle Strategy" or "Multi-Manager Strategy") is the weighted average expense of all other Funds that compose a given strategy, and therefore may reflect fee components of both Sub-Advised Funds and Funds Investing in Underlying Funds.

A portion of the "FMT Management Fee" may be shared with other providers (e.g., Plan's Named Investment Professional) and/or allocated to compensate for "FMT Plan Level Services". The specific portions shared with other providers or allocated to other FMT services are disclosed in the Expanded Compensation Disclosure section. The AIE, as well as certain other expenses such as audit, custodial, legal, and brokerage and trading fees and expenses, are charged directly to the respective Preferred Trust Fund, and are reflected in the daily unit value of such Fund. The annual audited financial statement for each Fund discloses these other expenses.

#### **Plan Installation Fees**

One time Plan set-up fee:

Transferred Assets Fee

|                       |        |
|-----------------------|--------|
| Over \$500,000        | Waived |
| \$250,001 - \$500,000 | \$300  |
| \$0 - \$250,000       | \$600  |

Hardcopy conversion     \$50 per hour (1 hour minimum)



### Minimum Quarterly Plan Fee

A quarterly fee will be assessed to a plan whenever actual fees charged for FMT Fund Trustee Services and FMT Plan Level Services specified in the Expanded Compensation Disclosure section sum to less than \$625 per quarter. The minimum quarterly fee assessment will be the difference of \$625 minus actual fees charged and retained by FMT for FMT Fund Trustee Services and FMT Plan Level Services. The minimum quarterly fee will be charged against plan assets unless otherwise directed by the plan sponsor. If the plan sponsor directs the minimum quarterly fee to be invoiced and the fee is not paid within 45 days, then it will be charged against plan assets.

### Miscellaneous Plan Fees charged by FMT

At a plan level:

The following fees (as applicable) will generally be charged against plan assets unless otherwise paid by the plan sponsor:

|                                       |   |
|---------------------------------------|---|
| Non-ACH Payroll Deposit Fee           | \$600 Annually  |
| External Media Deposit Processing Fee | \$25 per item   |
| Hardcopy Deposit Processing Fee       | \$50 per payroll per 25 records (over 2 records)  |
| Rejected Deposit Processing Fee       | \$250 per occurrence  |
| Deposit Reprocessing Fee              | \$50 per hour (1 hour minimum)  |
| Special Reports Fee                   | \$150 per hour  |
| Special Processing Fee                | \$150 per hour (Including non-standard de-conversion requests)  |
| Plan Service Termination Fee          | \$1,200 (This fee will apply if FMT services are terminated less than 3 years from the date on the executed Plan Application. It can be billed to the plan sponsor or charged against plan assets.) |

### Brinker Capital Destinations

The annualized fee payable to Brinker consists of a single consolidated fee that encompasses all program components other than the solicitor's fee (the "Management Fee") plus the Solicitor's Fee as set forth below.

|                |               |           |
|----------------|---------------|-----------|
| Management Fee | Solicitor Fee | Total Fee |
| 0.25%          | 0.75%         | 1.00%     |

For each account registration with market values less than \$100,000, Brinker charges an additional annual fee of \$200, payable in four equal installments with the quarterly Fee payments.

The Total Annualized Fee is exclusive of mutual fund expense ratios, which are set forth in the prospectus for each fund. A mutual fund expense ratio represents the percentage of the fund's assets that go toward the expense of running the fund. A mutual fund expense ratio reflects the fund's investment advisory fee, administrative costs, distribution fees and other operating expenses which are paid by the mutual fund and reduce the fund's net asset value.

Client acknowledges that Brinker pays Client's Solicitor, INVEST Financial Corp. ("INVEST") or WFG Investments ("WFG") an annual fee (calculated and payable quarterly in advance) equal to 0.75% of the net asset value of the Client's account as a referral or solicitation fee for making the initial recommendation to invest in Destinations, assisting Client to complete the Questionnaire, maintaining ongoing contact with the Client in order to provide current information with respect to Client's financial situation and investment objectives to Brinker, and serving as Client's primary liaison to Brinker. INVEST and/or WFG will pay a portion of this fee to your advisor at CAAS.

Certain mutual funds available in Destinations may be offered, sponsored and/or advised by affiliates of Solicitor, and Brinker may recommend or purchase such a mutual fund for the Client's account, if Brinker determines, in its discretion, that such a mutual fund would be suitable for Client's Destinations account. While such funds pay various fees to affiliates of Solicitor, the selection of such mutual funds will not result in any greater compensation directly to the Solicitor than the amounts stated herein.

## **AssetMark**

For AssetMark programs under the referral model, the client may pay an Initial Consulting Fee ("ICF") of up to 1.5% of their initial investment and any future investment of \$2,000 or more. Up to 1.0% of this fee will be paid to CAAS. This fee is negotiable and may vary among clients. The client will also pay an ongoing investment management fee ("Management Fee") that varies by program, which includes a maximum fee of 1.35% payable to CAAS. AssetMark's fees may vary due to different factors, including the type of program, portfolio, and/or asset allocation, as well as the size of the account and/or overall client relationship. AssetMark's fees may be negotiable under certain conditions. CAAS's portion of the fee is negotiable, and may vary among clients.

The Management Fee is calculated and billed quarterly in advance based on the value of the assets in the client's account on the last day of the previous calendar quarter. For new accounts, the Program Fee is prorated when the account is opened for the rest of the quarter.

The custodian bills the client's account for the Initial Consulting Fee and Management Fee, keeps its portion for custodial services, and pays the rest of the Program Fee to AssetMark, who then pays CAAS and any Portfolio Advisers and service providers. CAAS will keep part of the fee, and will also pay a portion to the CAAS Representative. CAAS may also receive additional compensation from AssetMark and its affiliates for providing administrative services to AssetMark clients and accounts, and for its promotional and marketing efforts in soliciting clients for AssetMark. CAAS may also receive cash and non-cash payments from AssetMark and its affiliates for meetings, training, and support of education and marketing initiatives.

