



---

## **Form ADV Part 2 A & B**

**March 22, 2019**

This brochure provides information about the qualifications and business practices of CU Capital Market Solutions, LLC ("CMS"). If you have any questions about the contents of this brochure, please contact Lew Lester, CEO at 800-222-0978. Email inquiries may be sent to [llester@cucmsllc.com](mailto:llester@cucmsllc.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any states securities authority. Additional information about CU Capital Market Solutions, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and at [www.cucapitalmarketsolutions.com](http://www.cucapitalmarketsolutions.com)

Summary of Material Changes since the last filing: Update of relationships. Form ADV is available upon request or on the IARD Web Site at:  
[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

---

# CU Capital Market Solutions, LLC Form ADV Part 2

---

Advisory Business.....	2
About Us .....	2
Investment Advisory Services .....	3
Fees and Compensation.....	5
Performance-based Fees .....	6
Types of Clients.....	6
Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Disciplinary Information .....	8
Other Financial Industry Activities and Affiliations.....	9
Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading .....	9
Brokerage Practices.....	10
Review of Accounts .....	11
Client Referrals and Other Compensation.....	11
Custody .....	12
Investment Discretion .....	12
Voting Client Securities.....	12
Financial Information.....	12
ADV Part 2B – Brochure Supplements.....	13
Education and Business Standards .....	13
<b>Lewis N. (Lew) Lester, C E O .....</b>	<b>14</b>
<b>Robert C. Colvin, President .....</b>	<b>15</b>
<b>Brent Hippert, CCO .....</b>	<b>16</b>
<b>Reade Fors, Risk Analyst .....</b>	<b>16</b>

## Contents

## **Advisory Business**

### **About Us**

CU Capital Market Solutions, LLC (“CMS” or the “Company”) was founded as a CUSO (Credit Union Service Organization) and a registered investment adviser in June 2016. CMS purchased the assets of CNBS in June 2016. CMS provides non-discretionary investment supervisory/ advisory services, as well as reporting services to institutional clients (federal and state-chartered credit unions) throughout the United States. CMS manages and supervises client investment portfolios on a continuous and regular basis. The Company also provides continuous monitoring of clients’ financial structure, liquidity needs and investment portfolio.

Client investments are supervised on a non-discretionary basis. CMS does not buy or sell client securities without explicit approval from the client. The method used to determine the assets under supervision are described fully in the Fees and Compensation section of this Brochure.

CMS’ non-RIA services include providing consulting on Secondary Capital to interested institutions. This is an important regulatory benefit for federally insured credit unions with a low-income designation. CMS provides Non-Member Deposits and Insured Deposit capabilities to credit unions nationwide through the institutional cash market and a proprietary network of insured financial institutions, as well as through DTC brokered certificates of deposit (“CD”) / share certificates.

CMS has pioneered securitized assets for the credit union movement to provide for the diversification of asset risk and to improve the investment returns of credit union portfolios. Our Total Solutions™ Balance Sheet Advisory platform optimizes the earnings of CMS clients all across the country through asset, funding and capital strategies developed for the needs of each institution.

CMS offers loan participation services, including USDA loans, to credit unions nationally and act as an agent by linking buyers and sellers. We provide assistance in the planning of both the purchase and sale of loan participations.

CMS is a provider of the CMS Non-Member Funding Program ("NMFP") to credit unions nationally. The NMFP provides qualified credit unions access to the \$3 trillion institutional cash market via high-quality stable non-member deposits. In compliance with National Credit Union Administration (“NCUA”) pass-through insurance regulations, the NMFP allows low-income designated credit unions to receive non- member funding, up to 20% of their current share balances, in a quick and easy manner.

Non-member funding through NMFP is available to low income designated credit unions. This unique and proprietary program benefits credit unions by making available a new liquidity source to satisfy current liquidity needs.

