

## Item 1: Cover Page



SEC No. 801-121409

### **Part 2A of Form ADV Firm Brochure**

December 24, 2024

1223 N. Church Street  
Moorestown, NJ 08057

phone: 856-988-8300  
email: [mparise@cbfgllc.com](mailto:mparise@cbfgllc.com)  
website: <https://www.copperbeechfg.com>

This brochure provides information about the qualifications and business practices of Copper Beech Financial Group, LLC. If you have any questions about the contents of this brochure, please contact us at 856-988-8300 or email [mparise@cbfgllc.com](mailto:mparise@cbfgllc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Copper Beech Financial Group, LLC, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

CBFG has the following material change to report since the last annual update of this Brochure issued March 2024:

CBFG now offers lending and cash management services through UPTIQ Financial Intelligence Platform® ("UPTIQ®"). Please see Items 4, 5, and 10 of this Brochure for information on this service and conflicts of interest.

## Item 3: Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation .....	10
Item 6: Performance-Based Fees and Side-by-Side Management.....	14
Item 7: Types of Clients.....	15
Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss .....	16
Item 9: Disciplinary Information.....	25
Item 10: Other Financial Industry Activities and Affiliations.....	26
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	29
Item 12: Brokerage Practices .....	31
Item 13: Review of Accounts .....	37
Item 14: Client Referrals and Other Compensation.....	38
Item 15: Custody .....	39
Item 16: Investment Discretion.....	40
Item 17: Voting Client Securities.....	41
Item 18: Financial Information .....	42

## Item 4: Advisory Business

### A. Ownership/Advisory History

Copper Beech Financial Group, LLC ("CBFG" and/or "the firm"), is a limited liability company organized in the state of New Jersey. The firm was formed in December 2009, and the principal owner is CB Tree Holdings. Castle Reinsurance controls CB Tree Holdings. John Parise is the CEO of CBFG, and Michael Parise is the CCO of CBFG.

### B. Advisory Services Offered

#### Portfolio Management Services

CBFG offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. CBFG creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

CBFG evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. CBFG will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

CBFG seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of CBFG's economic, investment or other financial interests. To meet its fiduciary obligations, CBFG attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, CBFG's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is CBFG's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

For its discretionary asset management services, CBFG receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies described in Item 8 of this brochure.

CBFG's discretionary asset management services are predicated on the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. CBFG will

analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance and implement a portfolio consistent with such investment objectives, goals, risk tolerance and related financial circumstances. In addition, CBFG may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client's portfolio.

Clients have the right to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio (to be noted on the client agreement), and should promptly notify the firm in writing of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. CBFG will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. CBFG will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

### **Financial Audit Services**

We will conduct an initial analysis of your current financial circumstances, assets, liabilities, current and projected sources of income, business goals, and related matters. As part of these services, we will provide you an initial report to summarize and analyze your assets, cash flow projections, and considerations related to risk management and general tax considerations and other initial observations. Please see Item 5 for information on fees for these services.

As part of the financial audit services, we will not make specific recommendations or advice to the client, and any advice or recommendations intended to be tailored to the client will only be provided if we are engaged to provide additional services to the client. Based on, or together with, the Financial Audit Services, the client may elect to engage us to perform and provide other services identified in the client agreement. Information evaluated as part of the audit include the following:

- Balance Sheet & Net Worth Statement
  - Asset projections
- Business Succession Observations
  - Buy/Sell Agreement Review
- Investment Portfolio Observations
  - Review of current portfolio
  - Review risk/reward profile
  - Review of current allocation
  - Review sector analysis
- Cash Flow
  - Budgeting and cash flow analysis
  - One Retirement cash flow projection
- Risk Management

- Review annuities
- Life insurance analysis
- Disability analysis
- Long-term care analysis
- Property & casualty analysis
- Family Governance & Succession
- Estate Planning
  - Review of existing estate documents
  - Probate avoidance
  - Asset protection analysis
  - Projected estate tax liability
  - Death tax funding
  - IRC Section 6166 analysis

### **Third-Party Money Managers**

As part of our investment advisory services, we may recommend a third-party money manager to manage a portion of the client's investment portfolio. Factors we take into consideration when making our recommendation include, but are not limited to, the third-party manager's performance, investment strategies, methods of analysis, advisory fees and other fees, assets under management, and the client's financial objectives and risk tolerance. We would generally retain authority to hire/fire the third-party manager, and we regularly monitor the performance of the manager to ensure its management and investment style remain aligned with the client's objectives and risk tolerance. CBFG continuously manages any third-party manager relationship and continuously monitors the client's account(s) for performance metrics and adherence to the client's ISP. Each third-party manager maintains a separate disclosure document that will be provided directly to the client by CBFG. The client should carefully review the third-party manager's disclosure document for information regarding fees, risks and investment strategies, and conflicts of interest. The third-party manager will charge fees to the client, which fees will be in addition to the fees charged by CBFG.

