



## **CAFG Wealth Management, Inc.**

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### **PART 2A - APPENDIX 1 WRAP FEE PROGRAM BROCHURE**

This Wrap Fee Program Brochure provides information about the qualifications and business practices of CAFG Wealth Management, Inc. If you have any questions about the contents of this brochure, please contact John Dorn, Chief Compliance Officer, at 847-991-1099 or via e-mail at [john@cafginc.com](mailto:john@cafginc.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC or state regulatory authority does not imply a certain level of skill or experience.

Additional information about CAFG Wealth Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD # 165901.

## **Item 2 Material Changes**

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

Since our last annual amendment filing on February 21, 2017, no material changes have been made.

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## Item 4 Services, Fees & Compensation

### Description of Firm

CAFG Wealth Management, Inc. is an Illinois corporation founded in 2005, with its principal place of business in Illinois. We are registered with the U.S. Securities and Exchange Commission ("SEC") and have been providing investment advisory services since January 2013. Thomas R. Chernesky is the sole shareholder, director and officer.

As used in this brochure, the words "we," "our," "us", and "CAFG" refer to CAFG Wealth Management, Inc. and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person in this brochure. Our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### Wrap Fee Program

CAFG sponsors a wrap fee program through TD Ameritrade, Inc. ("TD Ameritrade"), a SEC registered broker-dealer and member of the Financial Industry Regulatory Authority, and the Securities Investor Protection Corporation. TD Ameritrade is independently owned and operated, and has no affiliation with CAFG, and TD Ameritrade is not acting as a sponsor of the wrap fee program. CAFG does not offer a wrap program through any other broker-dealer.

Under this program, clients will pay CAFG a single advisory fee for investment advisory services provided by CAFG and custody and brokerage services provided by TD Ameritrade. CAFG pays the custody fees, if any, and the execution and clearing fees associated with transactions in the client's accounts which are custodied at TD Ameritrade ("wrap fee accounts"). The advisory fee will be based on the assets under management in the wrap fee account. For certain clients, CAFG will cover alternative investment fees and specialized asset fees otherwise chargeable by TD Ameritrade to custody a specific asset within the wrap fee program. Generally, the client's amount of assets under management with CAFG will determine whether CAFG provides coverage for such alternative investment fees and specialized asset fees.

Except as provided below, CAFG offers its wrap fee program to all asset based advisory clients who (a) custody their assets and establish a brokerage account with TD Ameritrade and (b) pay an advisory fee based on a percentage of assets under management with CAFG, although only certain clients will be provided with coverage of alternative investment fees and specialized asset fees otherwise chargeable by TD Ameritrade. Clients who pay an hourly advisory fee (as opposed to the advisory fee based on a percentage of household assets) are not eligible to participate in the wrap fee program. Clients who do not custody their investment assets and establish an account with TD Ameritrade are not eligible to participate in the wrap fee program. Thus, clients who use a custodian or broker-dealer other than TD Ameritrade for investment accounts managed by us are not eligible to participate in the wrap fee program, and those clients shall be responsible for costs and fees associated with fees charged by the other custodian or broker-dealer.

Investment opportunities for wrap fee accounts do not differ from those for non-wrap fee accounts. CAFG does not manage wrap fee accounts differently from non-wrap fee accounts. There is no minimum account value for wrap fee accounts.

This program is not designed or expected to be a profit center for CAFG. Moreover, CAFG expects the total extra charges to clients in connection with the program to approximate the costs CAFG pays to TD Ameritrade for custody fees, execution and clearing fees, and, where applicable, alternative investment and specialized asset fees. The program is intended to comply with Rule 204-3 of the Investment Adviser Act of 1940, as amended, and Rule 3a-4 under the Investment Company Act of 1940, as amended

## Services

### Investment Advisory Service

We offer discretionary portfolio management services. CAFG's investment advisory services are predicated on our client's individual needs, life circumstances and investment goals. We have personal discussions with the client to determine the client's investment objectives, risk tolerance, time horizons, economic environment, and liquidity needs. We use the information we gather to create an individualized investment strategy and portfolio for the client, while evaluating market trends and potentials. Clients may impose reasonable restrictions and guidelines on investing in certain securities, types of securities or industry sectors. We expect all such restrictions to be timely communicated to us. We expect clients to inform us in writing of any changes to their financial circumstances, investment objectives or risk tolerance, or of any modifications or restrictions that should be imposed on the management of the client's account.