### **DTC-Eligible CD's and Share Certificates**

DTC-eligible CD's and Share Certificates are time deposits issued by federally insured financial institutions (NCUA and FDIC insured financial institutions) and are underwritten by Financial Industry Regulatory Authority ([FINRA](#))-registered broker-dealers. CMS partners with Fidelity Capital Markets a division of Fidelity for CDs and Share Certificates that are typically referred to as "brokered deposits," which are offered to investors by issuing institutions looking to raise funding through the wholesale institutional markets. Unlike traditional CDs and Share Certificates issued in a physical certificate form, DTC-eligible CDs and Share Certificates are issued in book entry form and use the CUSIP system for identification and trading in a primary and secondary market. DTC CDs and Share Certificates are federally insured and offer an alternative to traditional agency securities.

### **Investment Advisory Services**

#### Investment and Asset-Liability Policy Design and Review

CMS will provide a written review of the client's existing investment and asset-liability management policies at the onset of subscribing to the investment advisory service. Additionally, subsequent annual reviews will be provided to the client. If a client does not have an investment and/or asset-liability policy, CMS will assist with developing and implementing such policies. CMS' written comments may be followed by a telephone conference, if necessary.

#### Interest Rate Risk Evaluation

CMS provides clients with a periodic written evaluation of their balance sheet position as it relates to interest rate risk management, which include the following components:

- gap report of re-pricing assets to liabilities
- income simulation under various scenarios
- net economic value under various scenarios
- specific recommendations to reduce interest rate risk

CMS provides balance sheet advisory to credit unions nationally. Our Total Solutions™ platform is a comprehensive service, which includes portfolio review, investment advisory, loan review, participation alternatives, IRR modeling and back-testing and strategic balance sheet advisory. Using the CU Capital Market Solutions consulting team is like adding a full staff of seasoned balance sheet strategists to your credit union at a fraction of the cost of maintaining those resources in-house.

#### Portfolio Advice and Consulting

A client will receive an ongoing review of its investment portfolio management practices and compliance with regulatory standards, as well as internal policies. CMS will also provide its clients with recommendations for changes in portfolio mix, maturity, structure, and risk thresholds.

#### Portfolio Reporting

CMS delivers to its clients written investment management and investment accounting reports.

#### Financial Analytics

The Company utilizes Bloomberg and other financial information systems, to provide clients with historical yields, “what-if” analyses, and relative yield comparisons.

#### Custom Investment Advisory Services

CMS offers investment advisory services to Credit Unions and other institutional investors customized for their particular needs. Custom investment advisory services may contain elements of the services described above in addition to other advisory services requested by the

client. Custom investment advisory services and the fees thereon are fully negotiable on a case-by-case basis.

#### Assets Under Management

As of the date of this brochure, we approximately \$2.2 billion client assets under supervision.

## Fees and Compensation

The level of investment advisory services the Company provides to clients and the related fees charged are negotiable. Below is CMS' standard pricing chart:

Net Investment Portfolio	Monthly Advisory Fee
Up to \$25 million	15 basis points
Over \$25 million to \$350 million	12 basis points on amount up to \$50 million and scales to 5 basis points at \$350 million. Fees are negotiable.
Minimum Monthly Fee	\$2,500
Initial Set-up Fee	\$2,500

There is no minimum portfolio size required for the advisory services. However, note there is a minimum monthly fee as presented in the chart above.

### Fee Calculation and Payment Methods

CMS calculates fees for our services on the last business day of each month based on your asset portfolio. Valuations for mortgage and asset-backed securities are based on the most recent amortized par value. The valuation for zero coupon bonds is based on accreted book value. For all other types of securities, valuations are based on par value.

CMS will directly bill all advisory fees to its clients. Fees are payable no more frequently than monthly and are not payable in advance. The initial evaluation fee is payable within thirty (30) days of contract execution. A client may terminate the investment advisory services contract

upon thirty (30) days written notice. While termination will not result in a refund of the initial evaluation fee, monthly fees will be accrued only through termination date.

### Transactions

A client may incur transaction costs on any investment purchase or sale transactions it directs CMS to execute.