### **Financial Planning**

CBFG provides personalized, confidential financial planning. Advice is provided through consultation with the client. CBFG gathers required information through in-depth personal interviews and questionnaires. Information gathered includes a client's current financial status, investment objectives, future goals, and attitudes toward risk. Related documents supplied by the client are carefully reviewed.

Clients will receive a comprehensive written plan that will outline general recommendations for a course of activity or specific actions to be taken by the clients. Based on the client's needs, financial planning services generally include any or all of the following:

- Income Tax Management & Analysis

- Retirement Planning
- Employee Benefits Planning
- Cash Flow Planning
- Risk Management; Insurance Evaluation
- Investment Planning; Portfolio Evaluation and Asset Allocation Planning
- Higher Education Planning
- Estate Planning
- Business Financial Planning
- Meeting(s) with Third-Party Professional Advisors

### Family Office Services

CBFG provides a suite of family office services as applicable to each client's personal and financial circumstances. Clients may choose one or all of the following services:

▪ Next Generation Advice	▪ General Family Office Services
<ul style="list-style-type: none"> <li>• Advanced Estate Planning &amp; Design</li> <li>• Asset Protection Planning</li> <li>• Business Succession Planning &amp; Design</li> <li>• Investment Account Analysis/Oversight</li> <li>• Investment Manager Due Diligence</li> <li>• Life Insurance Audit &amp; Policy Design</li> <li>• Year-End Tax Planning with CPA</li> <li>• Personal Cash Flow Management</li> <li>• Philanthropic Planning</li> <li>• Special Needs Planning</li> <li>• Personal/Business Risk Management</li> <li>• Nationwide Advisor Network</li> </ul>	<ul style="list-style-type: none"> <li>• Family Advisor Collaboration</li> <li>• Multi-generational Advisor</li> <li>• Capital Sourcing &amp; Management</li> <li>• Family Mission Statements Creation</li> <li>• Family Legacy Letters Creation</li> <li>• Family Governance Creation</li> <li>• Family Investment Policy Statements</li> <li>• Annual Intergenerational Family Meetings</li> <li>• Ongoing Asset Monitoring</li> <li>• Project Task Management</li> <li>• Quarterly Meetings &amp; Reports</li> <li>• Annual Educational Symposium</li> </ul>

### UPTIQ Treasury & Credit Solutions, LLC

CBFG offers clients the option of obtaining certain lending and cash management solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, "UPTIQ"). These third-party financial institutions are banks and non-banks that offer credit and cash management solutions to our clients, as well as certain other unaffiliated third parties that provide administrative and settlement services to facilitate UPTIQ's cash management solutions. UPTIQ acts as an intermediary to facilitate our clients' access to these credit and cash management solutions.

Clients that obtain loans through the secure lending facility are strictly prohibited from using any loan proceeds to buy securities for their managed portfolio.

*Credit Solutions.* We use UPTIQ to facilitate credit solutions for our clients. Clients retain the right to pledge assets in accounts generally, subject to any restrictions imposed by clients' custodians. While credit solution programs that we offer facilitate secured loans through third-party financial institutions, clients are free instead to work directly with institutions outside such programs. Because of the limited number of participating third-party financial institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A third-party financial institution has the authority to liquidate all or part of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The third-party financial institution also has the right to call client loans and require repayment within a short period of time; if the client cannot repay the loan within the specified time period, the third-party financial institution will have the right to force the sale of pledged assets to repay those loans. Selling assets to maintain collateral levels or calling loans may result in asset sales and realized losses in a declining market, leading to the permanent loss of capital. These sales also may have adverse tax consequences. Interest payments and any other loan-related fees are borne by clients and are in addition to the advisory fees that clients pay us for managing assets, including assets that are pledged as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should consider carefully and skeptically any recommendation to pursue a more aggressive investment strategy in order to support the cost of borrowing, particularly the risks and costs of any such strategy. More generally, before borrowing funds, a client should carefully review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

*Cash Management Solutions.* We use UPTIQ to facilitate cash management solutions for our clients. For cash management programs, certain third-party intermediaries provide administrative and settlement services to our clients. Engaging the third-party financial institutions and other intermediaries to provide cash management solutions does not alter the manner in which we treat cash for billing purposes. Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the third-party financial institutions, the intermediaries referenced above, and us. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in a cash management program if the client prefers to hold cash at the third-party financial institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).



### **Ongoing Consulting Services**

CBFG may contract with clients to provide consulting services on various topics. CBFG will acquire information concerning the client's assets, liabilities, present and future foreseeable obligations, present and future income requirements, client's desired financial goals and client's tolerance for risk as well as any other information that is applicable.