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

For our asset management services, CAFG will receive a limited power of attorney to effect securities transactions on behalf of a client. This will allow us to determine the specific securities (subject to client restrictions) and the amount of securities to be sold in a client's accounts without prior client approval. We will generally either have the ongoing responsibility to select or make recommendations, based upon the client's individualized investment strategy, as to specific securities purchased or sold in the account, or we will develop and implement an asset allocation strategy, which we will continuously monitor and supervise.

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

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

Each type of security has its own unique set of risks associated with it, and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it. Because some types of investments involve certain additional degrees of risk, they will only be recommended and implemented when consistent with the client's stated investment objectives, tolerance for risk, suitability and liquidity needs.

### Comprehensive Wealth Management Service

CAFG's Comprehensive Wealth Management Service includes the service provided under the Investment Advisory services described above and a Financial Planning or Consultation component for a single advisory fee. This service is designed to provide clients with ongoing guidance and education for various planning issues and questions for wealth accumulation planning, wealth protection planning, wealth distribution planning, tax planning, transition planning, etc. Tax planning for this service would include one (1) tax return review and preparation per household. Additional tax return preparation will be separately contracted and billed at CAFG's hourly rate as disclosed in Item 5 of CAFG's ADV Part 2A, Firm Brochure.

### Nationwide Advisor Solutions' Monument Advisor Variable Annuities

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

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

### **The Program Fee**

We charge an annual "wrap-fee" for participation in the Program depending upon the market value of your assets under our management. You are not charged separate fees for the different components of the services provided by the Program. Our firm pays all trade expenses of trades placed on your behalf. Our Program fee includes the fee we pay to any portfolio manager for their management of your account and TD Ameritrade's transaction or execution costs. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion. In special circumstances, and in our sole discretion, we may negotiate a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention, etc.).

### Investment Advisory Service

On an annualized basis, our Program fees are as follows:

<b>Household Assets Under Management</b>	<b>Annual Advisory Fee</b>
\$2,500 - \$499,999	1.15%
\$500,000 - \$749,999	1.00%
\$750,000 - \$1,999,999	0.90%
\$2,000,000 - \$2,999,999	0.80%
\$3,000,000 - \$4,999,999	0.70%
\$5,000,000 - \$9,999,999	0.60%
\$10,000,000 & Above	Negotiable

**Comprehensive Wealth Management Service**

On an annualized basis, our Program fees are as follows:

<b>Household Assets Under Management</b>	<b>Annual Advisory Fee</b>
\$2,500 - \$499,999	1.40%
\$500,000 - \$749,999	1.20%
\$750,000 - \$1,999,999	1.10%
\$2,000,000 - \$2,999,999	0.95%
\$3,000,000 - \$4,999,999	0.85%
\$5,000,000 - \$9,999,999	0.75%
\$10,000,000 & Above	Negotiable
	<i>*The minimum fee for this service is \$200 per month.</i>

Investment advisory fees for wrap program accounts are negotiable and will be charged as a percentage of "household" assets under management with CAFG, as based on the investment strategy selected by the client. For purposes of the fee calculation, "household" assets means the investment accounts managed by CAFG for a client and client's spouse, legal partner, minor children, and/or disabled adult children. The fee schedules listed above are tiered fees, and not graduated scales. Clients will be charged the advisory fee associated with the client's aggregate Household Assets Under Management total.

Advisory fees are charged quarterly in advance based on the market value of the client's account(s) on the last business day of the previous quarter. Fees will be adjusted for deposits and withdrawals made during the quarter. For partial quarters, fees are pro-rated. All unearned fees will be refunded to the client in the event the client terminates our services. Clients that participate in the Nationwide Advisory Solutions service will be charged the asset based annual fee as described in the tiered program fee schedules above for the Comprehensive Wealth Management Service. Nationwide Advisory Solutions charges a \$20 monthly subscription fee per contract. Please see the Nationwide Advisory Solutions' Monument Advisor prospectus for details on any additional fees that are charged by Nationwide Advisory Solutions Life Insurance Company in addition to the Program Fees charged by CAFG.

