

Item 1 – Cover Page

Cruise Financial Organization,  
Cruise Financial Planning,  
& Cruise Investment Advisors, Ltd.  
55 Greens Farms Road, Westport, CT  
203-221-0202/ 656-0033  
[www.cruisefinancial.com](http://www.cruisefinancial.com)

December 15, 2017

This Brochure provides information about the qualifications and business practices of Cruise Financial Organization, Cruise Financial Planning and Cruise Investment Advisors, Ltd. (hereafter collectively referred to as **C.F.O.**). If you have any questions about the contents of this Brochure, please contact us at (203) 221-0202. 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.

C.F.O. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about C.F.O. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Since the last **annual update** of C.F.O.’s Form ADV Part 2A [hereafter: the Brochure] filed on March 31, 2017, Cruice Financial Organization, Cruice Financial Planning, & Cruice Investment Advisors, Ltd. (collectively: “C.F.O.”) has updated this Brochure to revise its disclosures in Items 5(a), 5(E), 12 and 14 regarding the following: (1) The elimination of the receipt of Rule 12b-1 fees by all of C.F.O.’s investment advisory representatives [IARs] in connection with investments in “Class A” or any other class or series of mutual funds; (2) The C.F.O. tiered schedule of management fees that has been revised to reflect that the IARs of C.F.O. will **not** be paid [or receive] any [zero] Rule 12b-1 fees from investments made within **all** [both taxable and non-taxable (including ERISA)] brokerage accounts custodied at Pershing LLC through United Planners Financial Services [United Planners] as the broker-dealer [Item 12]; (3) The offering of additional discretionary investment strategies managed by the IARs affiliated with C.F.O. [Refer also to C.F.O. Form ADV Part 2B]; and (4) any possible conflicts of interest that may result from C.F.O. and its IAR’s transition to and association with United Planners Financial Services as the successor broker-dealer to Westport Resources Investment Services, Inc. which is ceasing operations as a broker-dealer on or about December 31, 2017.

Because this item 2 discusses only those changes to this Brochure which have been made since March 31, 2017 that C.F.O. believes to be material, this Brochure should be reviewed in its entirety.

We will ensure that you can receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes to either as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Jay Cruice, President, at (203) 221-0202 or [jay@cruicefinancial.com](mailto:jay@cruicefinancial.com). This Brochure will also be available on our web site [www.cruicefinancialplanner.com](http://www.cruicefinancialplanner.com) [also free of charge] on January 1, 2018 or before that date directly from C.F.O. if C.F.O. files this Brochure before January 2018.

Additional information about C.F.O. is also available through the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with C.F.O. who are registered as investment adviser representatives [IARs] of C.F.O.

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## Item 4 – Advisory Business

- A. Cruice Financial Organization, an SEC registered investment advisor, headquartered in Westport, CT, was formed in October 1987 and is wholly owned by James S. H. Cruice, Jr.

In C.F.O.'s annual report to the SEC in March 2017, C.F.O. reported approximately \$125,000,000 in assets under management on a discretionary basis as of 12/31/2016.

- B. C.F.O. has continuously provided investment planning and management advice as Cruice Investment Advisors, Ltd. since 1987. For the constant management of a client's investment account, utilizing any combination of the services outlined in Item 8 of this Brochure, the client will pay C.I.A. / C.F.O. an annual management fee as detailed in Item 5 below.

## Item 5(A) – Portfolio Management Fees and Compensation

### The 2017-2018 Schedule of Annual Investment Management Fee Percentages By Total Account Value [AUM] and C.F.O. Investment Objective (1)(2)(3)(4)(5)

<u>\$AUM/ \$Value Of Account</u>	<u>CONSERVATIVE APPRECIATION</u>	<u>BALANCED GROWTH</u>	<u>INCOME &amp; GROWTH</u>	<u>INCOME ONLY</u>
From \$0 to \$1 Million:	0.95%	0.90%	0.85%	0.70%
From \$1 Million To \$3 Million:	0.90%	0.85%	0.75%	0.60%
From \$3 Million To \$5 Million:	0.80%	0.75%	0.65%	0.50%
For \$AUM/ Account \$Value Over \$5 Million:	Management Fees Are Negotiable			
<b>MINIMUM ANNUAL FEES:</b>	\$2500 for all C.F.O. Managed Accounts [4]			
<b>BILLING FREQUENCY:</b>	QUARTERLY IN ARREARS			

Footnotes to the C.F.O. Schedule of Investment Management Fees (above):

(1) Westport Resources Investment Services, Inc. is ceasing broker-dealer operations on or about the end of December 2017. The effective date for the above schedule of C.F.O. management fees is January 2018 or whenever a current C.F.O. investment account has been converted to a new Pershing LLC brokerage account with United Planners serving as the successor broker-dealer to WRIS. Also as noted in Item 2 of this Brochure, C.F.O. offers additional investment strategies, managed on a discretionary basis for a fee ranging from 1 to 2 percent, and according to the terms negotiated between the client and the IARs affiliated with C.F.O.