### **C. Client-Tailored Services and Client-Imposed Restrictions**

CBFG will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by CBFG on behalf of the client. CBFG may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent CBFG from properly servicing the client account, or if the restrictions would require CBFG to deviate from its standard suite of services, CBFG reserves the right to end the relationship.

### **D. Wrap Fee Programs**

CBFG does not participate in wrap fee programs, where brokerage commissions and transaction costs are included in the asset-based fee charged to the client.

### **E. Client Assets Under Management**

As of December 31, 2023, CBFG managed \$112,554,400 of discretionary assets and \$0 of non-discretionary assets.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### **Portfolio Management Fees**

The annual fee for portfolio management will be a maximum of 2% charged as a percentage of assets under management. These fees are negotiable.

Portfolio management fees are subject to the investment advisory agreement between the client and CBF. CBF bills either monthly or quarterly in arrears as chosen by client with the IAR. The first payment is based upon the ending account value of the billing period in which it is funded. This is then assessed pro rata from initial funding date and due at the beginning of the next billing cycle. Subsequent payments are based upon the account's billable assets under management from the previous day close and assessed on the first business day for the full prior billing period.

CBF may modify the fee at any time upon 30 days' written notice to the client. In the event the client has an ERISA-governed plan, fee modifications must be approved in writing by the client.

*Alternative Investments:* Accounts permitted to hold certain approved alternative investments may be subject to specific risks greater than those associated with traditional investments. Client may be required to sign an CBF Client Alternative Investment Disclosure Form before holding such investments in the account, and the position will be excluded from billing. CBF will allow a fee to be charged on alternative investments held in the account if the position offers liquidity quarterly and the position is valued by the offering entity at least quarterly. These positions cannot have both a commission and a management fee charged when held in an advisory account.

#### **Financial Audit Services**

Fees for financial audit services will generally be a fixed fee in the amount ranging from \$10,000 to \$20,000, based upon the complexity of the audit. Such fees will be due and payable at the onset of the engagement.

#### **Third-Party Money Manager Fees**

Third-party manager fees will be billed directly by the third party subject to client's written authorization and are in addition to the fees paid by clients to CBF. The client will pay an annualized asset-based fee (total fee) in accordance with the schedule appearing on the third-party asset management client agreement. CBF's fee and the manager's fee may be paid in either advance or in arrears based on each party's relationship with the clearing firm, and that certain portions of the total fee may be in advance or arrears, as the case may be.

#### **Financial Planning Fees**

Financial planning fees will be billed at the rate of \$750 per hour or a fixed fee mutually agreed upon by the client and CBF. For hourly billing, CBF will provide the prospective client with an

estimate of the hours to complete the project(s) and the estimated total for services prior to finalizing the financial planning agreement. Eighty percent (80%) of the standard planning fee will be due and payable at the onset of the engagement. The balance of the fee will be due upon completion of the engagement. The client will be billed directly for such services. For prepaid fees in excess of \$1200, services will be completed within six months of the date fees are received.

### **Family Office Services Fees**

Family office services fees will be a negotiated fixed fee payable quarterly in advance and subject to the terms of the investment management agreement.

## **B. Client Payment of Fees**

### **Payment of Portfolio Management Fees**

Asset-based portfolio management fees are paid either monthly or quarterly in arrears subject to the investment management agreement. CBFG requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

CBFG's advisory fee will be directly debited from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified 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 client's custodian will not verify the calculation.

The investment management agreement may be terminated for any reason upon 30 days' written notice by CBFG and immediately upon written notice from the client. Upon termination of any account, any earned, unpaid fees will be immediately due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

### **Payment of Third-Party Money Manager Fees**

The timing, frequency, and method of paying fees for third-party managers will depend on the specific third-party manager selected and will be disclosed to the client prior to entering into a relationship with the third-party manager.

### **Payment of Financial Planning and Family Office Services Fees**

Fees are paid via check, ACH, or credit card. Fixed financial planning fees are paid 80% in advance, but never more than six months in advance, with the remainder due upon presentation of the plan. Hourly financial planning fees are paid 100% in advance, but never more than six months in advance.

Clients may terminate the agreement without penalty, for full refund of CBFG's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the financial planning agreement generally upon written notice.

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination. For hourly fees that are collected in advance, the fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination.

### **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, third-party separate account managers, private placement, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using CBFG may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

### **D. External Compensation for the Sale of Securities to Clients**

CBFG's advisory professionals are compensated primarily through a salary and bonus structure. CBFG's advisory professionals may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. CBFG's advisory professionals may receive commission-based compensation for the sale of securities and insurance products. Certain CBFG advisory professionals, in their capacity as American Portfolios Financial Services, Inc. ("APFS") registered representative, are prohibited from earning an advisory fee on the securities value transferred from an advisory client's APFS brokerage account unless commissions earned on such securities transactions occurred at least 12 months prior to the transfer. Please see Item 10.C. for detailed information and conflicts of interest.

