

California Capital Management Wrap Program

Sponsored By:



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This brochure provides information about the qualifications and business practices of Consolidated Capital Management, LLC dba California Capital Management. If you have any questions about the contents of this brochure, please contact Scott Hemmann by telephone at 818-766-0660 or by email at compliance@calcapmgt.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. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees. Please note that the use of the term "registered investment advisor" or being "registered" does not imply a certain level of skill or training.

Additional information about California Capital Management also is available on the SEC's website at www.advisorinfo.sec.gov by searching CRD# 130734.

Item 2: Material Changes

California Capital Management is required to advise you of any material changes to our Wrap Fee Program Brochure (“Brochure”) from our last annual update. We must state clearly that we are only discussing material changes since the last annual update of our Brochure, and we must also provide the date of the last annual update.

Since our last annual amendment filed on 2/14/2023, we the following material changes to disclose:

- If agreed upon in the signed advisory agreement, our firm will manage client account(s) that are held at a custodian that is not directly accessible by our firm using the Pontera Order Management System (“Pontera”). Pontera enables our firm to view and manage held away accounts. Our firm will charge an advisory fee of up to 1.50% for managed held away accounts. The advisory fee payable for any held away accounts will be deducted directly from another client account. If there are insufficient funds available in another client account or our firm believes that deducting the advisory fee from another client account would be prohibited by applicable law, our firm will invoice the client directly. Please see Item 4 for additional information.

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Item 4: Services, Fees & Compensation

We pay an asset-based fee to our custodian, Charles Schwab & Co., Inc. ("Schwab"), based on the total value of client assets custodied on their platform. It is common in the industry for wrap fee advisers to pay a transaction-based fee to their custodian for executing transactions in client accounts. However, wrap fee advisers that pay transaction-based compensation have a financial incentive to trade as little as possible to minimize expenses. Wrap fee advisers that pay asset-based compensation, like our firm, have the opposite financial incentive. Nevertheless, our firm seeks to adhere to our fiduciary duty to act in our clients' best interest by placing their interests above our own and by trading when appropriate for our clients' financial circumstances and objectives. We do not charge our clients higher advisory fees based on their trading activity. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where trade execution costs are passed directly to you by the executing broker.

Our Wrap Advisory Services

Our Wrap Comprehensive Portfolio Management service encompasses asset management as well as providing financial planning/financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone or video conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds ("ETFs"), mutual funds, individual stocks or bonds, fee-based annuities, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least annually. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

Fee Schedule

| Assets Under Management | Annual Percentage of Assets Charge: |
|---------------------------|-------------------------------------|
| \$0 to \$249,999.99 | 2.95% |
| \$250,000 to \$499,999.99 | 2.50% |
| Over \$500,000 | 2.00% |

Our firm's fees are billed on a pro-rata annualized basis, quarterly in advance based on the value of your account on the last day of the previous quarter, which is typically the end of January, April, July and October. Adjustments will be made for deposits and withdrawals of cash and securities during the billing period for amounts of \$1,000 or greater. For example, if a client withdraws cash or securities from their account exceeding \$1,000 mid-billing period, they would receive a prorated fee refund based on the amount of the withdrawal and the remaining days in the billing period. The fee refund would be applied at the next quarterly billing and would reduce that billing period's fee. If a client deposits cash or securities into their account exceeding \$1,000 mid-billing period, a prorated fee would be assessed based on the amount of the deposit and the remaining days in the billing period. The prorated fee would be applied at the next quarterly billing and would increase that billing period's fee.

Fees generally are negotiable at the discretion of our firm and will be automatically deducted from your managed account. As part of the fee deduction process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms; and
- c) If we send a copy of our invoice to you, it will include a legend urging you to compare information provided in our statement with those from the qualified custodian.

Please note the first advisory fee charged to new client accounts includes the fee charged on the regular billing date in advance for the first full quarter as well as a one-time pro-rata advisory fee in arrears for services rendered between the date of receipt of assets and the end of the previous quarter.

We do not permit check writing or debt card use within investments accounts under our management where we trade securities (stocks, bonds, etc.). Any withdrawals from an investment account would need to be requested directly from our office or set up via automatic payment.