(2) Cruice Investment Advisors, Ltd. manages investment portfolios using the four basic portfolio investment objectives as set out above. These investment objectives are classified according to the target allocation of investment capital between bonds/ fixed income securities or investments for which the primary goal is "current income" and stocks or equity investments for which the primary goal is "growth". The target allocation between fixed income securities and equity investments respectively ranges from 100% fixed income securities and 0% for stock/ equity investments for the "Income Only" investment objective to as high as 100% stock/ equities and 0% bonds for the "Conservative Appreciation" investment objective.

(3) The above **tiered** schedule for annual investment management fees can be better understood using the following example. For a CFO managed account with \$5 million in total AUM and a CFO investment objective of "Income & Growth", the total annual fee of \$34,000 would be calculated as follows: \$8,500 for the first \$1 million, \$15,000 for the second \$2 million up to the 3 million dollar breakpoint, and \$13,000 for the third \$2 million up to the 5 million dollar breakpoint percentage. For the total annual management fee of \$36,500, the weighted average percentage charged would be equal to 0.73% of the \$5 million account value.

(4) C.F.O. reserves the right to waive minimum account fees for accounts with AUM of less than \$300,000 in total value (AUM). The (waiver) policy is most often followed for C.F.O. clients with multiple managed accounts.

(5) As also reported in Section 6 of the C.F.O. Investment Management Services Agreement, the above schedule of C.F.O. management fees does not include certain customary fees imposed by third parties other than C.F.O. in connection with transactional and custodial services made through the brokerage account. Neither C.F.O. nor its IARs receive any remuneration whatsoever from brokerage transaction fees or any other third party custodial account servicing fees. As the custodian Pershing LLC charges customary fees for providing routine custodial services. Pershing has its own fee schedule for transaction services and other ancillary custodial account services, which fee schedule shall be provided to the client. Brokerage transaction fees may vary by the size [\$AUM] of an account, the method in which trades are placed (trade desk vs. online) and/or whether or not the client's account is enrolled in electronic delivery for confirmations and/or statements. Ancillary account fees are charged for servicing items such as account transfers, wire requests, security reorganizations, custodial fees for retirement accounts, retirement account transfers or conversions, banking services, etc. Additionally, United Planners charges an annual "Program Fee" of 0.05% [0.0005] of the value of a client's Pershing brokerage account that is charged by and paid quarterly to United Planners. The IAR/ C.F.O. will provide a schedule to current clients that shows that a substantial reduction in variable transaction fees charged by United Planners [compared to WRIS] will generally offset the fixed "Program Fee".

Investment management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid but unearned fees will be promptly refunded, and any earned but unpaid fees will be due and payable.

The client will always maintain full control of their account by being able to directly notify the brokerage company(s) or investment (mutual fund) companies that are holding the client's assets of any actions the client may wish to take place in his or her account. The client may - **for any reason at any time** - terminate his contract with the firm.

For non-discretionary management accounts for which the IAR/ C.F.O. is **not** paid any management fee, clients will most often pay routine and customary brokerage commissions or loads on the purchase and sale of investment securities in the IAR's separate capacity as a registered representative of United Planners as the broker-dealer. All brokerage commissions or sales loads are disclosed in advance of any such transactions and include both the transaction fees paid to the broker-dealer/ custodian as well as any share of those commissions/ sales loads that are paid to the IAR for executing client-directed brokerage orders.

#### **Item 5(B) – Financial Planning Fees and Compensation**

In addition to investment management services, C.F.O. provides a range of financial planning services through Cruice Financial Planning [C.F.P.]. These services include comprehensive Personal Financial Plans (PFP), Tax Plans, Insurance Plans, Retirement Income Plans and Estate Plans. In addition to the initial planning service, clients also have the option of updating their PFP on an annual basis.