Certain managers, members, and registered employees of CBFG are licensed insurance agents and may recommend insurance products and be paid a commission for doing so. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other products. Please also be advised that CBFG strives to put its clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they

desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with CBFG's employing broker-dealer.

CBFG's advisory professionals may receive commission-based compensation up to 25% of applicable lender fees for the sale of credit and cash management solutions through UPTIQ. Please see Item 10 for detailed information and conflicts of interest.

## **E. Important Disclosure – Custodian Investment Programs**

Please be advised that certain of the firm's investment adviser representatives are registered with a broker-dealer and/or the firm is a broker-dealer or affiliated with a broker-dealer. Under these arrangements, we can access certain investment programs offered through the broker-dealer that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. As such, the investment adviser representative and/or the firm may have an economic incentive to recommend the purchase of 12b-1 or revenue share class mutual funds offered through the broker-dealer platform rather than from the investment adviser platform. Please note the following:

***Limitation on Mutual Fund Universe for Custodian Investment Programs:*** Please note that as a matter of policy we prohibit the receipt of revenue share fees from any mutual funds utilized for our advisory clients' portfolios. There are certain programs in which we participate where a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client.

***Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds:*** Revenue share class/12b-1 fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances (i) where our adviser representative is also licensed as a registered representative of a broker-dealer and receives a portion of 12b-1 and or revenue sharing fees as compensation – such compensation creates an incentive for the investment adviser representative to use programs which utilize funds that pay such additional compensation; and (ii) where the custodian receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm's clients.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

CBFG does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## Item 7: Types of Clients

CBFG generally provides advisory services to the following types of clients:

- Individuals
- High-net-worth individuals
- Pension and profit sharing plans
- Insurance companies
- Corporation and other business entities

There is no account minimum for any of CBFG's services.

## **Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss**

### **A. Methods of Analysis and Investment Strategies**

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There is no guarantee that any specific investment or strategy will be profitable for a particular client.**

#### **Methods of Analysis**

CBFG uses a variety of sources of data to conduct its economic, investment and market analysis, which may include economic and market research materials prepared by others, conference calls hosted by individual companies or mutual funds, corporate rating services, annual reports, prospectuses, and company press releases, and financial newspapers and magazines. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

CBFG and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, CBFG reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. CBFG may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

#### **Mutual Funds, Individual Securities, Third-Party Money Managers, and Pooled Investment Vehicles**

CBFG may recommend "institutional share class" mutual funds, individual securities (including fixed income instruments), and pooled investment vehicles. CBFG may also assist the client in selecting one or more appropriate third-party manager(s) for all or a portion of the client's portfolio. Such managers will typically manage assets for clients who commit to the manager a



minimum amount of assets established by that manager—a factor that CBFG will take into account when recommending managers to clients.

Although CBFG will seek to select only money managers who will invest clients' assets with the highest level of integrity, CBFG's selection process cannot ensure that money managers will perform as desired, and CBFG will have no control over the day-to-day operations of any of its selected money managers. CBFG would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift," or even regulatory breaches or fraud.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, individual securities (including fixed-income securities), managers, and pooled investment vehicles is set forth below.

CBFG has formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform or distribute research of individual securities
- perform billing and certain other administrative tasks

CBFG may utilize additional independent third parties to assist it in recommending and monitoring individual securities, mutual funds, managers and pooled investment vehicles to clients as appropriate under the circumstances.

CBFG reviews certain quantitative and qualitative criteria related to mutual funds and managers and to formulate investment recommendations to its clients. Quantitative criteria may include

- the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund, sub-advisor or manager's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in selecting/recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager; a mutual fund or manager's consistency of investment style; and employee turnover and efficiency and capacity.

Quantitative and qualitative criteria related to mutual funds and managers are reviewed by CBFG on a quarterly basis or such other interval as appropriate under the circumstances. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager by CBFG (both of which are negative factors in implementing an asset allocation structure).

CBFG may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (e.g., for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the funds or managers utilized. CBFG will endeavor to obtain equal treatment for its clients with funds or managers, but cannot assure equal treatment.

CBFG will regularly review the activities of mutual funds and managers utilized for the client. Clients that engage managers or who invest in mutual funds should first review and understand the disclosure documents of those managers or mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest. Similarly, clients qualified to invest in pooled investment vehicles should review the private placement memoranda or other disclosure materials relating to such vehicles before making a decision to invest.