CMS will on the client's behalf and with client direction execute transactions it has recommended to a client through a broker dealer as directed by the client. CMS has a relationship with Fidelity Capital Markets. Fidelity Capital Markets Institutional Trading Desk ("Fidelity") will execute trades for Client's designated Account, upon Client approval, pursuant to the Investment Program. All securities purchased shall be delivered to Client's Account on a "DVP" basis. CMS shall not have the right or authority to withdraw and/or transfer securities or funds to any third party from the Account. CMS does not receive any payments from Fidelity as a result of trades directed to Fidelity by CMS on behalf of client.

Please refer to the Brokerage Practices section of this Brochure for more information on transaction charges.

CMS offers "Total Solutions-Balance Sheet/Treasury Services" ("Total Solutions") for a fixed fee on a long term (one year or more) contract. The services provided in Total Solutions are priced on a customized basis and most services as outlined in the Total Solutions contract are non-investment advisory services (balance sheet services, liquidity consulting, contingency funding, cash flow consulting, regulatory consulting) as such. There are no separate fees charged for investment advisory services under the Total Solutions agreement.

### **Performance-based Fees**

CMS calculates fees based solely on the size of a client's portfolio as discussed in the Fees and Compensation section of this Brochure. The Company does not base fees on the performance of a client's portfolio or investment returns because of the potential conflict of interest.

### **Types of Clients**

The Company provides investment advisory services as described in this Brochure to U.S. based financial institutions. As of the date of this Brochure, clients are exclusively federal-chartered and state-chartered credit unions.

As stated in the section on Fees and Compensation, CMS does not require a minimum portfolio size in order to provide advisory services a potential client. CMS does not provide investment advisory services to non-institutional investors.

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

### Methods of Analysis

The Company provides investment advice on a wide range of fixed income securities, including U.S. Government securities, securities issued by U.S. Government-sponsored agencies, mortgage-backed securities, collateralized mortgage obligations, asset-backed securities, government and bond mutual funds, certificates of deposit, deposit notes, banker's acceptances, and other marketable and non-marketable investment products which are legal investments for financial institutions and other institutional investors pursuant to applicable federal and state regulations.

CMS obtains information on its clients' investment holdings and the identification of purchases and sales recommendations to clients from outside sources of information, including Bloomberg and research materials and economic analyses prepared by others. CMS utilizes asset-liability management software, bond accounting and analytical software packages in providing investment advice and recommendations to its clients.

### Investment Strategies

As part of CMS' advisory service, the Company will conduct an initial review of a client's existing investment and asset-liability management policies. If the client does not have one or both of these policies in place, CMS will assist in developing and implementing the policies. These policies will define for CMS the client's investment objectives and it is the Company's responsibility as the client's advisor and a fiduciary to consider them in any recommendations made by the Company to the client.

It is the client's responsibility to promptly notify CMS if it changes any investment objectives within the client's investment policy or asset-liability management policy. The client should also notify CMS of any investment restrictions that have been adopted or changed so that CMS may consider them in making investment recommendations. If the client feels any recommendations are contrary to its written policies or restrictions, the client should notify CMS immediately.

### Risk of Loss

All investment strategies have certain risks that clients should be prepared to bear. When investing in fixed income securities, it is important to remember that the investment's return is linked to its risk. As a general rule, higher returns are the result of assuming higher levels of risk. The following investment risks are present for fixed income securities:

- **Credit Risk:** Rating agencies, such as Moody's, Standard and Poor's and Fitch, assign ratings to many fixed income securities when they are issued. These ratings may be adjusted from time to time as the rating agency monitors developments affecting the



issuer. The market value of your fixed income investments will fluctuate in response to changes in credit ratings.

- ***Extension/Contracting Risk:*** Changing interest rates will affect the anticipated rate at which mortgages or other loans in a pool will be repaid. Investors will find that their principal is committed for either a longer or shorter period of time than expected. Rising interest rates will slow the rate at which principal is returned to the investor, increasing the expected holding period of the investment.
- ***Embedded Option Risk:*** An embedded option is a provision giving either the issuer or the bondholder an option to take some action against the other party. An example is a bond with a call option. If the issuer calls a bond that you purchased, you may not hold the investment for the period of time you intended, such as to its stated maturity date.
- ***Interest Rate Risk:*** Fluctuations in interest rate will cause the value of fixed income investments to fluctuate in the opposite direction of the interest rate change. If interest rates rise, the market value of your fixed income investments will decline in response.
- ***Liquidity Risk:*** This is a measure of the relative ease and speed with which a security can be purchased or sold in the secondary market at a price that is reasonably related to its actual market value. The less marketable a security, the higher the price or premium over market value a purchase will have to pay. For sellers, less marketability means you will receive a price lower than the securities market value.