For any of above financial planning services rendered, the fees paid to C.F.O. are generally as set forth below but can vary based on a specific client's needs and circumstances. For preparing a comprehensive Personal Financial Plans (PFP), the total fee is \$3,800 which includes three client meetings and up to twenty five hours of analytical work. Most all financial plans are completed at or below the \$3,800 fee. All other financial planning services are provided on an hourly basis. The cost per hour is \$250 and clients will be subject to a minimum project retainer of a \$1000. A client will always receive and execute a written Financial Planning Agreement providing the cost of the services to be performed and in advance of C.F.O. actually providing the agreed upon planning services. All financial planning fees are payable 50% at the signing of the Financial Planning Agreement and the remaining 50% upon the satisfactory completion of the planning services as specified in the agreement. For those clients who wish to update their PFP on an annual basis, the annual fee will range between \$1000 and \$1900 depending on the updating services requested. Clients are under no obligation to update their financial plan.

Financial planning clients may agree to implement all or part of their financial plan through C.F.O., including the purchase of investment and/or insurance products. In such cases, commissions may be paid to one of the IARs of C.F.O. from the purchase of recommended investment and/ or insurance products. All such recommendations are based on a careful analysis of the financial planning needs and objectives of the individual. Whenever an IAR of C.F.O. can receive investment or insurance commissions from financial planning activities, the potential receipt of such commissions is disclosed to the client in advance of plan implementation. **Under no circumstances is the IAR able to receive commissions on the sale of investment securities or products that are included as part of a managed account from which the IAR/ C.F.O. will be paid a management fee.**

C.F.O. also publishes and distributes periodic newsletters at no cost to the recipient. Although primarily provided as a service to existing clients only, such newsletters may also be provided to non-clients as well

### **Item 5(E) – Rule 12b-1 Fees and the Transfer of Pershing Brokerage Accounts from WRIS to United Planners Financial Services as the Successor Broker-Dealer**

The effective date for any revisions to C.F.O.'s terms for the discretionary management of clients' accounts and for other [planning] services as set forth in this Brochure is January 2018. However, as noted earlier in this Brochure, WRIS is ceasing broker-dealer operations on or about the end of December 2017 or the beginning of January 2018. However, should Pershing, as the custodian, be required to transfer a client account(s) from WRIS to United Planners, the successor broker-dealer, prior to the end of 2017, the effective date of this brochure would then be the actual date of the account transfer to United Planners and commensurate with the filing of this Brochure with the SEC.

Upon completing the transition from WRIS to United Planners and with Pershing LLC remaining as the custodian, C.F.O. will direct Pershing to convert all client investments in Class A Share mutual funds to Class I Shares or an alternative share class that does **not** charge Rule 12(b)-1 fees. **This conversion will be completed with no cost to the client and, for taxable accounts, there will be no adverse tax consequences suffered from the conversion.** However, in those limited situations where a mutual fund company does not offer a suitable [without Rule 12b-1 fees] alternative share class, the client should also be aware that for **all** accounts for which Pershing LLC is the custodian and United Planners is the broker-dealer, **all** [100%] 12b-1 fees resulting from mutual fund investments held within any C.F.O. client investment account will be credited back to that same client account. This policy covers **all** Pershing brokerage accounts including both taxable and non-taxable accounts.

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

As of the effective date of this Brochure, neither C.F.O. nor any of its IARs have entered, or plan to enter, into performance fee arrangements with any clients because J. S. Cruice Jr., the CIO and CCO, believes that performance-based fee arrangements may create an incentive for C.F.O. to recommend investments or investment strategies that may be riskier or more speculative than those which would be recommended under a more traditional fee arrangement as set out in Item 5 of this Brochure. Such performance-based fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. If this C.F.O. policy were to change in the future, all appropriate disclosures as required by the SEC would be provided in a future C.F.O. Brochure.

### **Item 7 – Types of Clients**

C.F.O. provides or will provide portfolio management services for taxable accounts such as to individuals, including high net worth individuals, trusts, estates, and corporations or other business entities and for non-taxable [or qualified] accounts including various different types of IRAs and ERISA accounts such as pension and profit-sharing plan accounts for small business owners.

## Item 8 – Methods of Research Analysis, Financial/ Investment Strategies and Risk of Loss

C.F.O. may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

C.F.O. may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Option writing, including ONLY covered options or the purchase of Puts and Calls, Uncovered options or the writing of “naked” Puts or Calls is not permitted by C.F.O.
- Margin Transactions (on a limited basis but **not** for discretionary management portfolios)

In addition to the considerable amount of independent research from companies such as Ned Davis Research, Morningstar, Thomson Reuters, Bloomberg, Standard & Poor’s, and Investors Intelligence as well as research and analysis from other companies that C.F.O. may purchase and/ or review on an ongoing basis, our portfolio management team may also consult with other organizations who are specialists in mutual funds, annuities, or other aspects of financial planning. Whenever advantageous, the C.F.O. team will also speak with due diligence staff, including United Planners, which review the investment products of issuers and investment companies other than their own.