Clients may pay more or less for services in AssetMark's asset management programs than if they purchased similar services separately.

The fees for these programs may be higher or lower than investment advisory fees charged by AssetMark or CAAS to other clients for similar services. The amount of compensation received by CAAS may be more or less than what it would receive if the client used other programs or paid separately for AssetMark's services. Therefore, CAAS may have a financial incentive to recommend AssetMark over other programs or services.

In addition to the fees for AssetMark's programs, there may be other costs not included in these fees, such as dealer mark-ups, costs associated with the purchase and sale of certain mutual funds, mutual fund expenses including 12(b)-1 fees, odd-lot differentials, exchange or auction fees, transfer taxes, costs for transactions executed other than by the custodian, electronic fund and wire transfers, SEC fees, other charges mandated by law, and any record keeping and reporting fees charged to IRA and other retirement plan accounts.

For more information please consult AssetMark's Form ADV, Part 2A and/or the disclosure brochure for the AssetMark programs.

### **Privately Managed Portfolios Service ("PMP"):**

The account minimum is \$250,000, although smaller accounts may be accepted at AssetMark's discretion. The client may pay an Initial Consulting Fee as described above, and will also pay an ongoing Management Fee of up to 2.8%, including a maximum fee of 1.35% payable to CAAS.

### **GMS Portfolio Service:**

The account minimum is \$50,000, although smaller accounts may be accepted at AssetMark's discretion. The client may pay an Initial Consulting Fee as described above, and will also pay an ongoing Management Fee of up to 2.7%, including a maximum fee of 1.35% payable to CAAS.

### **Mutual Fund and Exchange Traded Funds Service:**

The minimum investment required in the AssetMark program is generally \$50,000 for Mutual Fund accounts and \$100,000 for ETF accounts. For Mutual Fund and ETF Accounts, the Client will pay CAAS an Overall Investment Advisory Fee. This fee includes a Program Fee that CAAS will pay to AssetMark and others.

### **Privately Managed Accounts:**

The standard minimum investment per Investment Manager will generally be \$100,000 – \$250,000, and will depend on the Custodian and Investment Manager(s) selected for the account. AssetMark may accept certain investments below these minimums at its discretion. Certain Investment Managers may also require minimum investments greater than \$250,000.

The Overall Investment Advisory Fee is listed in the Client Services Agreement signed by the Client and CAAS. The maximum Overall Investment Advisory Fee for all accounts will not be more than 2.00% annually. In addition to the Overall Investment Advisory Fee, Clients in Privately Managed Accounts will also pay an investment management fee directly to the Investment Manager(s). The fee charged by each investment Manager will be listed on the Investment Manager Designation form included in the Client Services Agreement that the Client signs. Fees will vary by Investment Manager; a complete list of Investment Manager Fee schedules is available by request. Client fees are payable quarterly, in advance, based on assets under management. Clients may terminate AssetMark accounts at any time and receive a full pro-rated refund of any unearned fees. CAAS may receive additional administrative fees from AssetMark, as well as payments for meetings, training and marketing support. AssetMark may also reimburse CAAS Representatives quarterly for certain marketing and/or business development expenses.

For further information on the AssetMark Program and associated fees, please see AssetMark's Form ADV, Part 2A or disclosure brochure.

## SEI

**What fees and services are covered by the Wrap Fees?** The Wrap Fees pay for our advisory services and administrative expenses, along with TD Ameritrade's custody charges and brokerage services.

**What fees and services are not covered by the Wrap Fees?** Wrap Fees do not cover SEC fees or expenses of mutual funds or ETFs that may be included in your portfolio.

**How are fees charged?** Fees are charged quarterly in advance. If management begins after the start of a quarter, fees will be prorated accordingly. If you or we choose to terminate our advisory agreement, we will refund any prepaid, unearned fees in a reasonable time frame based on the date your assets transfer out of the account.

## SEI Fees

CAAS charges a fee based on a percentage of assets under management. The fee is billed quarterly in arrears. The annual fee will not exceed 1.75%. Fees are negotiable. In the SEI Mutual Fund Program, the fee reflects charges for all advisory services. Any separate charges for custodial and trading services are listed in the Client Services Agreement between you and SEI. In the SEI Managed Accounts Program, the fee reflects the services provided by CAAS, which are described in the Managed Accounts Investor Application.

## Morningstar Managed Portfolios

Participating Clients will be charged an annual fee on a quarterly basis. This annual fee consists of: (1) a fee relating to services performed directly by MIS or affiliate (i.e., discretionary investment management services), communications, marketing activities, and services performed by MIS' middle-office provider and (2) a fee relating to services performed by you (collectively, "Total Fee").

The following schedule reflects the annual Total Fee that will be charged to Participating Clients quarterly. The base pricing schedule listed below reflects the maximum amounts that may be charged to each Participating Client:

### Breakpoint Pricing Schedule - Mutual Fund Strategies:

|                                | First<br>\$500K | Next<br>\$500K | Next<br>\$1MM | Over<br>\$2MM |
|--------------------------------|-----------------|----------------|---------------|---------------|
| MIS Net Fee <sup>1+</sup>      | 40 bps          | 35 bps         | 30 bps        | 20 bps        |
| CAAS Advisory Fee <sup>2</sup> | 110 bps         | 105 bps        | 100 bps       | 90 bps        |
| Total Fee <sup>3</sup>         | 150 bps         | 140 bps        | 130 bps       | 110 bps       |