Although CAFG has established the above fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. This includes the complexity of the client's financial situation, assets to be placed under management, anticipated additional assets, related accounts, account composition and other factors. The specific annual fee between CAFG and each client will be identified in the agreement between CAFG and the client. Legacy clients who originally established accounts through LPL Financial Services LLC may be charged fees different from the above fee schedule.

The above fees include charges for all custody costs, if any, all execution costs, clearing costs and transaction fees associated with the wrap fee accounts custodied at TD Ameritrade. The above fees may include charges alternative investment fees and specialized asset fees otherwise chargeable by TD Ameritrade to custody a specific asset within the wrap fee account. Generally, the client's amount of assets under management with CAFG will determine whether CAFG provides coverage for such alternative investment fees and specialized asset fees. In all cases, the agreement between the client and CAFG will specify whether the client's advisory fee includes alternative investment fees and

specialized asset fees. If CAFG is not including the alternative investment fees and specialized asset fees within the advisory fee, the client will be responsible for paying the alternative investment fees and specialized asset fees.

### **Payment of Fees**

Subject to client's consent, fees are directly debited from a client's account(s), and each client is required to provide the qualified custodian of the client's account(s) written authorization to deduct the quarterly fee described. The custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation, as the custodian will not verify the calculation. Payment of fees may result in the liquidation of client's securities if there is insufficient cash in the client's account(s).

### **Termination of Advisory Relationship**

Asset based fees are always subject to the management agreement between the client and CAFG, and we generally retain the right to amend our fee schedule on 30 days' prior written notice to the client. A management agreement may be terminated at any time, by CAFG or the client, for any reason on 30 days' prior written notice. In addition, if a client receives this Wrap Fee Brochure at the time the client enters into the management agreement, the client has the right to terminate the agreement within 5 business days after entering into it by giving written notice of such termination to CAFG. Investment advisory fees which are not earned at termination are refunded to the client on a pro-rata basis.

Upon termination of accounts held at TD Ameritrade, they will deliver securities and funds held in the account per your instructions unless you request that the account be liquidated. After the wrap fee program agreement has been terminated, transactions are processed at the prevailing brokerage rates/fees. You become responsible for monitoring your own assets and our firm has no further obligation to act upon or to provide advice with respect to those assets.

### **Wrap Fee Program Disclosures**

- The benefits under a wrap fee program depend, in part, upon the size of the Account, the management fee charged, and the number of transactions likely to be generated in the Account. For example, a wrap fee program may not be suitable for Accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable for you, you should compare the Program Fee and any other costs of the Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the Program.
- In considering the investment programs described in this brochure, you should be aware that participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from other advisers or broker-dealers.
- Our firm and Associated Persons receive compensation as a result of your participation in the Program. This compensation may be more than the amount our firm or the Associated Persons would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and our Associated Persons have a financial incentive to recommend the Program.
- Similar advisory services may be available from other registered investment advisers for lower fees.
- Investment opportunities for wrap fee accounts do not differ from those for non-wrap fee accounts. CAFG does not manage wrap fee accounts differently from non-wrap fee accounts. There is no minimum account value for wrap fee accounts.
- The custody, execution, clearing and trading cost component of the above advisory fees are estimated to range from \$500 to \$1,500 per account per year.
- No portion of the single advisory fee is paid to any portfolio manager.



**Brokerage Practices**

Except as provided below, CAFG offers its wrap fee program to all asset based advisory clients who custody their assets and establish accounts with TD Ameritrade, although only certain clients will be provided with coverage of alternative investment fees and specialized asset fees otherwise chargeable by TD Ameritrade.

Clients who pay an hourly advisory fee (as opposed to the advisory fee based on a percentage of household assets) are not eligible to participate in the wrap free program. Clients who do not custody their investment assets or establish accounts with TD Ameritrade are not eligible to participate in the wrap fee program. Thus, clients who custody their assets at a broker-dealer or use a broker-dealer *other* than TD Ameritrade shall be responsible for all custody fees charged by the other custodian, and shall be responsible for all broker-dealer fees, including execution and clearing fees, and transaction fees associated with transactions in their accounts.