## **Disciplinary Information**

CMS has no disciplinary history, as stated earlier CMS. There are no legal events against CMS and CMS has no investigations pending. Furthermore, no employees (including officers, investment advisory representatives, registered representatives or other associated personnel have even been subject to any disciplinary action by the SEC, any self-regulatory organization (SRO), or other federal/state regulatory agencies, or any foreign financial regulatory authority.

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

### Financial Industry Activities

CMS is registered as an investment adviser with the SEC (File No. 801-108189).

### Affiliations

Other than the CMS Taxable Municipal Trust and the CUSCF, CMS does not have any relationships with other firms or parties from which we receive compensation for the advisory services it provides.

Our ownership includes natural person credit unions as minority owners. CMS does not have any arrangements with its owners that are material to the advisory services provided to its clients.

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

### Code of Ethics

CMS has adopted and enforces a Code of Ethics that sets forth standards of conduct to protect the interests of its clients. As a fiduciary, CMS and its employees have the responsibility to render professional and unbiased investment advice. The Company owes its clients a duty of honesty, good faith, and fair dealing. As a fiduciary, CMS acts at all times in its clients' best interest. CMS must either avoid or disclose to clients any conflicts of interest that would interfere with its fiduciary duty. The Company's Code of Ethics emphasizes and implements these fundamental principles of the company.

CMS' Code of Ethics establishes standards of conduct pertaining to:

- Compliance with applicable securities laws and regulations.
- Fiduciary responsibilities to clients.
- Maintaining strict confidentiality over a client's financial information, purchase or sale recommendations, transactions, and portfolio holdings.
- Prohibitions of misuse of material, nonpublic information, including information pertaining to a client, purchase or sale recommendations, transactions with CMS and other parties, and a client's portfolio holdings.
- Disclosure and monitoring of personal investment activity and accounts of CMS' employees to ensure propriety of personal investments.
- Restrictions on activities that may create actual or perceived conflicts of interest, including gift and entertainment expenses of the Company's employees and their outside activities.

CMS' Code of Ethics requires that employees covered by it immediately report any real or suspected violations of the Code to a designated officer of the Company for investigation and resolution.

A full copy of CMS' Code of Ethics will be provided upon request.

### Participation or Interest in Client Transactions

CMS may buy or sell securities that are also held by its clients. CMS may also invest its own funds in securities that are also recommending to its clients. In all such cases, the Company's transactions with clients and those for our own account are executed independently and client transactions always receive preferential treatment over those for CMS' own account.

### Personal Trading

Employees of CMS are permitted to maintain personal investment accounts. Given the nature of the Company's clientele and the investments CMS recommends, it is unlikely that a conflict of interest could arise involving CMS' investment recommendations to a client. Employees are required to notify the Company of their personal investment accounts and the Company receives copies of account statements, which are reviewed to ensure personal investments of our employees are not in conflict with clients of the Company.

### **Brokerage Practices**

CMS can execute on a client's behalf the securities transactions recommend as an investment adviser through a third-party broker dealer. The client is under no obligation to use the third-party broker for transaction execution and it may choose another broker-dealer to execute transactions. CMS does not direct any transactions to any other broker-dealers or otherwise determine the broker-dealer to be used to execute a client's transactions. That decision is entirely up to the client. CMS has a relationship with Fidelity Capital Markets where with client permission it directs client trades to Fidelity. CMS does not receive any compensation from Fidelity as a result of directing trades to Fidelity or any other broker dealer.

A third-party broker may execute securities purchases and sales transactions on a non-discretionary, riskless principal basis. This means that upon receipt of a client's purchase or sale instructions, the Company enters into a simultaneous, offsetting sale or purchase transaction with another broker-dealer, which is independent of the third party. All transactions between the client and the third-party broker are settled on a "delivery vs. payment" basis.