Annual Minimum MIS Advisory Fee<sup>4</sup>: \$200

1 The Portfolios' underlying mutual funds incur their own internal expenses such as management, transfer agent, shareholding servicing, and 12b-1 fees. MIS receives an indirect benefit from those funds with shareholder servicing fees. This indirect benefit relates to the fact that MIS' back-office service provider ("Provider") receives shareholding servicing fees directly from the mutual funds within the Program. The Provider, in turn, reduces the monthly fee payable to MIS to it (in accordance with the agreement between the Provider and MIS) by the amount of the shareholding servicing fees it receives relating to the client assets in the Program. To mitigate the conflict of interest this may present (e.g., incentive to select mutual funds with shareholder servicing fees), MIS deducts from its gross advisory fee at each tier a flat credit amount that is an amount equal to the greater of 25 basis points (i.e., 0.25%) or the aggregate fees received by MIS' Provider from the mutual funds. The result—gross advisory fee minus the credit amount—is the MIS Net Fee listed above. If the portfolio strategy is managed by an affiliate of MIS, a portion of the MIS Net Fee will be paid to the affiliate.

2 At CAAS' discretion, the CAAS Advisory Fee may be reduced.

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

4 The Annual Minimum MIS Advisory Fee is applied to those accounts not held with BNY Mellon Investment Servicing Trust Company

+ The MIS Net Fee for the Enhanced Cash Option (ECO) will be assessed a fee of 20 bps, across all breakpoints. Investments in the ECO are not bank deposits and therefore not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

#### **Breakpoint Pricing Schedule - Select Stock Basket Strategy<sup>1</sup>:**

The following schedule reflects MIS' portion of the annual Total Fee that will be charged to Participating Clients quarterly. While you have discretion in determining the amount of your annual fee at each breakpoint listed below, you agree that your annual fee will be no greater than 110 basis points (1.10%).

|  | First<br>\$1MM | Next<br>\$4MM | Thereafter          |
|--|----------------|---------------|---------------------|
| MIS Advisory Fee <sup>2</sup>                      | 55 bps         | 50 bps        | 45 bps <sup>3</sup> |
| CAAS Advisory Fee <sup>4</sup><br>(maximum amount) | 110 bps        | 110 bps       | 110 bps             |
| Total Fee  | 165 bps        | 160 bps       | 155 bps             |

Annual Minimum MIS Advisory Fee (Custom Series): \$1,375

Annual Minimum MIS Advisory Fee (Strategist Series): \$550

1 The Stock Basket Strategy invests primarily in common stocks of U.S. companies, which are a type of equity security that represents an ownership interest in a corporation. Common stocks are subject to greater fluctuations in market value than other asset classes as a result of such factors as a company's business performance, investor perceptions, stock market trends and general economic conditions. Stocks of small and mid-cap companies tend to be more volatile and less liquid than stocks of large companies. Stock Basket Strategy may also invest in American Depositary Receipts ("ADRs"), also referred to as foreign stocks listed on an U.S. exchange. There are investment risks associated with ADRs and foreign stocks including but not limited to, currency exchange-rate, inflationary, and liquidity risks as well as the risk of adverse political, economic and social developments taking place within the underlying issuer's home country. In addition, the underlying issuers of certain ADRs are under no obligation to distribute shareholder communications to ADR holders, or to pass through to them any voting rights with respect to the deposited securities.

2 Does not include fees/commissions associated with executing transactions nor the internal expenses of exchange-traded funds. Additionally, this fee covers costs associated with middle-office services such as trading infrastructure and client accounting and reporting. If the portfolio strategy is managed by an affiliate of MIS, a portion of the MIS Advisory Fee will be paid to the affiliate.

3 For clients with account assets of \$5 million or above, MIS Advisory Fee is negotiable.

4 At CAAS' discretion, the CAAS Advisory Fee may be reduced.

## Breakpoint Pricing Schedule - ETF Only Strategies<sup>1</sup>:

The following schedule reflects MIS' portion of the annual Total Fee that will be charged to Participating Clients quarterly. While you have discretion in determining the amount of your annual fee at each breakpoint listed below, you agree that your annual fee will be no greater than 110 basis points (1.10%).

|  | First   | Next    | Thereafter          |
|--|---------|---------|---------------------|
|  | \$1MM   | \$4MM   |                     |
| MIS Advisory Fee <sup>2</sup>                      | 30 bps  | 25 bps  | 20 bps <sup>3</sup> |
| CAAS Advisory Fee <sup>4</sup><br>(maximum amount) | 110 bps | 110 bps | 110 bps             |
| Total Fee  | 140 bps | 135 bps | 130 bps             |

Annual Minimum MIS Advisory Fee: \$ 150

1 The portfolios may contain exchange-traded funds whose investment objective is to track indexes created and maintained by MIS' parent, Morningstar, Inc. In those cases, the sponsor of the exchange-traded funds ("ETF Sponsor") enters into a licensing agreement with Morningstar Inc. To mitigate any conflict of interests arising from MIS' usage of such exchange-traded funds, Morningstar Inc.'s compensation from the ETF Sponsor will not be based on nor will include assets that are a result of a Participating Client's investment in those exchange-traded funds. In addition, Morningstar Inc. does not/will not have any input into MIS' investment decisions, including what exchange-traded funds will be recommended for its Portfolios.

2 Does not include fees/commissions associated with executing transactions nor the internal expenses of exchange-traded funds. Additionally, this fee covers costs associated with middle-office such as a trading infrastructure and client accounting and reporting. If the portfolio strategy is managed by an affiliate of MIS, a portion of the MIS Advisory Fee will be paid to the affiliate.

