

## **Curtis Advisory Group, LLC**

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**2/17/2015**

### **FORM ADV PART 2 BROCHURE**

This brochure provides information about the qualifications and business practices of Curtis Advisory Group, LLC. If you have any questions about the contents of this brochure, please contact us at [info@curtisadvisory.com](mailto:info@curtisadvisory.com) or (805) 963-6181. 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 Curtis Advisory Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Curtis Advisory Group, LLC is 151695.

Curtis Advisory Group, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **MATERIAL CHANGES**

### **Annual Update**

**Material Changes to this brochure will be updated annually or when the material change occurs.**

### **Material Changes**

**Curtis Advisory Group has become a SEC registered investment adviser.**

### **Full Brochure Available**

**Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (805) 963-6181 or by email at: [info@curtisadvisory.com](mailto:info@curtisadvisory.com).**

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## **Advisory Business**

Form ADV Part 2A, Item 4

- A. Curtis Advisory Group, LLC ("Adviser") is a SEC Investment Adviser that has been in business since 2010. The company's principal owner is Ryan Earl Curtis. Mr. Curtis is 100% owner of the firm.
- B. The firm focuses on serving wealthy families and small business owners through all phases of life. Curtis Advisory Group, LLC helps clients identify their goals and risk profile and then develops a strategic game plan to help them reach their goals. We attempt to implement the strategy by creating a diversified investment portfolio by recommending investments from multiple asset classes.

We primarily utilize Exchange Traded Funds and Open Ended Mutual Funds to manage liquid portfolios on a discretionary basis. We do not restrict any types of investments; however, we currently do not engage in option trading. On occasion, we will recommend a separate account manager if we feel doing so would benefit the client.

Adviser generally offers the following services:

- 1. Portfolio Management - engages in portfolio management for individuals, small businesses, pooled investment vehicles, for businesses other than small businesses and institutional clients. Adviser provides investment advisory services to these clients based upon their individual investment objectives, guidelines and restrictions, as provided by the client. Adviser does not maintain custody on these accounts.
- 2. Pension Consulting Services - provides pension consulting services to plans. These services may include advice on plan menu of investments, and an analysis of the plan expenses.
- 3. Reporting Services & Review – aggregates a client's holdings, reports on the performance of the investment, and provides oversight on other advisers. Activity will involve providing a variety of services, principally advisory in nature, to clients regarding the management of their financial resources based upon an analysis of their individual needs.

We will strategically rebalance the portfolio based on our assessment of the market, economy and client cash flow needs. We encourage clients to focus on long term results, even if we recommend a manager which utilizes a short term trading strategy.

The Adviser generally requires that individuals involved in determining or giving investment advice have at least two years of financial planning, Advisory, or brokerage related experience or educational achievements that the Adviser deems appropriate. The Adviser requires that each associate have licenses required in any applicable state.

The firm also provides independent reporting and investment oversight to clients. Investment oversight is defined as providing diversification, performance, and fee analysis and guidance for a client's account(s) that are not being actively managed by the firm. The objective of the service is to help the investor gain a consolidated view of all their accounts and bring potential red flags or opportunities to the attention of the client. The firm does not have trading authority over these accounts and will typically not make specific investment recommendations for clients that use this service.

From time to time, we help clients with financial calculations and/or projections as part of an overall wealth strategy. The firm utilizes financial planning software to help aid in these calculations and projections.

We tailor our advisory services to the needs of each client. We do so by considering the clients current positions, the client's investment history, tax status, cash flow needs, and overall involvement. A client has the ability to restrict certain investments as each portfolio is custom built.

The firm does not participate in a wrap program.

As of 12/31/2014, the firm managed \$139,053,561 in discretionary and \$3,387,197.76 in non-discretionary assets.

### ***Fees and Compensation***

Form ADV Part 2A, Item 5

- A. The firm is primarily compensated based on Assets Under Management. Fees range from 0.05% to 1% depending on a number of factors including: size of account, amount of work involved in the management of the account, the risk level of the portfolio, the specific types of investments utilized, etc. The fees are negotiated with each client individually after an initial consultation and determination of client needs and services desired. The firm has the ability to charge hourly or fixed fees for asset management but does not do so currently.