### **Material Risks of Investment Instruments**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency. CBFG generally invests in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Municipal securities
- U.S. government securities
- Private placements
- Pooled investment vehicles
- Fixed equity annuities
- Fixed equity indexed annuities
- Variable annuities
- Hedge funds
- Private Equity

### **Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing

or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

### **Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

### **Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>") iShares<sup>®</sup> and VIPERs<sup>®</sup>. ETFs have embedded expenses that the client indirectly bears.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

### **Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

### **Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

### **U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

### **Private Placements**

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business, or require additional capital to complete another phase in their growth objective. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.

### **Pooled Investment Vehicles**

A pooled investment vehicle, such as a commodity pool or investment company, is generally offered only to investors who meet specified suitability, net worth and annual income criteria. Pooled investment vehicles sell securities through private placements and thus are illiquid and subject to a variety of risks that are disclosed in each pooled investment vehicle's confidential private placement memorandum or disclosure document. Investors should read these documents carefully and consult with their professional advisors prior to committing investment dollars. Because many of the securities involved in pooled investment vehicles do not have transparent trading markets from which accurate and current pricing information can be derived, or in the case of private equity investments where portfolio security companies are privately held with no publicly traded market, the firm will be unable to monitor or verify the accuracy of such performance information.

### **Fixed Equity Annuities**

A fixed annuity is a contract between an insurance company and a customer, typically called the annuitant. The contract obligates the company to make a series of fixed annuity payments to the annuitant for the duration of the contract. The annuitant surrenders a lump sum of cash in exchange for monthly payments that are guaranteed by the insurance company. Please note

the following risks: (i) Spending power risk. Social Security retirement benefits have cost-of-living adjustments. Most fixed annuities do not. Consequently, the spending power provided by the monthly payment may decline significantly over the life of the annuity contract because of inflation, (ii) Death and survivorship risk. In a conventional fixed annuity, once the annuitant has turned over a lump sum premium to the insurance company, it will not be returned. The annuitant could die after receiving only a few monthly payments, but the insurance company may not be obligated to give the annuitant's estate any of the money back. A related risk is based on the financial consequences for a surviving spouse. In a standard single-life annuity contract, a survivor receives nothing after the annuitant dies. That may put a severe dent in a spouse's retirement income. To counteract this risk, consider a joint life annuity. (iii) Company failure risk. Private annuity contracts are not guaranteed by the FDIC, SIPC, or any other federal agency. If the insurance company that issues an annuity contract fails, no one in the federal government is obligated to protect the annuitant from financial loss. Most states have guaranty associations that provide a level of protection to citizens in that state if an insurance company also doing business in that state fails. A typical limit of state protection, if it applies at all, is \$100,000. To control this risk, contact the state insurance commissioner to confirm that your state has a guaranty association and to learn the guarantee limits applicable to a fixed annuity contract. Based on that information, consider dividing fixed annuity contracts among multiple insurance companies to obtain the maximum possible protection. Also check the financial stability and credit ratings of the annuity insurance companies being considered. A.M. Best and Standard & Poor's publish ratings information.

### **Fixed Equity Indexed Annuities**

An equity-indexed annuity is a type of fixed annuity that is distinguished by the interest yield return being partially based on an equities index, typically the S&P 500. The returns (in the form of interest credited to the contract) can consist of a guaranteed minimum interest rate and an interest rate linked to a market index. The guaranteed minimum interest rate usually ranges from 1 to 3 percent on at least 87.5 percent of the premium paid. As long as the company offering the annuity is fiscally sound enough to meet its obligations, you will be guaranteed to receive this return no matter how the market performs. Your index-linked returns will depend on how the index performs but, generally speaking, an investor with an indexed annuity will not see his or her rate of return fully match the positive rate of return of the index to which the annuity is linked — and could be significantly less. One major reason for this is that returns are subject to contractual limitations in the form of caps and participation rates. Participation rates are the percentage of an index's returns that are credited to the annuity. For instance, if your annuity has a participation rate of 75 percent, then your index-linked returns would only amount to 75 percent of the gains associated with the index. Interest caps, meanwhile, essentially mean that during big bull markets, investors won't see their returns go sky-high. For instance, if an index rises 12 percent, but an investor's annuity has a cap of 7 percent, his or her returns will be limited to 7 percent.

Some indexed annuity contracts allow the issuer to change these fees, participation rates and caps from time to time. Investors should also be aware that trying to withdraw the principal amount from a fixed indexed annuity during a certain period — usually within the first 9 or 10

years after the annuity was purchased — can result in fees known as surrender charges, and could also trigger tax penalties. In fact, under some contracts if withdrawals are taken amounts already credited will be forfeited. After paying surrender charges an investor could lose money by surrendering their indexed annuity too soon.