3 For clients with account assets of \$5 million or above, MIS Advisory Fee is negotiable.

4 At CAAS' discretion, the CAAS Advisory Fee may be reduced.

## Additional Information about our Services and Fees.

We generally do not separately offer the services provided under the WealthMark, WealthMark II, WealthBuilder and WealthBuilder II Programs. However, you may be able to purchase services similar to those offered under the WealthMark, WealthMark II, WealthBuilder and WealthBuilder II Programs from other service providers either separately or as part of a similar wrap fee program. These services or programs may cost more or less than the WealthMark, WealthMark II, WealthBuilder and WealthBuilder II, depending on the fees charged by such other service providers.

As noted above, we offer Non-Program Accounts on a wrap fee basis, in which the fee includes brokerage costs such as commissions and ticket charges, or on a fee-only basis, in which case you are charged separately for brokerage costs such as commissions or ticket charges. However, you may be able to purchase similar services from other service providers either separately or as part of a similar wrap fee program. These services or programs may cost more or less than what we charge for Non-Program Accounts, depending on the fees charged by such other service providers.

In evaluating "wrap fee" investment programs, you should recognize that transactions are usually effected "net", that is, without commission. A portion of the wrap fee is generally considered as being in lieu of commissions. We require that trades be executed only with TD Ameritrade, so that we will not seek best price and execution by placing transactions with other broker-dealers. While we anticipate that TD Ameritrade will be able to obtain best execution with respect to mutual funds and ETF, it is possible that better execution for these and other types of securities may be available through other broker-dealers.

You may wish to satisfy yourself that TD Ameritrade can provide adequate price and execution of most or all transactions. You should also consider that, depending upon the level of the wrap fee we charge, the amount of portfolio activity in your account, the value of custodial and other services which are provided under the arrangement, and other factors, the "wrap fee" may or may not exceed the aggregate cost of such services if they were to be provided separately.

Our fees are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. You could invest in a mutual fund or and ETF directly, without our services. In that case, you would not receive the services provided by us and/or FWSM which are designed, among other things, to assist you in determining which mutual fund or funds or ETFs are most appropriate to your client's financial condition and objectives. Accordingly, you should review both the fees charged by the funds and ETFs and the fees charged by us to fully understand the total amount of fees you are to pay in order to evaluate our advisory services.

The Investment Adviser Representative recommending the WealthMark, WealthMark II, WealthBuilder and WealthBuilder II Programs to you receives compensation as a result of your participation in these Programs. The amount of this compensation may be more than what the Investment Adviser Representative would receive if you used our other programs or paid separately for investment advice, brokerage, and other services. The Investment Adviser Representative may, therefore, may have a financial incentive to recommend these Programs over other programs or services.

When consistent with your needs, CAAS may recommend that you invest in a Real Estate Investment Trust ("REIT"). If you agree that such an investment is appropriate, and if you want your Investment Adviser Representative to assist in purchasing this REIT, your representative, acting in his or her separate capacity as a registered representative of INVEST or WFG Investments ("WFG"), will purchase a REIT for you by and through INVEST or WFG. Your representative will receive separate and typical sales compensation for purchasing this REIT. We will not include this REIT in calculating your advisory fee for the first two years following your purchase of the REIT. You are not obligated to purchase any REITs and are not obligated to use your representative or INVEST or WFG to purchase any REIT.

When consistent with your needs, CAAS may recommend that you invest in a variable annuity. If you agree that such an investment is appropriate, and if you want your Investment Adviser Representative to assist in purchasing this variable annuity, your representative, acting in his or her separate capacity as a registered representative of WFG or INVEST, will purchase a variable annuity for you by and through WFG or INVEST. Your representative will receive separate and typical sales compensation for purchasing this variable annuity. We will not include this variable annuity in calculating your advisory fee for the first three years following your purchase of the variable annuity. You are not obligated to purchase any variable annuities and are not obligated to use your representative or WFG or INVEST to purchase any variable annuity.

#### **Item 5. Account Requirements and Types of Clients**

We recommend a minimum account of \$100,000 per family for WealthMark and WealthMark II portfolios and \$50,000 per family for WealthBuilder and WealthBuilder II portfolios. These minimums may be waived at our discretion. We do not have account minimums for Non-Program Accounts.

The WealthMark, WealthMark II, WealthBuilder and WealthBuilder II Program and Non-Program Accounts are available to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

#### **Item 6. Portfolio Manager Selection and Evaluation**

We directly manage the WealthMark, WealthMark II, WealthBuilder and WealthBuilder II portfolios. While we offer a Tactical management style based on securities selection and trading signals provided by Dorsey Wright, an unaffiliated firm, we manage these accounts ourselves.

#### **Third Party Asset Management ("TPAM")**

We also offer a range of investment related services (each service being referred to as a "Program"), including Programs that use third party asset managers ("TPAMs"). TPAMs generally provide investment management, reporting and custodial services on a single platform under an investment advisory relationship. The Firm conducts due diligence to assure that TPAMs we select meet certain requirements. If a TPAM meets these requirements, we enter into an agreement with the TPAM that enables your Representative to offer their investment services. If you select a TPAM to manage your account, the TPAM will pay the Firm and the Representative a portion of its investment advisory fees. We refer to these payments as "TPAM Compensation" and such fees are detailed in

Part 2A of the TPAM's Form ADV. TPAM Compensation is shared with Representatives depending upon their payout grid. These payout grids are generally weighted to pay higher amounts for (a) packaged products (like mutual funds, annuities and REITs) over individual stocks and bonds and (b) to pay higher percentages of the TPAM Compensation to Representatives who generate more revenue for the Firm.

In addition to TPAM Compensation, the Firm may also enter into agreements with certain TPAMs under which the Firm receives an additional level of compensation paid out of the TPAM's advisory fees. Please note that these Payments are paid from revenue that the TPAM or their affiliates receive, and are not specific deductions from your account.

We use these Payments to offset costs associated with conducting due diligence, operating the Firm, hosting certain meetings and events, and as general revenue of the Firm. TPAMs may also pay costs associated with our Representatives and employees attending certain conferences, presentations, meetings and events designed to educate them about the TPAM or other business matters.