The firm will charge a fixed or hourly fee for services related to independent performance reporting and investment oversight.

Financial projections and planning services are typically provided as a value added service to clients and not billed separately.

- B. The firm deducts fees from client accounts unless specifically requested by the client to be billed directly.
- C. The account custodian may charge fees, which are in addition to and separate from the investment Advisory service fee. Custodians may charge accounts for various transaction costs, retirement plan and administration fees. In addition, some mutual fund assets deposited in the account may have been subject to deferred sales charges and 12 (b)(1) fees. Mutual funds also have annual expenses, which are described in each fund's prospectus. For more information about our brokerage practices, please see page 5.
- D. Fees are calculated quarterly and paid in advance, except for reporting services and review, when they are paid in arrears. Any unused fees are rebated back to the client at the termination of advisory agreement based on the quarterly daily rate. For example, if \$1,000.00 was the quarterly fee and there are 92 days in the Quarter, the daily rate is \$10.82. If the client terminates the advisory agreement on day 60 of the quarter, they are entitled to 32 days credit back or \$346.24. (32days X \$10.82 = \$346.24).
- E. The firm does not receive compensation for the sale of any securities. Clients have the option to purchase any investment products and may purchase them through other brokers or agents that are not affiliated with Curtis Advisory Group. If Curtis Advisory Group recommends the use of mutual funds then we typically recommend "no load" funds or funds that allow us to waive the upfront sales charge.

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

Form ADV Part 2A, Item 6

Curtis Advisory Group, LLC does not accept performance-based fees (that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle)) and this firm does not engage in side-by-side management. Curtis Advisory Group abstains from these potential conflicts of interest.

## ***Types of Clients***

Form ADV Part 2A, Item 7

The firm generally provides investment advice to individuals, high net worth individuals, trusts, estates, charitable organizations, pension and profit sharing plans, corporations and business entities (other than banks, thrift organizations and investment companies) and retirement plans. The firm imposes a minimum of \$500,000 but has the discretion to manage accounts for less than that minimum.

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

Form ADV Part 2A, Item 8

- A. The advisor uses various methods when evaluating investments for inclusion in a portfolio. These include fundamental analysis, technical analysis, charting, as well as following cycles or trends. The firm believes a combination of various strategies is preferred over utilizing only one strategy.

Fundamental analysis simply refers to determining the economic well-being of the economy, industry or company rather than only considering its price movements. In addition, we typically review the overall fundamentals of a pooled portfolio such as a mutual fund, separate account manager, or exchange traded fund before inclusion in a portfolio.

Technical Analysis looks at the past price movements of a stock or fund to determine the timeliness of a purchase or sale. We typically monitor price movements in relation to the securities moving averages. We believe technical analysis can be a valuable tool simply because other investors believe in it.

Similar to technical analysis, we strive to follow the economic cycle and follow trends as they develop. We may underweight or overweight certain asset classes in an attempt to reduce risk and increase return over time. This rebalancing may or may not achieve the desired results.

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

Curtis Advisory Group's sources of information include: financial newspapers/magazines, research materials prepared by others (Morningstar, Schwab, JP Morgan, S&P, Argus, Credit Suisse, Ned Davis), timing services, annual reports, prospectuses, filings with the SEC and company press releases. The firm's security analysis methods include: charting, fundamental, technical and cyclical.

- B. We primarily build long term oriented diversified portfolios, for the majority of the portfolio, while incorporating a more strategic or tactical portion for a smaller part of the portfolio. Passive or long term

oriented portfolios carry risk in that markets could fall and take many years to recover. The more active or tactical portion of the portfolio attempts to reduce downside risk, during market declines, but there is a chance that the manager or trading decisions could actually lower the portfolio's performance. Active strategies can also have higher trading costs, higher internal management fees, and potential higher capital gains tax consequences.

The firm's investment strategies used to implement any investment advice given to clients include: long term purchases (securities held at least 1 year), short term purchases (securities sold within a year), trading (securities sold within 30 days) and margin transactions. Trading is seldom performed and we typically do not recommend the use of margin (borrowing against the securities in client portfolios) but some clients may choose to do so from time to time.