### **Variable Annuities**

Variable Annuities are long-term financial products designed for retirement purposes. In essence, annuities are contractual agreements in which payment(s) are made to an insurance company, which agrees to pay out an income or a lump sum amount at a later date. There are contract limitations and fees and charges associated with annuities, administrative fees, and charges for optional benefits. They also may carry early withdrawal penalties and surrender charges, and carry additional risks such as the insurance carrier's ability to pay claims. Moreover, variable annuities carry investment risk similar to mutual funds. Investors should carefully review the terms of the variable annuity contract before investing.

### **Hedge Funds**

A hedge fund is an alternative investment vehicle suitable for sophisticated investors, such as institutions and individuals that typically meet the Qualified Investor standard under the Investment Advisers Act of 1940. Hedge funds may invest in traditional securities, such as stocks, bonds, commodities and real estate, but they typically use sophisticated (and risky) investments, strategies, and techniques. Hedge funds typically use long-short strategies, which invest in some balance of long positions (which means buying stocks) and short positions (which means selling stocks with borrowed money, then buying them back later when their price has, ideally, fallen).

Additionally, many hedge funds invest in “derivatives,” which are contracts to buy or sell another security at a specified price. Many hedge funds also use leverage, which is essentially investing with borrowed money—a strategy that could significantly increase return potential, but also creates greater risk of loss.

Third, hedge funds are structured as private funds, exempt from registration, have limited liquidity, and complex tax structures. Most hedge funds, in contrast, seek to generate returns over a specific period of time called a “lockup period,” during which investors cannot sell their shares.

Hedge fund managers earn a “management fee,” typically in the range of 1% to 2% of the net asset value of the fund. In addition, the hedge fund manager receives a percentage of the returns they earn for investors (performance-based fee), which typically is 20% of the net profits over some hurdle or minimum return to the fund investors. Performance-based fee structures may lead the hedge fund managers to invest aggressively to achieve higher returns, increasing investor risk. Investors looking to invest in hedge funds and alternative investment vehicles are urged to carefully review the fund’s offering documents, related investor agreements, and disclosures prior to investing.

### **Private Equity**

Private equity is an ownership interest in a company or portion of a company that is not publicly owned, quoted, or traded on a stock exchange. Private equity takes an ownership interest in a company with the goal of enhancing the company's value by bringing about change. Compared to public equity, long-term results of private equity investments are less dependent on overall market performance. Private equity investments are subject to certain risks such as market and investment style risk. Investments are highly illiquid and subject to greater risk. These risks include lack of liquidity, lack of valuation transparency, conflicts of interest, higher management fees, and complex tax structures. Private equity investments may require a longer holding period and are highly speculative and may result in a loss of invested capital. The strategies discussed may only be appropriate for certain qualified investors.

## **B. Investment Strategy and Method of Analysis Material Risks**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

### **Margin Leverage**

Although CBBG, as a general business practice, does not utilize leverage, there may be instances in which the use of leverage may be appropriate for certain clients and situations or requested by the clients for personal use. In this regard, please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.



### **Short-Term Trading**

Although CBFG, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

### **Short Selling**

CBFG generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

## **C. Concentration Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.



## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report for this item.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Broker-Dealer or Representative Registration**

Neither CBFG nor its affiliates, employees, or independent contractors are registered broker-dealers and do not have an application to register pending.

Certain members and registered advisory personnel of CBFG are registered representatives of American Portfolios Financial Services, Inc. ("APFS"), a FINRA-registered broker-dealer and member of SIPC. APFS is a financial services company engaged in the sale of investment products.

As a result of CBFG members and registered professionals' affiliation with APFS, such professionals, in their capacity as registered representatives of APFS, are subject to the general oversight of APFS and the Financial Industry Regulatory Authority Inc. ("FINRA"). As such, clients of CBFG should understand that their personal and account information is available to FINRA and APFS for the fulfillment of their regulatory oversight obligations and duties.

### **B. Futures or Commodity Registration**

Neither CBFG nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **Broker-Dealer Registration**

Certain members and registered advisory personnel of CBFG are registered representatives of American Portfolios Financial Services, Inc. ("APFS"), a FINRA-registered broker-dealer and member of SIPC. CBFG professionals who effect transactions for advisory clients may receive transaction or commission compensation from APFS. The recommendation of securities transactions for commission creates a conflict of interest in that CBFG is economically incented to effect securities transactions for clients. Although CBFG strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of CBFG rather than in the client's best interest. CBFG advisory clients are not compelled to effect securities transactions through APFS.

#### **Copper Beech Risk Management, LLC**

Copper Beech Risk Management, LLC ("CBRM") is an insurance agency and an affiliate of CBFG. Certain managers, members, and registered employees of CBFG are licensed insurance agents. and may recommend insurance products in their capacity as licensed insurance agents of CBRM and be paid a commission for doing so. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other products of such carriers.