**Disclosure of Cost Difference if Services Purchased Separately**

Depending on a number of factors, such as the number, size and nature of the securities transactions in a wrap fee account, the overall fees and charges borne by the client over time could be more or less than what these fees and charges would be if the same services were provided on a separate basis. Bundled fees generally provide an economic incentive for the advisory firm to select investments and strategies that minimize trading costs. However, CAFG has a duty to select investments and strategies which serve its clients' best interests.

Frequent trading in an account where transaction fees are included as part of the overall advisory fee to the client drive trading costs higher and reduce overall fee revenue to the advisor. As a result, higher trading costs in a bundled form may have a negative impact on the advisory firm's profitability.

**Other Fees and Expenses**

The above advisory fees do not include costs and fees (including but not limited to custody fees, execution costs, clearing costs and transaction fees) charged by a broker-dealer or custodian other than TD Ameritrade. Clients shall be responsible for the execution and clearing fees and transaction costs associated with transactions in the client's accounts which are custodied at that other broker-dealer or custodian. In addition, the above advisory fees may not include alternative investment fees and specialized asset fees assessed by TD Ameritrade. To the extent that securities are transacted away from TD Ameritrade, there may be fees that the client will pay in addition to the wrap advisory fees. The Program fee does not include the Nationwide Advisory Solutions \$20 monthly subscription fee per contract and additional fees as disclosed in Nationwide Advisory Solutions prospectus.

All fees paid to CAFG are separate and distinct from fees and expenses charged by any mutual fund, exchange-traded fund, private placement, pooled investment vehicle, and/or real estate investment trust. Mutual fund and/or exchange-traded fund fees are described in the respective fund's prospectus. The fees for private placements, pooled investment vehicles and/or real estate investment trusts are described in the confidential offering memoranda, subscription documents and/or trusts for each respective private placement and pooled investment vehicle. These fees will generally include management fees, various expenses and a possible distribution fee. There may also be an initial or deferred sales charge assessed against the client.

**General Information**

As a client, you should be aware that the wrap fee charged by our firm may be higher (or lower) than those charged by others in the industry, and that it may be possible to obtain the same or similar services from other firms at lower (or higher) rates. A client may be able to obtain some or all of the

types of services available through our firm's wrap fee program on an individual basis through other firms and, depending on the circumstances, the aggregate of any separately paid fees may be lower or higher than the annual fees shown above.

#### **Client Assets Under Management**

As of January 12, 2018, CAFG manages \$127,535,701 on a discretionary basis.

### **Item 5 Account Requirements & Types of Clients**

Accounts which are based on an hourly advisory fee schedule are not eligible to participate in the wrap fee program. Accounts which are custodied at a custodian other than TD Ameritrade are not eligible to participate in the wrap fee program, and accounts which use a broker-dealer other than TD Ameritrade are not eligible to participate in the wrap fee program.

CAFG does not require a minimum dollar amount to open and maintain a wrap fee account; however, we have the right to terminate our relationship with a client if we believe that the account is too small to effectively manage. Additionally, there is a \$200 a month minimum fee for clients that participate in *Comprehensive Wealth Management Services*. Clients that participate in the Nationwide Advisory Solutions service will be charged a \$20 monthly subscription fee per contract.

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

### **Item 6 Portfolio Manager Selection & Evaluation**

CAFG is the sole sponsor and sole portfolio manager for the wrap fee program, which is offered exclusively through CAFG. We do not participate in any other wrap fee programs.

#### **Investment Advisory Services**

CAFG's investment advisory services are predicated on our client's individual needs, life circumstances and investment goals. We have personal discussions with the client to determine the client's investment objectives, risk tolerance, time horizons, economic environment, and liquidity needs. We use the information we gather to create an individualized investment strategy and portfolio for the client, while evaluating market trends and potentials. Clients may impose reasonable restrictions and guidelines on investing in certain securities, types of securities or industry sectors. We expect all such restrictions to be timely communicated to us. We expect clients to inform us of any changes to their financial circumstances, investment objectives or risk tolerance, or of any modifications or restrictions that should be imposed on the management of the client's account.