Financial Planning, by its nature, is directed toward the achievement of long-term goals. For Financial Planning Clients, C.F.O. designs investment management strategies to help them achieve their long-term financial goals, having first addressed any basic client needs for risk management protection such as the creation of an emergency fund for short-term cash needs and insurance coverages for property, liability and health protection. C.F.O. financial planning is directed at analyzing individual securities within the framework of an overall asset allocation plan. We design and propose investment portfolios that help the client to achieve specific objectives such as the attainment of future financial security or a target amount of retirement income. For all Financial Planning services rendered, investment recommendations are made in generic terms of asset categories (such as stocks, corporate bonds, municipal bonds, etc.) and not in terms of specific securities, mutual funds or other issues. However, financial planning clients who choose to implement portfolio management recommendations through C.F.O. will have their portfolio recommendations provided in specific detail and reviewed with them prior to implementation by the C.F.O. / IAR investment team.



**Please Note the Following about Investment Risk:**

As directed by the client, C.F.O., and the client's IAR, will review, analyze, recommend, and develop an investment plan or plans for the portfolio management of the client's assets. The subsequent portfolio management actions by the IAR and C.F.O. shall be directed toward achieving the client's investment objectives within the risk tolerance limitations as defined by the client's Risk Assessment Profile [RAP] and by other documentation collected and prepared as part of the C.F.O. client engagement process.

The IAR/ C.F.O. team is interested in helping clients to get where they want to be in three to five years and then three to five years after that. We aim for real growth - measured in relative terms against inflation - through the consistent compounding of positive returns over time rather than the expectation of overnight results. Our approach stresses the importance of sound asset allocation strategies that protect current investment capital while building wealth for higher levels of long-term prosperity.

With the best of C.F.O. portfolio management efforts notwithstanding, the client understands and accepts that investment decisions made for the client's managed account(s) by the IAR/ C.F.O. investment team are subject to various market, currency, economic, (geo-) political and business risks that are not controllable by the IAR or C.F.O., and that investment decisions may not all be profitable, particularly in the short-term. The client understands that investments, excepting some forms of cash equivalents, whether in mutual funds, exchange traded funds, stocks, bonds, or other securities all entail some degree of the risk for loss. The client further understands that asset category allocation – or diversification - can often mean that some investment purchase/sale decisions made by C.F.O. / IAR may result in profits and others in losses. Collectively therefore, the client understands, and accepts, that the IAR/ C.F.O. team cannot guarantee that a client's investment objectives will be realized, and most critically over any one to three-year or short-term time horizon, and that positive portfolio performance in the past does not provide any guarantee of equal or better investment results in the future.

**Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of C.F.O. or the integrity of C.F.O.'s management team. As no client complaints have ever been filed against either J. S. Cruice Jr or C.F.O., there are therefore no disclosures under this Item that are required for C.F.O. or Mr. Cruice. However, please also review C.F.O.'s latest version of C.F.O. Form ADV Part 2B and on the SEC's website [at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)] for any relevant information regarding the individual IARs of C.F.O.

**Item 10 – Other Financial Industry Activities and Affiliations**

United Planners is a member of The Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). All United Planners' brokerage transactions for C.F.O. are cleared through Pershing LLC [Pershing] acting as the custodian. Pershing is a registered broker-dealer and a member of the NYSE, SIPC and all national securities exchanges. Pershing has over 70 years of Wall Street experience and

currently has over \$1 trillion in assets in custody. Pershing serves over 1000 broker-dealers, registered investment advisors and money managers globally. Pershing is owned by The Bank of New York Mellon Corporation which is one of the world's leading providers of securities services and a top global asset management firm with over \$19 trillion in assets in custody. United Planners does not market, promote or sell any investment products, and the Principals, IARs and other Associates of C.F.O. are therefore never under any form of incentive or obligation to purchase any specific investment or insurance product. Moreover, it is the policy of C.F.O. and its IARs to recommend investment or insurance products offered by a well-diversified group of carefully researched and selected investment or insurance companies. C.F.O. will also recommend open or closed-end mutual fund companies and electronically traded funds [ETFs] based on their past investment performance, current management team and investment style.