In addition, CBRM has a referral agreement with Madison International Insurance Company, Inc. ("Madison"), wherein Madison will compensate CBRM 10% of fees it receives from clients referred by CBRM.

CBFG strives to put its clients' interests first and foremost, and other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with CBFG's employing broker-dealer.

### **UPTIQ Credit and Cash Management Solutions**

We offer clients the option of obtaining certain lending and cash management solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, "UPTIQ"). These third-party financial institutions are banks and non-banks that offer credit and cash management solutions to our clients, as well as certain other unaffiliated third parties that provide administrative and settlement services to facilitate UPTIQ's cash management solutions. UPTIQ acts as an intermediary to facilitate our clients' access to these credit and cash management solutions.

UPTIQ is compensated by sharing in the revenue earned by such third-party financial institutions for serving our clients. UPTIQ will share with CBFG up to 25% of all revenue it receives from the third-party financial institutions. This earned revenue is indirectly paid by our clients through an increased interest rate charged by the third-party financial institutions for credit solutions or reduced yield paid by the providers of cash management solutions. Additionally, the volume generated by our clients' transactions allows us to negotiate better terms with UPTIQ that benefits us. Accordingly, we have a conflict of interest when recommending UPTIQ's services to clients because of the compensation to us and the transaction volume to UPTIQ. We mitigate this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering UPTIQ's solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use UPTIQ's services will receive product-specific disclosure from the third-party financial institutions and other unaffiliated third-party intermediaries that provide services to our clients.

We have an additional conflict of interest when we recommend credit solutions to our clients because our interest in continuing to receive investment advisory fees from client accounts gives us a financial incentive to recommend that clients borrow money rather than liquidate some or all of the assets we manage.

### **Legal Services**

Michael J Parise and Vahe Jordan are licensed attorneys and, from time to time, may offer clients advice or products from those activities. Clients should be aware that these services involve a conflict of interest. CBFG always acts in the best interest of the client and clients are in no way required to utilize the services of any representative of CBFG in connection with such individual's activities outside of CBFG.

#### **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

CBFG may engage third-party money managers to manage all or a portion of the client's assets. CBFG's fees are separate and distinct from the third-party money managers it utilizes. CBFG will always act in the best interests of the client, including when determining which third-party manager to recommend and/or utilize for clients.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics Description**

In accordance with the Advisers Act, CBFG has adopted policies and procedures designed to detect and prevent insider trading. In addition, CBFG has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of CBFG's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of CBFG. CBFG will send clients a copy of its Code of Ethics upon written request.

CBFG has policies and procedures in place to ensure that the interests of its clients are given preference over those of CBFG, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

CBFG does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, CBFG does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase or Sale of Same Securities Recommended to Clients and Conflicts of Interest**

CBFG, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase or sell the same securities as are purchased or sold for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which CBFG specifically prohibits. CBFG has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account

- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow CBFG's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

CBFG, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other CBFG clients. CBFG will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of CBFG to place the clients' interests above those of CBFG and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### Custodian Recommendations

CBFG may recommend that clients establish brokerage accounts with Pershing Advisor Solutions LLC, Fidelity Brokerage Services LLC, or SEI Private Trust / SEI Investments Distribution Co. (collectively hereinafter “custodian”), FINRA registered broker-dealers, members SIPC, to maintain custody of clients’ assets and to effect trades for their accounts. Although CBFG may recommend that clients establish accounts at the custodian, it is the client’s decision to custody assets with the custodian. CBFG is independently owned and operated and not affiliated with custodian. For CBFG client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

CBFG considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by CBFG, CBFG will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by CBFG will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

#### How We Select Brokers/Custodians to Recommend

CBFG seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)

- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

#### **Soft Dollar Arrangements**

CBFG does not utilize soft dollar arrangements. CBFG does not direct brokerage transactions to executing brokers for research and brokerage services.

#### **Institutional Trading and Custody Services**

The custodian provides CBFG with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

#### **Other Products and Services**

Custodian also makes available to CBFG other products and services that benefit CBFG but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of CBFG's accounts, including accounts not maintained at custodian. The custodian may also make available to CBFG software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of CBFG's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help CBFG manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession



- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of CBFG personnel. In evaluating whether to recommend that clients custody their assets at the custodian, CBFG 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 it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

### **Independent Third Parties**

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to CBFG. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to CBFG.

### **Additional Compensation Received from Custodians**

CBFG may participate in institutional customer programs sponsored by broker-dealers or custodians. CBFG may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between CBFG's participation in such programs and the investment advice it gives to its clients, although CBFG receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may 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 CBFG 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
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to CBFG by third-party vendors

The custodian may also pay for business consulting and professional services received by CBFG's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for CBFG's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit CBFG but may not benefit its client accounts.