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

For our asset management services, CAFG will receive a limited power of attorney to effect securities transactions on behalf of a client. This will allow us to determine the specific securities (subject to client restrictions) and the amount of securities to be sold in a client's accounts without prior client approval. We will generally either have the ongoing responsibility to select or make recommendations, based upon the client's individualized investment strategy, as to specific securities purchased or sold in the account, or we will develop and implement an asset allocation strategy, which we will continuously monitor and supervise.

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

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

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

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

### **Performance-Based Fees & Side-by-Side Management**

CAFG does not charge performance-based fees or participate in side-by-side management.

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

### **Methods of Analysis**

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

- Fundamental Analysis: CAFG attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, the financial condition of the company, its products, and the experience and expertise of the company's management) to determine the value of the company and whether its stock is underpriced or overpriced. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. In addition, there is a risk that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- Technical Analysis: CAFG analyzes past market movements and applies that analysis to the

present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

- Quantitative Analysis: CAFG uses a statistical analysis in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, volatility of returns, and trailing performance, and predict changes to that data. A risk in using quantitative analysis is that the analysis used may be based on assumptions that prove to be incorrect.
- Qualitative Analysis: CAFG subjectively evaluates non-quantifiable factors such as quality and tenure of management, investment and business strategies, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgment may prove incorrect.
- Fund Analysis: CAFG looks at the experience and track record of the manager of the fund in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at fund construction, and the fund's investment mandate and strategy. A risk of fund analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund, which could make the holding(s) less suitable for the client's portfolio.

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

### **Investment Strategies**

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

- Long-Term Purchases: We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we use this strategy when we believe the securities to be currently undervalued and/or we want exposure to a particular asset class over time, regardless of the current projection for this class. Long term purchases may be affected by unforeseen long term changes in the company in which the client is invested or in the overall market. Another risk in a long-term purchase strategy is that by holding the security for a long length of time, CAFG may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before the decision to sell is made.
- Short-Term Purchases: We purchase securities with the expectation that they will be sold within

a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Short term trading generally involves a greater degree of risk than long term trading due to market volatility over a short period of time. We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing clients' accounts. Short-term trading is not a fundamental part of CAFG's overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given a client's stated investment objectives and tolerance for risk

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

### **Investment Approach**

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

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

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

### **Risk of Loss**

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

### **Voting Client Securities**

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

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

### **Generally**

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

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

CAFG is the sole portfolio manager of the wrap fee program and does not share any personal information it collects from its clients other than as required by law, regulatory mandate or as otherwise disclosed in its privacy policies provided to its clients

CAFG collects the following information regarding the client in order to formulate its investment recommendations to the client: income; employment and residential information; social security number; bank account numbers; cash balance and security balances; liabilities and securitizations; transaction detail history; and investment objectives, goals and risk tolerance. CAFG considers the following factors, among others, when recommending and implementing investment recommendations: sources of wealth and/or deposits; risk assessment; investment time horizon; income and liquidity needs; asset allocation; and restrictions on management of accounts.

Sources of information used to develop investment CAFG's recommendations may include, but are not limited to, the following:

- Client questionnaire(s) and interview(s)
- Client tax return(s)
- Review of client's current portfolio
- Analysis of historical risk/return characteristics of various asset classes
- Analysis of the long-term outlook for global financial market
- Analysis of the long-term global economic and political environments

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

CAFG encourages and invites communications with its clients, and does not limit or condition the amount of time clients can spend with CAFG advisory professionals.

## **Item 9 Additional Information**

### **Disciplinary Information**

CAFG is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of us, our business or the integrity of our management or associated persons. Neither CAFG nor any of our associated persons has any reportable disciplinary events to disclose.

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

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

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

CAFG is not a registered broker-dealer, commodity firm, commodity trading advisor, or futures commission merchant, and does not have an application to register for any of the same pending. CAFG does not recommend investment products in which it receives any form of compensation from the separate account manager or investment product sponsor. CAFG has no affiliations with any entity through common ownership.