- C. We typically recommend passive Exchange Traded Funds "ETFs" or Actively Managed Funds. Each fund typically bears market risk. As mentioned above, some active strategies bear other active manager risks as described above.

### ***Disciplinary Information***

Form ADV Part 2A, Item 9

- A. There are no legal or disciplinary events material to a client's or prospective client's evaluation of Curtis Advisory Group's business or integrity of management. There have never been any criminal or civil actions filed against our firm or management persons.
- B. Curtis Advisory Group, LLC and its management persons have never any administrative proceedings before any regulatory agency.
- C. There have never been any self-regulatory organization (SRO) proceedings concerning Curtis Advisory Group, LLC or its management persons.

### ***Other Financial Industry Activities and Affiliations***

Form ADV Part 2A, Item 10

- A. No management person of Curtis Advisory Group, LLC is registered or has an application pending to register as a broker-dealer or registered representative of a broker-dealer.
- B. No management person is registered or has application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Ryan E. Curtis is licensed as a life insurance agent as well as a real estate salesperson with the State of California; he makes it clear to all clients that they may utilize any specialist they choose. Further discussion on potential conflict of interest concerning referrals is on page 7.

- D. Curtis Advisory does not receive compensation from other investment advisers for placing client assets with them. Other advisors may provide referrals to Curtis Advisory and could thus be seen as a form of compensation. Curtis Advisory Group makes it clear with any adviser that they are under no obligation to provide any form of compensation.

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

Form ADV Part 2A, Item 11

- A. Curtis Advisory Group, LLC is a SEC registered investment advisor and has adopted a code of ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. The Adviser and its personnel owe a duty of loyalty, fairness and good faith towards their clients, and the obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code.

The Code covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures.

A copy of the code of ethics will be provided to any client or prospective client upon request.

- B. Curtis Advisory Group, LLC does not recommend or buy/sell securities in which the firm or related persons have a material financial interest.
- C. Associated persons may own an interest in or buy or sell for their accounts the same securities, which may be purchased or sold in the accounts of advisory clients. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored. Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell specific securities for their accounts based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for clients.
- D. From time to time, a related person may own, buy or sell securities at or around the same time that they are similarly recommended to clients. This could present a conflict of interest as the person may have an incentive to give preferential treatment to the timing of the purchases or sales for their own account. This is discouraged and the related person is to give priority to all clients in the buying and selling of the particular security before their own.

### ***Brokerage Practices***

Form ADV Part 2A, Item 12

- A. Recommending broker-dealers

1. Research and Other Soft Dollar Benefits. Curtis Advisory Group, LLC currently recommends two different custodians for clients. We currently have an adviser agreement with Charles Schwab



Institutional as well as Shareholder Services Group, LLC which custodies assets with Pershing, LLC (owned by Bank of New York Mellon).

The primary factors we consider when recommending a custodian are: commission schedule, trade execution, financial strength, clarity of statements, client online access, back office support, technology/trading platform, and research. We recommend both firms for these reasons. The fee schedules are different but we feel are within a reasonable level when compared to other custodians.

- a. We do not use client brokerage commissions to obtain research or other products or services.
- b. Curtis Advisory Group, LLC currently utilizes broker-dealer research services.

Currently, Schwab provides access to research as an incentive to use them over other custodians. We have access to Schwab research as well as JP Morgan, S&P, Argus, Credit Suisse and Ned Davis. This is a benefit to us as we do not pay for this research. While we are not paid cash, this type of benefit can create a conflict in suggesting one custodian over another. Shareholders Service Group will many times provide their advisors with a free one month subscription to research providers and provide group discounts to vendors.

We use any research available to benefit all clients, regardless of where their accounts are held.