CMS and CMS' investment advisory representatives do not receive any direct compensation on securities transactions that clients direct the Company to execute on their behalf.

## **Review of Accounts**

Clients will receive from CMS written portfolio accounting reports and information for making monthly portfolio accounting entries and adjustments. Clients will also receive written quarterly asset-liability management reports pertaining to their capital at risk, earnings at risk and liquidity fluctuations. These reports may be used by the client for board of directors reporting and certain regulatory reporting functions.

CMS will review each client's portfolio for performance relative to the client's objectives at least twice per year. Informal reviews are made at least biweekly to assure that CMS' ongoing advice and supervision of the client's investment portfolio is consistent with the investment policy and objectives.

In addition to regularly scheduled reviews, client inquiries or requests may trigger additional portfolio and investment reviews.

## **Client Referrals and Other Compensation**

CMS does not compensate other parties for client referrals. Furthermore, CMS does not have any arrangements under which it receives any compensation or other economic benefit from parties who are not clients for providing investment advisory services.

The Company has an incentive compensation program where any employee of CMS can receive incentives for bringing new fee-based business to the company. Under this program, employees receive as additional compensation a small percentage of the fees billed to new clients during the first year of their service agreement. CMS' investment advisory representatives are eligible to participate in this program.

The investment advisory representative that manages a client's relationship may receive incentive compensation on the fees you pay over the first year of our relationship. CMS believes the method used to calculate a client's net investment portfolio, as described in the Fees and Compensation section of this Brochure, reduces the conflict of interest this incentive compensation may introduce. CMS will provide the amount of additional compensation the assigned investment advisory representative(s) has received, if any, under this incentive program upon the client's request.

## **Custody**

CMS does not take possession of a client's investments or funds. It is the client's responsibility to determine the financial institution that will safekeep its securities and provide settlement services for the client's securities purchases and sales.

**Investment Discretion**

CMS does not exercise investment discretion over client securities transactions. The Company will not enter into any securities purchases or sales on a client's behalf without its express instructions to do so, either verbally or in writing, such as through e-mail. If a client desires, it may direct another securities broker-dealer to execute securities purchases and sales that CMS has recommended.

**Voting Client Securities**

The Company's investment advisory service does not include providing advice on equity or other securities which have voting rights.

**Financial Information**

CMS will provide a copy of its December 31 audited Statement of Financial Condition in April of each calendar year at the request of the client. The financial statements will be distributed electronically.

Clients may request a copy of these financial statements at any time by contacting us.

**ADV Part 2B – Brochure Supplements**

The following Brochure Supplements provide information about individuals that provide advisory services. This information supplements the CMS Brochure, which precedes these Supplements. Additional information about CMS, LLC and the individuals listed in this Supplement is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Education and Business Standards**

CMS requires that its investment advisory representatives that have client contact must have an appropriate educational background. A bachelor's degree in finance, accounting, economics, management or equivalent work experience is required. A graduate degree and/or certification as a CFA is preferred. A minimum of two years' work experience in a financial institution as an investment advisory representative or similar experience in funds management or asset-liability management is required.

Each Portfolio Strategist or Analyst must hold registrations with state and self-regulatory authorities as appropriate to their positions.

## **Lewis N. (Lew) Lester, CEO**

### **Educational Background and Business Experience**

Mr. Lester has 28 years' experience in Broker/Dealer Operations, Institutional and Retail Brokerage, Corporate Finance, Fund Management, Mergers and Acquisitions and Strategic Planning. He holds FINRA Series 7, 24, and 63 registrations. Mr. Lester is directly responsible the strategic direction of CMS, as well as the implementation, evaluation, and supervision of all strategic development, day to day operations and personnel including Financial Analyst, Investment Bankers and Brokers, Legal and Compliance, Trading and Support staff.

Mr. Lester's CRD number is 1773617. He was born 1964 and started with CNBS in February 2015 and CMS in July 2016.

To contact Lew Lester: 913-402-2628 llester@cucmsllc.com

### **Disciplinary History**

None.