If agreed upon in the signed advisory agreement, our firm will manage client account(s) that are held at a custodian that is not directly accessible by our firm using the Pontera Order Management System ("Pontera"). Pontera enables our firm to view and manage held away accounts. Our firm will charge an advisory fee of up to 1.50% for managed held away accounts. If a client's advisory fee is below 1.50%, we will charge an advisory fee in accordance with their current advisory fee rate. The advisory fee payable for any held away accounts will be deducted directly from another client account. If there are insufficient funds available in another client account or our firm believes that deducting the advisory fee from another client account would be prohibited by applicable law, our firm will invoice the client directly.

Other Types of Fees & Expenses:

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees, 12b-1 fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm. Please note, we do not recommend or offer the wrap program services of other providers. You will also be charged fees for trades executed away from our recommended custodian.

Our recommended custodian, Schwab, does not charge transaction fees for U.S. listed equities, exchange traded funds, and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to Schwab. We encourage you to review Schwab's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account please refer to Schwab's most recent pricing schedules available at [schwab.com/aspricingguide](https://www.schwab.com/aspricingguide).

Item 5: Account Requirements & Types of Clients

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types.

We generally require a minimum household account balance of \$500,000 for the Wrap Comprehensive Portfolio Management service. This minimum is negotiable and generally required throughout the course of the client's relationship with our firm. We may waive the account minimum for family members of current clients and for clients who will likely accumulate enough assets to exceed the account balance minimum.

Item 6: Portfolio Manager Selection & Evaluation

Our firm does not utilize outside portfolio managers. All accounts are managed by our in-house professionals.

Advisory Business:

See Item 4 for information about our wrap fee advisory program. We offer individualized investment advice to clients utilizing our Wrap Comprehensive Portfolio Management service.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Wrap Comprehensive Portfolio Management service. We do not manage assets through our other services.

Participation in Wrap Fee Programs:

We only offer wrap fee accounts to our clients, which are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage non-wrap fee accounts.

Performance-Based Fees & Side-By-Side Management:

We do not charge performance fees to our clients.

Methods of Analysis, Investment Strategies & Risk of Loss:

We customize portfolios based on the individual client timeframe, risk tolerance and financial goals. We do not primarily recommend any particular method of analysis or strategy or any particular type of security.

Methods of Analysis:

- Charting
- Fundamental

- Technical
- Cyclical

Investment Strategies we use:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Margin Transactions
- Option writing, including covered options, uncovered options or spreading strategies

CCM specializes in the following areas:

- Investment management process that seeks to create a balance between potential investment return and risk over the target investment time frame. This typically involves using a mix of the securities described immediately above.
- Investment management approach that employs quantitative analysis, technical analysis, fundamental analysis, and other disciplines, which are considered together to make decisions.
- Investment management focusing on multiple time frames, i.e. long-term strategies, intermediate-term strategies and short-term strategies. Depending on the specific situation, this may involve having CCM employ a variety of risk-management strategies, including short-term trading, stop orders, index options, option writing (protective put options, covered options, uncovered options or spreading strategies) and holding above-normal cash balances. CCM feels that the variety of risk-management tools it has at its disposal, and its dedication to considering them as needed, is one of CCM's differentiating features in the investment advisory marketplace.
- Investment Management specializing in selection of mutual funds, Exchange Traded Funds (ETFs), Closed-End Funds, equities, fixed income instruments, options, cash equivalents. Other investments, available presently or created at a later date, may also be used in accounts and funds managed or sub-advised by CCM. CCM typically prefers to invest in securities that offer daily liquidity for the majority of the client portfolio investments. Illiquid investments, such as non-traded REITS and non-traded BDC's, if used at all, do not exceed more than thirty percent of a typical client investment portfolio.

Types of Investments:

Based upon the request of an entity or individual who is a Wrap Comprehensive Portfolio Management client, CCM will utilize or offer advice on all types of securities, provided that CCM believes it can offer a reasonable opinion based on its investment experience and acumen. The following are some of the general categories of securities CCM can advise.

- Exchange-listed securities
- Securities traded over-the-counter
- Exchange Traded Funds (ETFs)
- Foreign issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities

- Asset Allocation among investments offered within Variable Annuities (but not the evaluation of any non-investment management aspects of annuities or other insurance products)
- Mutual fund shares
- United States government securities
- Options contracts on securities and commodities
- Futures contracts on tangibles and intangibles
- Interests in partnerships investing in real estate, and oil and gas interests
- Managed futures

When providing Wrap Comprehensive Portfolio Management Services, it is not CCM's typical investment strategy to attempt to time the market (which we define as moving from a fully invested position to a 100% cash position) but we may increase cash holdings modestly as deemed appropriate, based on your risk tolerance and our expectations of market behavior.