Our current TPAMs include AssetMark, SEI, Brinker Capital, Morningstar Investment Services and First Mercantile.

Since these Payments create an actual or perceived conflict of interest, this is intended to provide you with information on the TPAM, and related information about which you should be aware.

In exchange for these Payments received by the Firm, the TPAMs receive enhanced access to your Representative. Such access includes (i) the opportunity to speak about their services at Firm conferences, presentations, meetings or events at which your Representative may be in attendance; (ii) increased prominence on the Firm's website; and (iii) other opportunities to interact directly or indirectly with your Representative, beyond what other TPAMs may enjoy. This access to your Representative provides TPAMs increased opportunities for marketing, educating and training Representatives about their services, which, in turn, may increase our Representatives' knowledge and familiarity of the TPAM's services versus other TPAM's services. This may influence your Representative when making recommendations to you and other clients.

## **ASSETMARK**

CAAS offers asset allocation and advisory services sponsored by AssetMark. CAAS may offer these services under a referral model or an adviser model. Under the referral model, CAAS Representatives may solicit clients for AssetMark's asset allocation and advisory services. Under the adviser model, CAAS and its Representatives may offer AssetMark's asset allocation system, in which clients are introduced to investment managers who provide discretionary management of individual portfolios of equity and/or fixed income securities. Clients may also invest in model portfolios of mutual funds, exchange traded funds, and variable annuity sub-accounts created and maintained by institutional investment strategists.

Clients will sign an investment advisory agreement giving AssetMark or another portfolio strategist full discretionary authority to manage the client's assets. The client will authorize AssetMark to open a brokerage account for the client at either AssetMark, one of its affiliates, or any other custodian that AssetMark chooses. This discretion includes the authority to:

- determine the initial and ongoing asset allocation of the client's assets
- buy and sell securities and other investments for client accounts
- select broker-dealers to execute these transactions;
- hire other investment advisers to provide advice to AssetMark and manage some or all of client assets; and
- replace these investment advisers as AssetMark chooses.

CAAS and its Representatives do not have any responsibility or authority to buy or sell securities in client accounts, choose the initial or ongoing allocation of client assets, or select other investment advisers.

The CAAS Representative will consult with the client to assess their financial situation, identify investment objectives, and determine whether AssetMark's services offered by AssetMark may be appropriate for the client. This consultation may include collecting financial information through an application and suitability questionnaire,

and assisting the client in identifying financial objectives and appropriate investment programs. Any information collected through this process may be shared between CAAS, the CAAS Representative, AssetMark, any investment advisers selected by AssetMark, the custodian, and any other parties performing services in the Program. AssetMark and/or its affiliates and service providers are responsible for creating and sending reports to clients, including transaction reporting, performance reporting, and tax reporting.

#### **Privately Managed Portfolios Service (“PMP”):**

Under the PMP service, AssetMark manages client assets in a portfolio of securities on a fully discretionary basis. These portfolios are offered in a variety of equity styles with various risk management strategies and levels, which the client selects with assistance from the CAAS Representative. The account minimum is \$250,000, although smaller accounts may be accepted at AssetMark’s discretion. AssetMark will use one or more investment advisers (“Portfolio Advisers”) to recommend securities for purchase and sale in the client’s account. Securities and other investments will be invested, reinvested, and reallocated on an ongoing basis.

#### **GMS Portfolio Service:**

Under the GMS service, AssetMark manages client assets in a portfolio of securities on a fully discretionary basis. These portfolios are offered in five equity styles with various risk levels, which the client selects with the assistance of the CAAS Representative. The account minimum is \$50,000, although smaller accounts may be accepted at AssetMark’s discretion. AssetMark will use one or more investment advisers (“Portfolio Advisers”) to recommend securities for purchase and sale within the client’s account. Equity investments in GMS accounts are not adjusted on an ongoing basis, but will generally only be adjusted after one year plus at least one day. AssetMark currently plans to readjust GMS equity holdings each calendar year. Under “Opportunistic” investment objectives, securities may be bought and sold more frequently.

#### **Actively Managed Protection Service (“AMP Service”):**

AssetMark’s AMP Service is available with certain GMS and PMP services and is included in some Mutual Fund Services. The AMP Service is designed to reduce a portion of a portfolio’s losses each year that result directly from a significant decline in the overall stock market. The AMP Service is designed to allow clients to participate in some portion of a significant rise in the overall stock market. The AMP Service is not a guarantee against losses or a guarantee of limitation of losses. AssetMark may or may not be successful in achieving the investment objective of loss reduction for any client in any year. Election of the AMP Service will likely have the result of reducing the portfolio’s ability to benefit from the rise in the overall stock market.

#### **Mutual Fund and Exchange Traded Funds Service:**

AssetMark has contracted with a number of institutional investment management firms (“Strategists”) to create a variety of asset allocation model portfolios (“Models”) from open-end mutual funds. AssetMark has also contracted with certain Strategists to create additional Models from Exchange Traded Funds (“ETFs”). AssetMark has identified a broad range of mutual funds for the Strategists to use in the mutual fund Models, and provides Strategists access to a broad range of ETFs for use in the ETF models. The mutual funds are either no-load funds or funds that may be purchased through the Program at net asset value without sales charges. CAAS is not affiliated with AssetMark or the Strategists. Strategists, mutual funds and ETFs may be added or removed from the Program at AssetMark’s discretion. The Strategists will select and monitor the performance of the mutual funds and ETFs in their Models and will periodically adjust the portfolios based on their investment strategies. The CAAS Representative will help Client choose the Model(s) and the Strategist(s). The Client chooses the Strategist(s) and the Model(s), as well as the mutual funds or ETFs for their account. The Client will be able to periodically make changes in the selected Model(s) in accordance with the Strategist’s rebalancing decisions or otherwise. Mutual fund and ETF investments made through the Program will be held by a Custodian who will maintain the Client’s account and make transactions at the Client’s direction.