- c. We do not cause clients to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).
  - d. We do not use soft dollar benefits to service any specific clients accounts.
  - e. Access to research is the only significant benefit that the firm has received from the client custodians over the last twelve months.
  - f. This last fiscal year, this firm did not direct client transactions to a particular broker-dealer in return for soft dollar benefits.
2. Brokerage for Client Referrals. Curtis Advisory Group, LLC does not consider receiving client referrals from a broker-dealer or third party when selecting or recommending broker-dealers.
3. Directed Brokerage.
- a. We routinely recommend or request that a client opens an account at either Charles Schwab Institutional or Shareholders Service Group. Clients do not have to use these custodians. As with any custodian, we may be unable to achieve the most favorable execution of client transactions and that may cost clients more money.
  - b. Clients have the ability to choose their custodian. However, as with all custodians, there is no guarantee their chosen custodian will provide the most favorable execution price.
- B. We typically do not aggregate orders as we custom build client portfolios. By not aggregating orders, clients could pay more as aggregated orders could result in better executions due to size of order and ability to trade within the bid and ask spread.

## **Review of Accounts**

Form ADV Part 2A, Item 13

- A. Ryan Curtis, Principal will review client accounts on a regular basis, no less than quarterly. Accounts are reviewed for consistency with the investment strategy and performance among other things.
- B. Client reviews will also happen during life changes such as retirement, change in goals, or immediate cash flow need. Reviews may be triggered by changes in an account holder's personal, tax or financial status. Macroeconomic and company specific events may also trigger reviews. There is currently no limit on the number of accounts that can be reviewed by an associate.
- C. Brokerage statements are generated no less than quarterly. These statements are sent directly from the account custodian. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage transaction unless confirmations have been waived.

In addition to monthly statements (in some cases, quarterly at a minimum) from the custodian, we produce billing statements on a quarterly basis. Upon request or during regular reviews, we have the ability to produce performance reports, asset allocation snapshot, and various other reports. The Adviser generally sends generic commentary regarding the markets via e-mail updates and speaks of client specific data during reviews.

## **Client Referrals and Other Compensation**

Form ADV Part 2A, Item 14

- A. Curtis Advisory Group, LLC does not engage in practices whereby someone who is not a client provides an economic benefit to the firm (e.g. sales awards or other prizes) by providing investment advice or other advisory services to our clients.

Ryan E. Curtis is licensed as a life insurance agent as well as a real estate salesperson with the State of California. Mr. Curtis uses these licenses in the implementation of client's wealth management strategy. The fact that Ryan has the ability to be paid for recommending a commissionable product such as life insurance or the purchase or sale of Real Estate could be considered a conflict of interest. In order to resolve this potential conflict, Ryan makes it clear to all clients that they are under no obligation to use Mr. Curtis for these services and they can utilize any specialist they so choose.

Mr. Curtis has his real estate salesperson license with Santa Barbara Brokers, a residential real estate broker in CA. Mr. Curtis may recommend clients work with another real estate salesperson if he feels he does not have the expertise required in a particular region or type of real estate. In exchange, Mr. Curtis may receive a referral fee from the other agent. The agents of Santa Barbara Brokers as well as many others are willing to pay such a referral fee and thus, there may be an incentive to recommend one agent over another because of their willingness to pay a referral fee. It is a fairly common practice for agents to pay referral fees but it is important to note that a potential conflict exists. Assuming the client wants Mr. Curtis involved with the transaction, Mr. Curtis will work with any agent willing to pay a referral fee, not just Santa Barbara Brokers agents. In addition, Mr. Curtis discloses any referral arrangement with the client before work is begun. Clients are in no way obligated to work with any one agent.

Mr. Curtis also owns a minority stake in a family run consulting company, which in turn owns a privately held insurance brokerage agency. The agency primarily provides property and casualty insurance to

mid size companies. In addition, the company has a personal lines department which provides services to high net worth families and business owners. Mr. Curtis does not receive direct compensation from any referral to the company, but a potential conflict does exist as Mr. Curtis could benefit from the overall profitability of the company as he owns a minority interest in the company.

Even when there are no direct monetary benefits derived from these outside professional arrangements, they are mutually beneficial and provide an incentive to recommend service providers who will also refer clients.

The Adviser hereby notifies the client that in all cases the outside entity is not affiliated by ownership or through other means outside those arrangements disclosed herein. Therefore, while the Adviser makes referrals based on known track record and/or professional working relationships, it has no control of the work-product or service to be provided by the independent third party.

- B. Curtis Advisory Group, LLC (and all related persons) does not compensate any person who is not a supervised person of the firm for client referrals.

### ***Custody***

Form ADV Part 2A, Item 15

Curtis Advisory Group does not take custody of client assets.