The IARs of C.F.O. are registered representatives of United Planners. There are rules and regulations of FINRA that govern its registered representatives regarding certain advisory accounts for which its registered representatives provide investment advice. These regulations and obligations require United Planners to coordinate with, and have the cooperation of, the third party account custodian. In order to fulfill its obligations as a registered broker-dealer, United Planners has established a list of third party custodian and brokerage firms (such as Pershing LLC.) from which United Planners has arranged to obtain the required cooperation, and which therefore may be utilized for the custody of accounts are directly advised either by registered representatives of United Planners who are investment advisors or by other independent RIAs such as C.F.O., which are affiliated with registered representatives of United Planners. In its regulatory role as broker-dealer, United Planners will collect, as paying agent for C.F.O., the investment advisory fee remitted to C.F.O. by the account custodian. United Planners will retain a portion of the C.F.O. client management fee as a charge to C.F.O. (and NOT to the client) for the compliance functions that United Planners is required to carry out by FINRA.

For clients with substantial portfolios in excess of \$5 million dollars, C.F.O. may also recommend outside Registered Investment Advisors in addition to C.F.O. These outside investment advisors will normally have minimum investment levels in excess of \$1 million. In such cases, C.F.O. / IARs may receive a share of the routine and customary management fees generated from the ongoing management of such accounts by the outside Registered Investment Advisors. All such fees paid to C.F.O. or its IARs are fully disclosed to the client and are part of, and not in addition to, the normal management fee compensation paid by a client to any such outside Investment Advisor.

## **Item 11 – Code of Ethics**

C.F.O. has adopted a Code of Ethics for all the affiliated, and therefore supervised, persons of the firm that describes C.F.O.'s high standard of business conduct, starting with the firm's fiduciary duty to its clients. The C.F.O. Code of Ethics [also referred to as "Our Code"] includes provisions relating to the [1] confidentiality of client information, [2] a prohibition on insider trading, [3] a prohibition of rumor mongering, [4] requirements for the reporting of most all gifts and business entertainment items, [5] restrictions on the acceptance of any significant gifts and [6] trading procedures governing the securities and personal accounts for all C.F.O. employees or affiliated persons of C.F.O. [also referred to as the **C.F.O. Family**].

All supervised employees and affiliated persons of C.F.O. must acknowledge the terms of the C.F.O. Code annually or whenever amended. C.F.O.'s clients or prospective clients may request a copy of the firm's Code of Ethics by contacting C.F.O., or the CCO/ CIO, J. S. Cruice Jr., directly at (203) 221-0202 (656-0033) or [jay@cruicefinancial.com](mailto:jay@cruicefinancial.com).

## **The C.F.O. Management Code of Ethics**

### **COE-1. Standards of Conduct and Compliance with Laws**

This rule requires that our action reflect an adviser's fiduciary obligations and those of our supervised persons. In short, we are required to comply with federal securities laws.

### **COE-2. Protection of Material Nonpublic Information**

Our code of ethics requires that all persons work to prevent access to material nonpublic information about our advisers' securities recommendations, and client securities holdings and transactions by individuals who do not need the information in order to perform their duties. All persons are required to safeguard this sensitive information both within and outside the firm.

### **COE-3, Personal Securities Trading**

The C.F.O. Code of Ethics requires that all persons associated with our firm report their personal securities transactions and holdings to the firm's Chief Compliance Officer. The Chief Compliance Officer, in turn, is required to review these transactions and holdings. This policy will be met by having duplicate statements for all associated persons and their spouses and any persons dependent on the associated person for financial support sent to the Chief Compliance Officer. Further, any accounts that persons wish to open away from our current broker-dealer, United Planners Financial Services and the current brokerage account custodian, Pershing LLC, must receive prior written approval. In every situation, the interest of our clients comes first. The firm retains the right to impose "blackout periods" if necessary; most notably where client transactions are to be implemented and any trades of an associated person or IAR of C.F.O. could interfere with our clients' best interests.

Certain *C.F.O. Family* accounts may trade in the same securities with client accounts on an aggregated basis when consistent with C.F.O.'s obligation of best execution. In such circumstances, any client and *C.F.O. Family* accounts will share commission costs equally and receive securities at a total average price. C.F.O. will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order Report.