#### **Privately Managed Accounts:**

AssetMark has contracted with a number of institutional investment management firms (“Investment Managers”) to provide discretionary management services to Clients. AssetMark has also contracted with Callan Associates to select and monitor certain Investment Managers which Callan has designated as “Best of Class” managers. Callan will provide services in developing and maintaining multi-manager model portfolios using these “Best of Class” managers, including portfolios corresponding to six Risk/Return Profiles ranging from conservative to aggressive. In developing multi-manager portfolios using Investment Managers, Callan may also select a limited



number of mutual funds in certain asset classes where it has determined that this is appropriate. The mutual funds may include both no-load and load-waived mutual funds.

The CAAS Representative will assist the Client in selecting one or more Investment Manager and/or mutual funds based on their investment objectives. The Client may or may not select Callan "Best of Class" managers and/or follow a model portfolio developed by Callan.

## **SEI INVESTMENTS**

Background:

SEI Investments, Inc. (SEI) is a publicly traded financial services firm dedicated to helping clients effectively manage their financial assets. SEI has been an institutional consultant to large institutional investors for over 30 years.

Overview:

The SEI Programs are sponsored by SEI Investments, a global asset management firm that strives to provide high net-worth and institutional clients with a better way to achieve their financial objectives through a disciplined, objective approach to investing. SEI has a research and development focus. Through the SEI Programs, the client will have access to institutional money managers, which will actively manage the account on a continuous basis.

SEI will monitor the managers on a daily basis. The client will receive a monthly consolidated statement, quarterly performance reports and an annual tax report. SEI monitors every trade their managers make every day to make sure that no style drift occurs that would generate uncompensated risk. SEI offers an investment management approach that uses actively managed asset allocation to help meet the client's objectives. SEI offers a style-specific, multi-manager investment approach to help achieve more predictable long-term performance. The client portfolio will be designed with a diversified asset allocation to provide flexibility to address client needs. SEI's Programs may use global diversification and tax-efficient strategies to help reduce realized capital gains and tax liability. SEI uses multiple style-specific specialist managers to help reduce risk.

**The SEI Mutual Fund Program** - is a comprehensive approach that uses actively managed asset allocation portfolios to help meet client investment objectives. The SEI Mutual Fund Program offers the opportunity to invest in institutional mutual funds and get both low-cost pricing and consistency of management discipline. The goal of SEI's mutual funds is to avoid style drift from one area of the market to another, and to make sure that the asset allocation selected by the client remains consistent over time.

The SEI Process:

Your CAAS Representative will meet with you and obtain all necessary financial data and investment profile information to assist you in determining your risk tolerance. Your CAAS Representative will work with SEI to design a specific strategy to match your investment objectives, time horizon, and risk profile. Your CAAS Representative will assess your current financial situation, resources, projected income and investments. You and your CAAS Representative will define your investment objectives, set time frames and make some assumptions about the economy in general and investing in particular.

Once your CAAS Representative has gathered your financial information, they will summarize it in writing and present a Statement of Investment Policy, which is designed to assist you in reaching your financial goals within your time horizon. You and your CAAS Representative will agree on a strategy based on your risk tolerance and time horizon. Unless otherwise decided, your portfolio will be automatically re-balanced to its original allocation on a monthly basis. Once you have selected your portfolio model, you and your CAAS Representative will select managers to support the model. Your portfolio will be designed to manage risk through diversification by asset class and investment style. You will select the SEI Portfolio with the assistance of your CAAS Representative. SEI recommends the use of multiple managers, since this approach helps maximize diversification and manage risk.

Once your strategy has been selected and implemented, SEI, as advisor to the SEI Fund and your Managed Account Assets, will select and hire the mutual fund sub-advisors and portfolio managers. SEI will have complete investment authority over the Managed

Account Assets to carry out the investment strategy in your portfolio. SEI will continuously review the performance of all managers and investments to ensure that the assets are managed in accordance with your selected investment style. In the SEI Mutual Fund Program, SEI will make re-allocation recommendations to CAAS, and

CAAS will implement them on a discretionary basis if deemed appropriate. CAAS will exercise this discretionary authority at a corporate level for all clients in this program. You will receive a monthly statement for your entire portfolio showing all account activity. Your CAAS Representative will contact you on a regular basis, but no less than annually, to review your portfolio and compare its performance with your investment objectives.

### **First Mercantile**

First Mercantile is exclusively focused on retirement plans which means that every decision they make is about helping plan sponsors and participants reach their goals. By selecting First Mercantile Trust you are choosing to align with a company completely focused on its fiduciary responsibilities to the collective trusts for which it serves as trustee, and you can trust that they are in this business for the duration. With a commitment to fee transparency and a robust recordkeeping and investment platform, their commitment to your success and to the retirement business is unwavering.

First Mercantile offers the following benefits:

- Unbiased approach to investment selection
- Meaningful, investment level fiduciary services
- Investment lineups to fit your style
- Fee disclosure and transparency
- Level compensation and flexibility
- Rigorous due diligence process
- Custom investment model
- Superior client service model
- Robust fund-level and plan-level reporting

### **Brinker Capital Destinations Mutual Fund Program**

Brinker offers asset allocation strategies targeting specific investment objectives.

Whatever your goals may be, they have a strategy to help reach them. These strategies offer different balances of risk and reward, depending on your risk tolerance and time horizon. They're all designed to offer consistent, competitive performance while seeking to achieve better risk-adjusted returns over the long term.