### **Other Business Activity**

Mr. Lester is on the board of directors of GCA Strategic Investment Fund Limited, a Bermuda exempt corporation. since September 1998. He is Chairman and CEO of Global Capital Advisors Inc., the Investment manager for GCA Strategic Investment Fund.

### **Supervision**

Mr. Lester supervises CMS, he is reviewed by the CMS Chief Compliance Officer. His Supervisory activities include reviews of investment transactions for advisory clients, reviews of written reports, and monitoring of written communications.

### **Additional Compensation**

None, other than as described in the Client Referrals and Other Compensation section of our ADV Part 2 – Firm Brochure.

## **Robert C. Colvin - President**

### **Educational Background and Business Experience**

Mr. Colvin has 35 years' experience in assisting financial institutions in managing their interest rate risk and fixed-income portfolio. His experience includes the development of one of the first asset-liability products in the US along with an equity-linked CD and a securitized CD product specifically designed for financial institutions to control their interest rate risk. He is a frequent speaker at state and national conventions regarding asset-liability and fixed income investments. Mr. Colvin is the President at CMS and is directly responsible for assisting clients in managing their balance sheet and interest rate risk. His advice spans the range of interest-rate risk, investments, capital and liquidity. Mr. Colvin has a BGS degree from the University of Kansas and holds FINRA Series 7, 63 registrations.

To contact Robert Colvin: 913-402-2616 / [rcolvin@cucmsllc.com](mailto:rcolvin@cucmsllc.com)

Additional information about Mr. Colvin can be obtained from FINRA's BrokerCheck Program at <http://brokercheck.finra.org>. His CRD registration number is: 823124.

### **Disciplinary History**

None.

### **Other Business Activity**

None

### **Additional Compensation**

None, other than as described in the Client Referrals and Other Compensation section of our ADV Part 2 – Firm Brochure.

### **Supervision**

Mr. Colvin is reviewed by Mr. Lester and the CMS Chief Compliance Officer. His Supervisory activities include reviews of investment transactions for advisory clients, reviews of written reports, and monitoring of written communications.

**Brent Hippert, Chief Compliance Officer**  
**Educational Background and Business Experience**

Brent Hippert is the CCO & CFO of CMS and is also the Managing Principal of Brokerage Consulting Services. Brent has been in the securities industry for over 30 years and currently provides contract executive management and consulting services to Investment Advisors and Broker-Dealers. Brent began his career in the industry as a retail broker for Merrill Lynch. Brent worked his way up to become a regional manager with a major wire house and eventually owned a broker-dealer. He currently serves as CEO, COO, CFO, or CCO of securities firms on a contract basis. He holds multiple securities registrations, has served on the board of directors of NASDAQ OMX BX, the Boston Options Exchange, and Safe Flight Instruments, Inc. Brent served in the Marine Corps as a fighter pilot and is a graduate of the Rochester Institute of Technology

Additional information about Mr. Hippert can be obtained from FINRA's Broker Check Program at <http://brokercheck.finra.org>. His CRD registration number is: [ ].

**Disciplinary History**

None.

**Other Business Activity**

As disclosed via Broker Check.

**Additional Compensation**

None, other than as described in the Client Referrals and Other Compensation section of our ADV Part 2 – Firm Brochure.

**Reade Fors, Risk Analyst**  
**Educational Background and Business Experience**

Mr. Fors is a graduate of Tulane University in New Orleans, Louisiana with a Bachelor of Science degree in Finance. He also earned a Master of Finance degree from Tulane University, graduating in May of 2012.

Mr. Fors joined CNBS in May of 2014 and CMS in July 2016. Prior to joining CMS, Reade worked with a consulting firm in New Orleans providing valuation and fairness opinions for gulf coast businesses that were eligible for BP's Deepwater Horizon Settlement Program.

**Certifications**

Chartered Financial Analyst (CFA).

**Disciplinary History**

None.



Other Business Activity

None.

Additional Compensation

None, other than described in the Client Referrals and Other Compensation section of our ADV Part 2 – Firm Brochure.

Supervision

Mr. Fors is supervised by Mr. Lester.