Risk of Loss:

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, CCM is unable to represent, guarantee, or even imply that its services and methods of analysis or other unaffiliated, third-party investment advisors can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through CCM's investment management programs or other unaffiliated third-party investment advisors.

Market Risk: Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

Equity (Stock) Market Risk: Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

Company Risk: When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

ETF and Mutual Fund Risk: When the client is invested in an ETF or mutual fund, it will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses,

including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds.

Management Risk: Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Foreign Investment Risk: Foreign investing involves risks not typically associated with U.S. investments, including adverse fluctuations in foreign currency values, adverse political, social and economic developments, less liquidity, greater volatility, less developed or less efficient trading markets, political instability and differing auditing and legal standards. Investing in emerging markets imposes risks different from, or greater than, risks of investing in foreign developed countries.

Foreign Currency Risk: Currency market risk results from the price movement of foreign currency values in response to shifting market supply and demand. Interest rate risk arises whenever a country changes its stated interest rate target associated with its currency. Country risk arises because virtually every country has interfered with international transactions in its currency. Interference has taken the form of regulation of the local exchange market, restrictions on foreign investment by residents or limits on inflows of investment funds from abroad. Restrictions on the exchange market or on international transactions are intended to affect the level or movement of the exchange rate. This risk could include the country issuing a new currency, effectively making the "old" currency worthless.

Interest Rate Risk: Debt securities have varying levels of sensitivity to changes in interest rates. In general, the price of a debt security may fall when interest rates rise. Securities with longer maturities may be more sensitive to interest rate changes. Certain corporate bonds and mortgage-backed securities may be significantly affected by changes in interest rates. Some mortgage-backed securities may have a structure that makes their reaction to interest rates and other factors difficult to predict, making their value highly volatile. Because zero coupon securities do not make interest payments, they are considered more volatile than bonds making periodic payments. When interest rates rise, zero coupon securities fall more sharply than interest paying bonds. However, zero coupon securities rise more rapidly in value when interest rates drop.

Options (Derivatives Risk): Even a small investment in options may give rise to leverage risk, and can have a significant impact on the accounts' performance. Derivatives are subject to credit risk and liquidity risk.

Voting Client Securities:

We do not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Item 7: Client Information Provided to Portfolio Manager(s)

We are required to describe the information about you that we communicate to your portfolio manager(s), and how often or under what circumstances we provide updated information.

Because we do not utilize outside portfolio managers, and all accounts are managed by our in-house professionals, we do not share any of your personal information with outside portfolio managers.

Item 8: Client Contact with Portfolio Manager(s)

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

Item 9: Additional Information

Disciplinary Information

We have no legal or disciplinary events to disclose that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Financial Industry Activities & Affiliations

Certain representatives of our firm are registered representatives with Purshe Kaplan Sterling Investments, Inc. In such capacity, they may offer securities and receive normal and customary commissions as a result of securities transactions. This presents a conflict of interest to the extent that they recommend that a client invest in a security which results in a commission being paid to them.

Bradley J. Salo is a licensed insurance agent through numerous insurance companies. In such a capacity, he may offer insurance products and receive normal and customary commissions as a result of such a purchase. This presents a conflict of interest to the extent that he recommends the purchase of an insurance product which results in a commission being paid to him as an insurance agent. He spends 10% of their time on these activities.

Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities. Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts¹. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates. Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all

¹ For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Review of Accounts

We review accounts on at least an annual basis for our clients subscribing to our Wrap Comprehensive Portfolio Management service. The nature of these reviews is to determine whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

We provide performance reporting to clients. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to our Wrap Comprehensive Portfolio Management service.

Client Referrals & Other Compensation

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described within Item 12 – Brokerage Practices of the Form ADV Part 2A – Firm Brochure. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

In accordance with Rule 206 (4)-1 of the Investment Advisers Act of 1940, our firm does not provide cash or non-cash compensation directly or indirectly to unaffiliated persons for testimonials or endorsements (which include client referrals).

Financial Information

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- We have never been the subject of a bankruptcy proceeding.