Brinker's managers select the underlying mutual funds of which none are proprietary funds. Destinations offers models portfolios, with track records of 12-15 years. At the \$100,000 level, this is also one of the lowest costing, managed mutual fund accounts available with active management. The destinations program also offers a distribution strategy, using the 2-bucket approach, to help provide liquidity for certain income needs.

With Destinations, you benefit from:

- Seventeen personalized investment strategies
- Professional and objective investment management
- Broadly diversified asset allocation
- Consistently competitive performance
- Personalized Distribution Strategy
- Dollar Value Averaging

### **Morningstar Investment Services**

CAAS may offer clients the Morningstar® Managed Portfolios<sup>sm</sup> program ("Program"). This Program is a discretionary investment advisory program offered by Morningstar Investment Services, Inc. ("MIS"), a federally registered investment advisor. The Program is available to clients through arrangement MIS has with CAAS. MIS will receive compensation for their investment advisory services provided under the Program as a percentage of assets. In addition, MIS will delegate certain services to CAAS such as assisting each client in completing a questionnaire and other applicable account opening forms, determining suitability, meeting with the client at least annually to obtain any changes in their financial situation and acting as liaison between MIS and the CAAS client. For these services, the CAAS will receive a portion of the fee paid by each client participating in this Program.

The minimum initial investments are as follows:

|  |             |
|--|-------------|
| Mutual Fund Strategies                     | \$50,000    |
| Enhanced Portfolio Service                 | \$1,000,000 |
| Individual 401(k) Account                  | \$40,000    |
| For each of the above:                     |             |
| Minimum subsequent investment              | \$500       |
| Minimum subsequent investment–IRA Accounts | \$250       |
| Select Stock Basket Custom Strategy        | \$250,000   |
| Select Stock Basket Strategist Strategy    | \$100,000   |
| ETF Strategy                               | \$50,000    |

At MIS' sole discretion, an initial or subsequent investment of less than the above stated minimums may be allowed.

Pursuant to the discretionary authority granted within the Investment Management Agreement (signed prior to opening an account), MIS will execute transactions as frequently as MIS considers necessary.

### Third Party Administrators ("TPA")

We may also offer TPA services to those clients needing such services for their retirement plans through the following:

- Paychex Retirement Systems
- TD Retirement Services
- Nationwide
- Professional Capital Services
- TPA Fidelity
- Penco
- Master Benefit Group
- Paychecks Retirement Services
- Alliance Benefit Group
- KDP Retirement Plan Services
- The Hartford
- TPA Securian
- Howard Simon
- The Benefit Group
- DWC Consultants
- Valic

### Performance-Based Fees and Side-By-Side Management

Capital Asset Advisory Services, LLC does not charge performance-based fees.

### Methods of Analysis, Investment Strategies and Risk of Loss

#### Methods of Analysis

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

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to

recognize recurring patterns of investor behavior and potentially predict future price movement.

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

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

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

## **Investment Strategies**

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

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

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take 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 we make the decision to sell.

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

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

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

The two types of options are calls and puts:

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

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

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

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

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

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

#### **Voting Client Securities**

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

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

#### **Item 7 Client Information Provided to Portfolio Managers**

As previously stated in Item 4 of this Brochure, we will assist you in determining your investment goals and objectives, risk tolerance, and retirement plan time horizon. Based on this information, we will create an initial portfolio allocation designed to complement your educational, home ownership and retirement goals and objectives.

#### **Item 8. Client Contact with Portfolio Managers**

We do not impose any restrictions on your ability to contact our firm and our Investment Adviser Representatives. Third Party Money Managers usually communicate with the firm and our Investment Adviser Representatives only.

#### **Item 9. Additional Information**

##### **Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

## Other Financial Industry Activities and Affiliations

Certain of our Investment Adviser Representatives ("IARs") are registered representatives of WFG Investments ("WFG") or INVEST Financial Corporation ("IFC"). WFG and IFC are securities broker-dealers (members of FINRA, SIPC) and both are investment advisers registered with the Securities and Exchange Commission. We are in the process of moving our broker-dealer relationship from IFC to WFG, however during this transition, CAAS will have IARs that are registered representatives with one or the other broker-dealer. We will update our brochure once this transition is complete.

In addition, our IARs are also licensed insurance agents. Our IARs may receive compensation for their activities as registered representatives or insurance agents. Approximately 90% of the time of our IARs is spent in connection with these activities.

As registered representatives of WFG or IFC, our IARs may recommend securities or insurance products offered by the broker-dealer, and receive normal commissions if products are purchased through them. Thus, a conflict of interest exists between the interests of the IARs and those of our advisory clients. Our financial planning, 401(k) and non-discretionary clients are under no obligation to purchase products recommended by the IARs. No client is obligated to place securities transactions or purchase insurance through WFG or IFC.

Under certain circumstances, WFG and/or IFC may collect our investment advisory fee remitted to CAAS by the account custodian, and retain a portion of our fee as a charge to our firm (not to you) for the functions WFG and IFC are required to carry out by FINRA. This fee will not increase execution or brokerage charges to the client or the client's advisory fee. A portion of the fee retained by WFG or IFC may be re-allowed to other registered representatives of these firms who, as registered representatives of IFC and WFG, are responsible for supervision of other representatives and assisting the firms with the functions described above.

WFG and IFC are registered investment advisers and, where permitted by law, certain of our IARs may also be registered as investment adviser representatives of WFG or IFC. WFG and IFC offer third party separate account management services not offered by our firm. When evaluating the needs of a client for investment advisory services, individuals who are investment adviser representatives of both our firm and WFG or IFC will disclose to the client that services can be provided through either advisory firm and will work with the client to determine whether the services of our firm or WFG or IFC are most appropriate to the client. As the fees charged by our firm may be higher or lower than those charged by WFG or IFC, clients should be aware that in this situation the possibility of receiving greater compensation by recommending one firm over the other presents a potential conflict of interest for the investment adviser representative.