Our Code is designed to assure that the personal securities transactions, activities and interests of the *C.F.O. Family* will not interfere with (i) making decisions in the best interest of C.F.O.'s advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of C.F.O.'s clients. In addition, Our Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nevertheless, because the C.F.O. Code of Ethics in most circumstances would permit the *C.F.O. Family* to invest in the same securities as clients there is the possibility that the *C.F.O. Family* might benefit from the market activity of a client in a given security that is also held by a *C.F.O. Family* member. The trading activities

of the *C.F.O. Family* members are continually monitored under the C.F.O. Code of Ethics so as to reasonably prevent any actual conflicts of interest arising between any member of the *C.F.O. Family* and C.F.O. clients. Notwithstanding the critical importance of C.F.O.'s compliance policies toward any member or members of the *C.F.O. Family* purchasing, selling or trading in the same securities as C.F.O. clients, any potential conflict of interest needs to be reviewed within the context that 75% of C.F.O.'s client assets are invested either in open-ended mutual funds, electronically traded funds [ETFs] or other investments for which the relative magnitude of C.F.O.'s overall participation for all C.F.O. clients, including *C.F.O. Family* members, in the market activity of such securities is so insignificant as to be *Di Minimis* in impacting the movement of such security prices. In short, it is very close to impossible to "front-run" the purchase or sale of an open-ended mutual fund.

#### **COE-4. Initial Public Offerings, Private Placements, and Principal Trading**

There must never be a question as to whether these opportunities are being taken when the firm's clients could have benefited. All persons must obtain the approval of the Chief Compliance Officer and the Compliance Department of our current broker dealer, United Planners, before investing in an initial public offering (IPO) or private placement.

Additionally, C.F.O. most always prohibits principal transactions or agency cross securities transactions for client accounts. The only possible exception to this overall policy might involve the new issue of corporate bonds or notes where there can be material benefits to C.F.O. clients such as being able to buy relatively small quantities of the new issue of a corporate note or bond at par (the price at which the bond will mature) without the client being charged a transaction cost or commission. Even with such cases involving the IPO of corporate notes or bonds (and not stocks); C.F.O. management would require the acknowledgement of any "hidden" transaction costs or commissions and the approval of the transaction by the client, the CCO of C.F.O. and the compliance department of United Planners **prior** to entering into any such transaction.

C.F.O. has always maintained a policy of "Full Disclosure" with every firm client. The IARs of C.F.O. may be compensated by various combinations of investment management fees, brokerage commissions or insurance product commissions. And these sources of compensation are fully disclosed to current or prospective clients because it is also a C.F.O. policy that the firm fully discloses that the firm and/ or its IARs are fairly and reasonably rewarded for the excellent advisory services performed on behalf of our C.F.O. clients. **To reconfirm however, it is never permissible for an IAR of C.F.O. to collect commissions from any transaction involving an asset that is held within a managed account from which the IAR or C.F.O. also receives quarterly management fees.**

#### **COE-5. Reporting Violations**

Any violation of the firm's Code of Ethics requires prompt internal reporting to the Chief Compliance Officer. The firm will take any and all steps necessary to protect anyone who reports a violation from retaliation.

#### **COE-6. Educating Employees and Related Persons about the Code of Ethics**

Under rule 204A-1, the firm must provide each person with a copy of this Code of Ethics and any subsequent amendments. We are also required to obtain an acknowledgement, in writing, from each supervised person, of the receipt of this Code of Ethics. Thus, at the end of this document will be a form that is to be signed and returned indicating that each person has read and understood the contents of our Code of Ethics. In addition, the firm is to require an annual recertification that each person has re-read, understands and has complied with our C.F.O. Code of Ethics.

#### **COE-7. Adviser Review and Enforcement**

Rule 204A-1 requires that advisers maintain and enforce their codes of ethics. As such, the Chief Compliance Officer is required to review the personal securities reports of C.F.O. staff and associated personnel. This will be done by means of duplicate statements sent to and reviewed by the Compliance Department of our current Broker Dealer, United Planners Financial Services. This review is to determine, among other things, whether an access person is trading in the same securities that are being traded for clients and, if so, whether the clients are receiving terms as favorable as the access person receives.

#### **COE-8. Recordkeeping**

To date, there has been no requirement that the firm keep a formal record of the names of access persons. This requirement has been added as part of Rule 204-2(a) (13). A form will be distributed to all persons along with a copy of our Code of Ethics. The form will require the name and address of all persons and a list of all securities accounts. This form is to be submitted to the C.I.O. of both the C.F.O. as well as to our current Broker Dealer, United Planners Financial Services.