These products or services may assist CBFG in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help CBFG manage and further develop its business enterprise. The benefits received by CBFG or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

CBFG also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require CBFG to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, CBFG will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by CBFG's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for CBFG's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, CBFG endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by CBFG or its related persons in and of itself creates a potential conflict of interest and may indirectly influence CBFG's recommendation of broker-dealers for custody and brokerage services.

### **Brokerage for Client Referrals**

CBFG does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

### **Directed Brokerage**

#### **CBFG Recommendations**

CBFG typically recommends Pershing Advisor Solutions LLC, Fidelity Brokerage Services LLC, or SEI Private Trust / SEI Investments Distribution Co. as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

#### **Client-Directed Brokerage**

Occasionally, clients may direct CBFG to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage CBFG derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. CBFG loses the ability to aggregate trades with other CBFG advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **B. Aggregating Securities Transactions for Client Accounts**

### **Best Execution**

CBFG may recommend that clients establish brokerage accounts with Pershing Advisor Solutions LLC, Fidelity Brokerage Services LLC, or SEI Private Trust / SEI Investments Distribution Co., to maintain custody of clients' assets and to effect trades for their accounts. Such accounts will be prime broker eligible so that if and when the need arises to effect securities transactions at broker-dealers ("executing brokers") other than with the client's current custodian, such custodian will accept delivery or deliver the applicable security from/to the executing broker. Custodians charge a "trade away" fee which is charged against the client account for each trade away occurrence. Other custodians have their own policies concerning prime broker accounts and trade away fees. Clients are directed to consult their current custodian for their policies and fees.

CBFG, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, the amount of such securities, and the executing broker. CBFG recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. CBFG 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
- 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 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 measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, CBFG seeks to ensure that clients receive best execution with respect to clients' transactions. To the best of CBFG's knowledge, these custodians provide high-quality execution, and CBFG's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own

knowledge of the securities industry, CBFG believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

### **Security Allocation**

As the firm's service are highly customized to each individual client, the firm does not aggregate or block trade orders. CBFG's advice to certain clients and entities and the action of CBFG 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 or her applicable investment objective, guidelines and circumstances. Thus, any action of CBFG with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of CBFG to or on behalf of other clients.

### **Order Aggregation**

CBFG does not aggregate client orders for either purchases or liquidations since each respective client portfolio is managed in accordance with customized asset allocation targets and strategies.

## **Item 13: Review of Accounts**

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

All client accounts for CBF's advisory services provided on an ongoing basis are reviewed at least annually by Michael J Parise, Chief Compliance Officer, with regard to clients' respective investment policies and risk tolerance levels. All accounts at CBF are assigned to this reviewer.

The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than semi-annually. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in the underlying investment, or changes in macro-economic climate.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Michael J Parise, Chief Compliance Officer. Financial planning clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

### **B. Review of Client Accounts on Non-Periodic Basis**

CBF may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how CBF formulates investment advice.

### **C. Content of Client-Provided Reports and Frequency**

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by CBF.

Subject to client request, CBF may report on a quarterly basis or at some other interval information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Please refer to the disclosures in Items 10 and 12 regarding referrals to third-party service providers and benefits the firm receives from its custodian(s). CBFGB may receive economic benefits for referring clients to third-party service providers. You are under no obligation to utilize any service provider recommended to you by CBFGB or its affiliates.

### **B. Advisory Firm Payments for Client Referrals**

CBFGB does not pay for client referrals.

## Item 15: Custody

CBFG is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:
  1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
  2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
  3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
  4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
  5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
  6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
  7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.
- The firm acts as trustee for several insurance policies. As such, the firm is deemed to have custody of client assets and therefore subject to a surprise annual audit by an independent certified public accounting firm.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

## Item 16: Investment Discretion

Clients may grant a limited power of attorney to CBFG with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, CBFG will exercise full discretion as to the nature and type of securities to be purchased and sold, the amount of securities for such transactions, the executing broker to be used, and the amount of commissions to be paid. Investment limitations may be designated by the client as outlined in the investment advisory agreement. In addition, subject to the terms of its investment advisory agreement, CBFG may be granted discretionary authority for the retention of independent third-party investment management firms. Investment limitations may be designated by the client as outlined in the investment advisory agreement. Please see the applicable third-party manager's disclosure brochure for detailed information relating to discretionary authority.



## Item 17: Voting Client Securities

CBFG does not take discretion with respect to voting proxies on behalf of its clients. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Except as required by applicable law, CBFG will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. CBFG has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. CBFG also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, CBFG has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where CBFG receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18: Financial Information**

### **A. Balance Sheet**

CBFG does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

CBFG does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

CBFG has not been the subject of a bankruptcy petition in the last ten years.