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

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

CAFG, its associated persons and/or their families may buy or sell the same securities that we recommend to clients or securities in which clients are already invested. CAFG, its associated persons and/or their families may engage in securities transactions for their own accounts that differ from those recommended or engaged in for other CAFG clients. We may also combine orders to purchase securities for CAFG, its associated persons and/or their families with a client's order to purchase securities ("block trading"). A conflict of interest may exist in these events because we have the ability to trade ahead of clients and may potentially receive more favorable prices (for CAFG, its associated persons and/or their families) than the client will receive. To eliminate this conflict of interest, we will make reasonable attempts to trade securities in client accounts at or prior to trading the securities in CAFG accounts, or accounts of associated persons and/or their families. Trades executed the same day will likely be subject to an average pricing calculation. Moreover, it is our policy that neither CAFG nor its associated persons will have priority over a client's account(s) in the purchase or sale of securities.

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

Neither CAFG nor its associated persons has any material financial interest in client transactions beyond the provision of investment advisory services or other services as disclosed in this Brochure. CAFG does not engage in principal trading (*i.e.*, the practice of selling stock to advisory clients from our inventory or buying stocks from advisory clients into our inventory). Nor does CAFG engage in agency cross transactions. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the e-mail or phone number listed on the cover page of this Brochure.

## **Brokerage Practices**

### *TD Ameritrade Relationship & Benefits*

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

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

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

- Receipt of duplicate client statements and confirmations;
- Research related products and tools, publications and seminars;
- Pricing and other market data;
- Consulting services;
- Access to a trading desk services;
- Access to block trading which provides the ability to aggregate securities transactions for



execution and then allocate the appropriate shares to client accounts (see below for more detail);

- The ability to have advisory fees deducted directly from our client's accounts;
- Access to an electronic communications network for client's order entry and account information, and access to client account data;
- Access to mutual funds with no transaction fees and to certain institutional money managers;
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to CAFG by third-party vendors; and/or
- Assistance with back-office functions, record keeping and client reporting.

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

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

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

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

#### *Best Execution*

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

If the client is receiving advisory services, CAFG, pursuant to the terms of its management agreement with clients, will have discretionary authority to determine which securities are to be bought and sold and the price of such securities to effect such transactions. CAFG recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. CAFG will follow a

process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include, but are not limited, to the following:

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

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

Commission rates and securities transaction fees charged to effect transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, CAFG believes that TD Ameritrade's commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere. Commission rates and securities transaction fees charged by TD Ameritrade are included in the wrap program fee.

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

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

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

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

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

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

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

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled", the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

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

#### *Directed Brokerage*

In certain instances, clients may seek to limit or restrict our discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Clients may seek to limit our authority in this area by directing that transactions (or some specified percentage of transactions) be executed through specified brokers in return for portfolio evaluation or other services deemed by the client to be of value. Any such client direction must be in writing (often through our advisory agreement), and may contain a representation from the client that the arrangement is permissible under its governing laws and documents, if this is relevant.

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, our firm will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

Client investment accounts held with a custodian other than TD Ameritrade managed by our firm are not eligible to participate in the wrap fee program. Our firm provides appropriate disclosure in writing to clients who direct trades to particular brokers, that with respect to their directed trades, they will be treated as if they have retained the investment discretion that our firm otherwise would have in selecting brokers to effect transactions and in negotiating commissions and that such direction may adversely affect our ability to obtain best price and execution. In addition, our firm will inform clients in writing that the trade orders may not be aggregated with other clients' orders and that direction of brokerage may hinder best execution.

### **Review of Accounts**

John Dorn, our Chief Compliance Officer, or Thomas Chernesky, President and Investment Adviser Representative, will monitor managed and supervised accounts on an ongoing basis to ensure that the advisory services provided to clients are consistent with the clients' stated investment goals and objectives. We will meet with clients at least annually, either in person or by phone. After each client meeting, we will send a meeting summary to memorialize the topics discussed during the meeting. Accounts are reviewed in the context of each client's stated investment objectives, risk tolerance and written guidelines and restrictions. More frequent reviews may also be triggered by a change in the client's investment objectives or risk tolerance, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in investment or fund managers, or changes in the economic market. Financial plans are reviewed periodically with the client, on an as-needed basis.

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

**TD Ameritrade Institutional**

We participate 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 ("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. We may recommend TD Ameritrade to clients for custodial and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our 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 adviser 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 our firm by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our Associated Persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our Firm or our Associated Persons through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our Associated Persons in and of themselves creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

**Client Referrals and Other Compensation**

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

**Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

**Financial Information**

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

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