### **Item 12 – Brokerage Practices**

C.F.O. clients will use United Planners as their broker-dealer. All C.F.O. brokerage accounts held through United Planners will custody those investment assets through Pershing LLC. All mutual fund transactions are therefore cleared through and settled by Pershing LLC. For fixed income securities such as corporate or municipal bonds, C.F.O. may occasionally find a fixed income security or a better execution price from an outside trading firm/broker-dealer., but all such trades are also cleared through and settled by Pershing LLC for the C.F.O. client's brokerage account with United Planners.

Because the Principals and IARs of C.F.O. are registered representatives of United Planners, they will recommend United Planners as the primary broker dealer and Pershing LLC is the primary third party custodian. Brokerage account administration is most efficient and investment transaction costs can be minimized. Depending on the individual needs of the client, however, C.F.O. may also work with additional or alternative third party custodians through United Planners.

### **Item 13 – Review of Accounts**

C.F.O. manages discretionary investment portfolios according to six basic investment (risk/ return) objective classifications. Using a combination of basic performance data and a system of technical analysis, the C.F.O. management team monitors on a continuous basis all mutual funds that are purchased by C.F.O. for discretionary management accounts to determine if such funds/managers are performing according to objectives. In accounts where individual fixed income securities are purchased, those purchases are most always made on a yield-to-maturity basis and are therefore reviewed only quarterly. In addition to the ongoing monitoring of individual securities, each C.F.O. investment objective is reviewed at least weekly and all accounts are reviewed, at a minimum, of once per month. Any account will be reviewed at any time at the request of the client.

C.F.O. has always supported and promoted a system of third party validation of assets and transactions. C.F.O. clients receive monthly statements from the brokerage houses where the client's assets are held in custody in the client's name. Clients will also receive customary periodic statements from any investment, such as fixed or variable annuities, that is not kept as a position within the client's brokerage account. All account statements

are in the form of those that such custodians/ broker-dealers and other investment companies normally send to clients on a transaction, monthly, quarterly, or annual basis. In addition, C.F.O. will also provide a quarterly consolidated statement that will report the values of any and all investments managed by C.F.O. on behalf of the client. The C.F.O., quarterly reports are significantly more informative than the customary brokerage or investment company statements.

## **Item 14 – Client Referrals and Other Compensation**

Because the Principals and IARs of C.F.O. are also Registered Representatives of United Planners, they may also act, indirectly or otherwise, as solicitors for United Planners as a broker-dealer. Whenever it is recommended that clients utilize an outside investment advisor other than C.F.O., full disclosure about any such Investment Company or Investment Advisor will be provided pursuant to Rule 206(4)-3 of the Investment Advisors Act of 1940.

C.F.O. through its principle IARs including J. S. Cruice Jr., Paul H. Daimler and William O. Webster have collectively been affiliated with Westport Resources Investment Services [WRIS] as registered representatives of the broker-dealer for over 40 years. Over the course of 2016 and 2017, the owner/ management of WRIS has made a series of unsuccessful attempts to sell and/or transition WRIS to new ownership as part of the owner’s retirement “succession plan”. More recently, the owner/ management of WRIS announced that as of the end of 2017, they intend to cease the ongoing operations of WRIS as the broker-dealer and therefore also cease being the conduit or bridge to Pershing LLC who is the current custodian for all C.F.O. / IAR client brokerage accounts.

In careful preparation for a possible closure of WRIS as the broker-dealer and bridge to Pershing LLC, the IARs/ C.F.O. have spent countless hours researching and identifying United Planners as the successor broker-dealer to WRIS. Most importantly, United Planners enables the IARs and C.F.O. to maintain the critical safety benefits from having Pershing LLC continue to serve as the custodian for their clients’ brokerage accounts. In addition, and to help offset the transition costs incurred by the IARs/ C.F.O. from the closure of WRIS, United Planners is providing the IARs of C.F.O. with loaned capital that is potentially interest free and non-recourse, subject to the IAR’s future level of contributions to United Planners’ profit sharing plan for all their registered representatives. Specifically, United Planners is providing funds to the IARs of C.F.O. to cover the hard costs incurred because of the closure of WRIS and the transition to United Planners. These hard costs include, but are not just limited to, the reprinting of new business cards, letterhead and brochures; the material and labor costs for generating all the transfer paperwork and for the related distribution costs such as postage; the costs for updating websites, computer hardware and software to be compatible and compliant with United Planners as well as other direct costs arising from the closure of WRIS and having to transition to a new broker-dealer.

