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PRIVATE WEALTH

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**cafginc.com**

**January 23, 2024**

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

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

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

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

## **Item 2 Material Changes**

This Wrap Fee Brochure is the disclosure document for CAFG Private Wealth's wrap fee program. CAFG is required to amend this Brochure when information becomes materially inaccurate. If there are any material changes to CAFG's Brochure, we are required to notify you and provide you with a description of the material changes.

Item 4 – Services, Fees and Compensation. CAFG previously used TD Ameritrade for custodial services. TD Ameritrade was acquired by Charles Schwab & Co. CAFG now uses Schwab Advisor Services for custodial services, a division of Charles Schwab & Co.

Item 4 – Services, Fees and Compensation. We have revised the fee schedule and method of billing for portfolio management services.

Whenever you would like to receive a complete copy of the current Wrap Fee Brochure, please contact us at 847-991-1099. We will always be happy to provide you with a complete copy without charge.

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## Item 4 Services, Fees & Compensation

### Description of Firm

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

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

### Wrap Fee Program

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

Under this program, clients will pay CAFG a single advisory fee for investment advisory services provided by CAFG and custody and brokerage services provided by Schwab. CAFG pays for all execution costs, certain custody costs, clearing costs and transaction fees associated client's accounts which are custodied at Schwab ("wrap fee accounts"). Advisory fees for third party managers and their related platforms are charged separately. The advisory fee will be based on the assets under management in the wrap fee account.

### Services

#### Investment Advisory Service

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

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

In order to implement our asset management services, you must grant us limited power of attorney to effect securities transactions on your behalf. This will allow us to determine the specific securities (subject to client restrictions) and the amount of securities to be sold in a client's accounts without prior client approval. We will generally either have the ongoing responsibility to select or make

recommendations, based upon the client's individualized investment strategy, as to specific securities purchased or sold in the account, or we will develop and implement an asset allocation strategy, which we will continuously monitor and supervise.

CAFG provides clients with access to certain portfolio managers that possess specialized knowledge and skills in certain investment styles and industry sectors, and CAFG may allocate all or a portion of a client's assets among unaffiliated third-party managers through custodian investment platforms. CAFG recommends a model or one or more portfolio managers to manage all or certain portions of client accounts based on whether and to what degree a manager's investment styles align with a client's objectives and preferences and, in general, to the extent that a manager's investment style is suitable for a given client. CAFG continues to render investment advisory services to a client relative to the ongoing monitoring and review of account performance, asset allocation and investment objectives.

Specifically, CAFG has engaged Advisor OS, LLC dba TAIKO ("TAIKO"), and our firms work together to monitor the performance of third-party managers managing client assets. TAIKO is an SEC registered investment advisory firm. CAFG is independently owned and operated and is unaffiliated with TAIKO. We work with TAIKO to review each third-party manager prior to making any recommendations to clients and at least annually thereafter to ensure each third-party manager continues to demonstrate a capability to provide suitable investment management services to our clients. CAFG and TAIKO may, for reasons that may relate to the needs of a specific client account or for various other reasons, recommend replacing a manager with a new third-party manager.

Through the TAIKO program service, we may receive preferred pricing on trading technology, reporting, custody, brokerage, compliance and other related services. Please note that any investment management fee charged by a third-party manager is separate from, and in addition to, CAFG's fee.

Clients can request a copy of the Form ADV disclosure brochure for each third-party manager managing a portion of the client's assets. Client accounts are rebalanced or reallocated, as needed, based on the performance of each client's account, changing financial circumstances, and any other relevant factors.

We will maintain the direct contractual relationship with you and obtain, through such agreements, the authority to engage third-party managers, and/or TAIKO, as applicable, for services rendered through the platform in service to you. We may delegate discretionary trading authority to TAIKO and/or third-party managers to effect investment and reinvestment of client assets with the ability to buy, sell or otherwise effect investment transactions and allocate client assets. If you are participating in certain investment programs, TAIKO or the designated manager, as applicable, is also authorized without prior consultation with either us or you to buy, sell, trade or allocate your assets in accordance with your designated portfolio and to deliver instructions to the designated broker-dealer and/or custodian of your assets.

Additionally, TAIKO acts as the Outsourced Chief Investment Officer ("OCIO") for CAFG for our Program accounts. If CAFG and TAIKO determine that a manager is not providing adequate management services, we may replace it with a new third-party manager.

#### Comprehensive Wealth Management Service

CAFG's Comprehensive Wealth Management Service includes the service provided under the Investment Advisory services described above and a Financial Planning or Consultation component. This service is designed to provide clients with ongoing guidance and education for

various planning issues and questions for wealth accumulation planning, wealth protection planning, wealth distribution planning, tax planning, transition planning, etc. Tax planning for this service would include one (1) personal tax return review and preparation per household. Additional tax return preparation will be separately contracted and billed at CAFG's hourly rate as disclosed in Item 5 of CAFG's ADV Part2A, Firm Brochure. Please note, CAFG does not prepare tax returns for clients with less than \$1,000,000 in assets under management. There is a minimum monthly fee of \$500 to participate in this service.

#### Nationwide Advisor Solutions' Monument Advisor Variable Annuities

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

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

#### **The Program Fee**

We charge a "wrap-fee" for participation in the Program depending upon the market value of your assets under our management. Our Program fee includes charges for all execution costs, certain custody costs, clearing costs and transaction fees associated with the wrap fee accounts custodied at Schwab. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion. In special circumstances, and in our sole discretion, we may negotiate a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention, etc.).