Our owners are also the owners and officers of Capital Asset Insurance Services, Inc., ("CAIS"), a licensed insurance agency in the State of Michigan. Through CAIS, licensed agents can offer insurance products from a variety of product sponsors. Our IARs who are also licensed insurance agents can effect transactions in insurance products and earn the standard and customary commissions for these activities. Our clients may also be clients of CAIS. Clients may use the insurance agency and agent of their choosing and are under no obligation to use the services of CAIS or of any of its insurance agents for insurance services. Our advisory fees are separate and distinct from any commissions earned by CAIS or its insurance agents for the sale and servicing of insurance products. Our firm and/or its related persons own, wholly or in part, several accounting firms. These firms may provide accounting and tax preparation services to advisory clients for separate and typical compensation. No advisory client is obligated to use these accounting firms, and no accounting client is obligated to use our advisory services. You should be aware that the receipt of additional compensation by our firm and our management persons or IARs creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser. CG Financial Services, Inc. ("CGFS"), an affiliate of CAAS, employs a Community Advisory Board ("CAB") to advise CGFS on local economic conditions and to assist CGFS in understanding how to better match its services with the needs of its potential client base. CGFS compensates members of the CAB between \$1,200 and \$2,000 per year for serving on the CAB. Certain members of CAB are also advisory clients of CAAS. This presents a potential conflict of interest in that CAAS may have an incentive to favor CAB members over other adviser clients. It is CAAS's policy to never favor the interest of one client over another.

We take the following steps to address these conflicts:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Certain of CAAS' owners are also the owners of Wealth Advisory Group ("WAG"). WAG provides administrative and compliance support to CAAS and its affiliates. In addition, WAG may provide the following administrative services to unaffiliated investment adviser firms:

- Compliance assistance
- Identifying and screening individuals for employment as investment adviser representatives
- Payroll, accounting, bill-paying and other back-office services
- Providing staff to assist in the above functions

WAG does not provide investment advice.

#### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Our officers, employees and IARs may buy or sell – for their personal account(s) – investment products identical to those recommended to clients. These investment products are widely held and publicly traded. It is our policy that no person employed by our firm shall give preference to his or her own interest to that of the advisory client.

It is further noted that our investment advisory business is in and shall continue to be in total compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, we have adopted a firm wide policy statement outlining insider-trading compliance by the Firm, its associated persons, and other employees.

We have established the following restrictions in order to ensure our fiduciary responsibilities:

1. Our associated persons shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her affiliation with our firm or IFC, unless the information is also available to the investing public on reasonable inquiry. No person shall prefer his or her own interest to that of the advisory clients. (1) (2)
2. All clients are fully informed that certain individuals may receive separate compensation when effecting transactions during the implementation process.
3. We emphasize the unrestricted right of the clients to decline to implement any advice rendered, except in situations where a client has granted discretionary authority.
4. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
5. Any individual not in observance of the above may be subject to termination.

Notes:

- <sup>(1)</sup> This investment policy has been established recognizing that some securities being considered for purchase and sale on behalf of our clients trade in sufficiently broad markets to permit transactions by clients

to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with our records in the manner set forth above.

<sup>(2)</sup> Open-end mutual funds and/or the investment sub-accounts, which may comprise a variable insurance product, are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase of redemption. As such, transactions in mutual funds and/or variable insurance products by IARs are not likely to have an impact on the prices of the fund shares in which clients invest, and are therefore not prohibited by our investment policies and procedures.

In accordance with Section 204-A of the Investment Advisers Act of 1940, the Adviser also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Adviser or any person associated with the Adviser.

CAAS will provide a complete copy of its Code of Ethics to any client or prospective client upon request to the Chief Compliance Officer at CAAS' principal address.

## **Review of Accounts**

### **WealthMark, WealthMark II, WealthBuilder and WealthBuilder II Program Accounts:**

Our Investment Policy Committee continuously reviews the securities in WealthMark, WealthMark II, WealthBuilder and WealthBuilder II Portfolios. Allocations in model portfolios are reviewed by the Investment Policy Committee at least quarterly. Your account is reviewed by the Investment Adviser Representative responsible for your account at least annually. More frequent reviews may be triggered by material economic, political or market events, or by changes in your financial situation.

We only change the securities and allocations in Tactical portfolios when we receive recommendations from the independent research provider. Your account is reviewed at least annually by the Investment Adviser Representative responsible for your account.

**Non-Program Accounts:** We continuously review the securities held in Non-Program Accounts. Your account is reviewed quarterly. Your account is reviewed by the Investment Adviser Representative responsible for your account. More frequent reviews may be triggered by material economic, political or market events, or by changes in your financial situation.

## **REPORTS TO CLIENTS**

The account custodian is responsible for providing monthly or quarterly account statements which reflect the position (and current pricing), as well as transactions in each account, including fees paid from an account. Clients may also be able to review their portfolio performance online.

We will provide additional reports to clients as contracted for at the inception of the advisory relationship.

## **Client Referrals and Other Compensation**

### **Client Referrals**

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. 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 any referral.



## **Other Compensation**

Neither our firm nor our Investment Adviser Representatives receive any additional compensation related to the WealthMark, WealthMark II, WealthBuilder or WealthBuilder II Program. However, we do receive benefits through our recommendation of TD Ameritrade for custody and brokerage services. Please refer to Item 4 of this Brochure for more information.

Our firm and/or our officers and representatives are eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain types of insurance policies or other investment products that we recommend.

While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

As disclosed under Item 4 above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services.

## **Financial Information**

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

As an advisory firm that has discretionary authority, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Capital Asset Advisory Services, LLC has no additional financial circumstances to report.

Capital Asset Advisory Services, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.