The IARs of C.F.O., and therefore indirectly C.F.O., will receive funds [compensation] from United Planners for transitional assistance in the form of forgivable loans and expense reimbursements, as delineated above, to assist in transferring the IAR/ C.F.O. client accounts from WRIS to United Planners. The loans and expense reimbursement payments to the IARs of C.F.O. can be potentially forgiven by United Planners if the IARs [and therefore C.F.O.] continue their current levels of production and achieve the target levels of contribution to the United Planners’ profit sharing plan. These types of arrangements create the potential for a conflict of interest because the IARs of C.F.O. may have an incentive to direct their client accounts to United Planners due to self-serving interests from the actual or anticipated incentives and consideration they will receive. The disclosure of the reality of this potentially self-serving, conflict of interest notwithstanding, the IARs of C.F.O. are transferring their client accounts to United Planners because [1] WRIS is being closed, and [2] After 18 months of thorough due diligence research, the IARs of C.F.O. have concluded that their clients will benefit in at least three critical

ways from having United Planners replace WRIS as the broker-dealer and as C.F.O.'s critical bridge to Pershing: (1) United Planners is a dynamic, financially strong and growing broker-dealer with a national presence; (2) United Planners will provide a higher quality level of broker-dealer services to the IARs/ C.F.O. and (3) That enhanced level of service to the IARs/ C.F.O., in turn, will also translate into the delivery of more cost-effective financial and investment advisory services to their C.F.O. clients.

### Item 15 – Custody of Investment Accounts

The C.F.O. client's account(s) will continue to be held and maintained at C.F.O.'s current and primary third party custodian, Pershing LLC [hereafter Pershing], who shall execute all purchase and sale orders directed to it by the IAR/ C.F.O. and perform the clearance of same. Pershing will maintain custody of all C.F.O. account assets and perform such custodial functions that will include crediting of interest and dividends on account assets and crediting of principal on called or matured securities in the account, together with other custodial functions customarily performed with respect to securities brokerage accounts. Either by electronic transmission through on-line account access or by hard copy/ paper forms sent via USPS, Pershing, as the custodian, will provide or make available to the client a confirmation of each purchase and sale transaction. All such confirmations for the client's brokerage transaction will also be made available to C.F.O. / IAR. For each month in which activity occurs in the client's account, Pershing will also forward or make available the monthly client account statements to the client, C.F.O., and the IAR. C.F.O. urges you to carefully review all such statements and/or reports. C.F.O. will also provide a written, quarterly report summarizing the activity and investment performance of every managed account. For the investment services provided, C.F.O. is authorized to debit its advisory fees from each client designated managed account on a quarterly basis in arrears.

### Item 16 – Investment Discretion

At the outset of the investment advisory relationship, C.F.O. and the IAR most always receive discretionary authority from the client to manage the client's account(s). Discretionary authority is granted by the client at the time that he or she signs the C.F.O. Investment Management Services Agreement [IMSA]. In all cases, however, such discretion for any client account is to be exercised in a manner that is consistent with the client's investment objectives and risk tolerance as developed, and agreed to, during the C.F.O. client engagement process and also summarized in the client's Risk Assessment Profile [RAP]. The scope of this discretionary authority permits the IAR to execute transactions in the managed account without the prior consent of the client but in accordance with the client's RAP. **This limited discretionary authority excludes disbursements or removing funds from the managed account at any time without the expressed direction of the client.**

With any investment account, a client always retains the option to self-manage that account as a non-managed, brokerage account. In lieu of paying any management fees and in the IAR's capacity as a registered representative of United Planners [a registered broker-dealer], the client would compensate the IAR according to an agreed upon schedule of brokerage commissions for the execution of the client-directed brokerage transactions. As a general policy, C.F.O. will usually limit client-directed trading accounts to only those clients who also engage C.F.O. and its IARs to manage investment accounts for a management fee and for which accounts the client grants C.F.O. / IAR limited discretionary authority to manage the account. Regardless of

whether or not the IAR/ C.F.O. have discretionary authority for a client's investment account, the IAR/ C.F.O. has a fiduciary obligation to manage the account in the client's best interest.

### Item 17 – Voting Client Securities

As a matter of firm policy and practice, C.F.O. does not accept any authority to, and therefore does not, vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in a client's portfolio(s). At the request of a client, C.F.O. / IAR may provide advice to clients regarding the clients' voting of proxies.

### Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about C.F.O.'s financial condition. C.F.O. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.