### ***Investment Discretion***

Form ADV Part 2A, Item 16

Curtis Advisory Group typically manages accounts on a discretionary basis after a general discussion of desired needs and goals. Clients have the ability to place restrictions on this discretion such as purchasing specific types of investments. Clients will sign a Limited Power of Attorney form with the custodian giving Curtis Advisory Group the ability to trade.

### ***Voting Client Securities***

Form ADV Part 2A, Item 17

- A. Curtis Advisory Group does not vote on client securities.
- B. Clients will receive any proxies directly from the custodian. Clients may call us with any questions regarding a particular solicitation.

## **Financial Information**

Form ADV Part 2A, Item 18

- A. Curtis Advisory Group, LLC does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B. Consequently, there are no financial conditions that would impair our ability to meet contractual commitments to clients.
- C. Curtis Advisory Group, LLC and related persons have never been the subject of a bankruptcy petition.

## **Requirements for State-Registered Advisers**

Form ADV Part 2A, Item 19

Curtis Advisory Group is an SEC investment adviser, but supplies the following information:

- A. Ryan Earl Curtis was born in 1973. He earned a B.A. in Business and Economics from Westmont College in 1996. His employment experience is as follows:

Curtis Advisory Group LLC, Principal, 09/2009 – present  
Curterro Asset Management, Investment Adviser Representative, 11/2009 – 4/2010  
Curterro Asset Management, Principal, 08/2005 – 11/2009  
Wells Fargo Investments LLC, Retail Broker, 07/2001 – 11/2005  
First Security Van Kasper Inc., Retail Broker 01/2000 – 07/2001  
A.G. Edwards & Sons Inc., Retail Broker 12/1996 – 01/2000

- B. Mr. Curtis spends approximately 90% of his work time as an Investment Advisor and 10% of his time at work in Real Estate and Life Insurance
- C. Curtis Advisory Group is not compensated with performance-based fees.
- D. Curtis Advisory Group, LLC and its management persons have no disciplinary history.
- E. Curtis Advisory Group, LLC and its management persons have no relationship or arrangement with any issuer of securities that are not listed in Item 10.C of Part 2A

## **Other Policies**

Form ADV Part 2A, Item 19

### **BUSINESS CONTINUITY PLAN**

#### **General**

Adviser has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people. A summary of the business continuity plan is available upon request from Adviser's Chief Compliance Officer.

## Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

## Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is CWM's intention to contact all clients within five days of a disaster that dictates moving Adviser's office to an alternate location.

## INFORMATION SECURITY PROGRAM

### Information Security

Adviser maintains an information security program to reduce the risk that client personal and confidential information may be breached. Selected account custodians are expected to and have implemented security programs as well.

## PRIVACY NOTICE

Below is a summary of Adviser's Privacy Policy regarding client personal information.

- a) Collects non-public personal information about its clients from the following sources:
  - Information received from clients on applications or other forms;
  - Information about clients' transactions with Adviser, its affiliates and others;
  - Information received from our correspondent clearing broker with respect to client accounts;
  - Information received from service bureaus or other third parties.
- b) Will not share such information with any affiliated or nonaffiliated third party except:
  - When necessary to complete a transaction in a customer account, such as with the clearing firm or account custodians;
  - When required to maintain or service a client account;
  - To resolve client disputes or inquiries;
  - With persons acting in a fiduciary or representative capacity on behalf of the client;
  - With rating agencies, persons assessing compliance with industry standards, or to the attorneys, accountants and auditors of the firm;
  - In connection with a sale or merger of Adviser's business;
  - To protect against or prevent actual or potential fraud, identity theft, unauthorized transactions, claims or other liability;
  - To comply with federal, state or local laws, rules and other applicable legal requirements;
  - In connection with a written agreement to provide investment management or advisory services when the information is released for the sole purpose of providing the products or services covered by the agreement;
  - In any circumstances with the client's instruction or consent.
- c) Restricts access to confidential client information to individuals who are authorized to have access to confidential client information and need to know that information to provide services to clients.
- d) Maintains physical, electronic and procedural security measures that comply with applicable state and federal regulations to safeguard confidential client information.