#### Investment Advisory Service

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

<b>Household Marginal Assets Under Management</b>	<b>Annual Advisory Fee</b>
\$0 - \$1,000,000	0.90%
\$1,000,001 - \$3,000,000	0.70%
\$3,000,001 - \$5,000,000	0.60%
\$5,000,001 - \$8,000,000	0.50%
\$8,000,001 - \$10,000,000	0.40%
\$10,000,001 - \$25,000,000	0.30%
\$25,000,001 & Above	0.20%

*\*Comprehensive Wealth Management Service*

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

Household Marginal Assets Under Management	Annual Advisory Fee
\$0 - \$1,000,000**	1.10%
\$1,000,001 - \$3,000,000	0.90%
\$3,000,001 - \$5,000,000	0.80%
\$5,000,001 - \$8,000,000	0.60%
\$8,000,001 - \$10,000,000	0.50%
\$10,000,001 - \$25,000,000	0.40%
\$25,000,001 & Above	0.30%

*\*The minimum fee for this service is \$500 per month.*

Note the schedules above are tiered so clients will pay a blended rate. For example, a comprehensive services client with \$2,000,000 in assets under management will pay 1.10% on the first \$1,000,000 and 0.90% on the second \$1,000,000 for a blended rate of 1.00% or \$20,000.

Our annual Program fee is billed and payable quarterly in arrears based on the average daily value of your account(s) during the prior calendar quarter.

Clients that participate in the Nationwide Advisory Solutions service will be charged the asset based annual fee as described in the tiered program fee schedules above for the Comprehensive Wealth Management Service. Nationwide Advisory Solutions charges a \$20 monthly subscription fee per contract. Please see the Nationwide Advisory Solutions' Monument Advisor prospectus for details on any additional fees that are charged by Nationwide Advisory Solutions Life Insurance Company in addition to the Program Fees charged by CAFG.

Our Program fees are negotiable and will be charged as a percentage of "household" assets under management with CAFG, as based on the investment strategy selected by the client. For purposes of the fee calculation, "household" assets means the investment accounts managed by CAFG for a client and client's spouse, legal partner, minor children, and/or disabled adult children. Clients will be charged the advisory fee associated with the client's aggregate Household Assets Under Management total.

Although CAFG has established the above fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. This includes the complexity of the client's financial situation, assets to be placed under management, anticipated additional assets, related accounts, account composition and other factors. The specific annual fee between CAFG and each client will be identified in the agreement between CAFG and the client. Please review the *Other Fees and Expenses* section below for information related to fees and expenses that are not covered by the Program fee described above.

*Fees for Third-Party Managers*

As discussed above, we use TAIKO' platform services. You will be charged, separate from and in addition to your investment management fee, any applicable third-party manager fees. We do not receive any portion of the fees paid directly to TAIKO or the service providers made available through its platform, including the third-party managers.

Third-party managers' fees are determined by the particular program(s) and third-party manager(s) with which your assets are invested and are calculated based upon a percentage of your assets under management, as applicable. Third-party manager fees will typically range between 0.15% - 0.50% on an annual basis. Third-party managers' fees are billed quarterly in arrears based on the average daily balance of the account(s).

Clients will note there will be two debits reflected on the custodial statement for advisory related services, depending on the particular programs or third-party managers selected. One debit will represent CAFG's investment advisory or comprehensive wealth management fee. The second debit will represent the third-party managers' advisory fees. Clients should review such statements to determine the total amount of fees associated with the management of the client account, and clients should review the portfolio management agreement with CAFG to determine the investment management fee being paid to CAFG. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others.

### **Payment of Fees**

CAFG, TAIKO and third-party managers, if applicable, will deduct the applicable advisory fee only when you have given our firm, and through the advisory agreement, TAIKO and/or third-party managers, written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. Payment of fees may result in the liquidation of client's securities if there is insufficient cash in the client's account(s).

### **Termination of Advisory Relationship**

Asset based fees are always subject to the management agreement between the client and CAFG, and we generally retain the right to amend our fee schedule on 30 days' prior written notice to the client. A management agreement may be terminated at any time, by CAFG or the client, for any reason on 30 days' prior written notice. Investment advisory fees which are not earned at termination are refunded to the client on a pro-rata basis.

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

### **Wrap Fee Program Disclosures**

- The benefits under a wrap fee program depend, in part, upon the size of the Account, the management fee charged, and the number of transactions likely to be generated in the Account. For example, a wrap fee program may not be suitable for Accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable for you, you should compare the Program Fee and any other costs of the Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the Program.
- In considering the investment programs described in this brochure, you should be aware that participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from other advisers or broker-dealers.
- Our firm and Associated Persons receive compensation as a result of your participation in the Program. This compensation may be more than the amount our firm or the Associated Persons would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and our Associated Persons have a



- financial incentive to recommend the Program.
- Similar advisory services may be available from other registered investment advisers for lower or higher fees.

### **Brokerage Practices**

Except as provided below, CAFG offers its wrap fee program to all asset based advisory clients who custody their assets and establish accounts with Schwab, although only certain clients will be provided with coverage of alternative investment fees and specialized asset fees otherwise chargeable by Schwab. Please see Item 9 for additional information on this topic.

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

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

### **Other Fees and Expenses**

The above advisory fees do not include costs and fees (including but not limited to custody fees, execution costs, clearing costs and transaction fees) charged by a broker-dealer or custodian other than Schwab (trade-away fees). As disclosed above, clients shall be responsible for the advisory fees for third party managers, if applicable.

In addition, the above advisory fees may not include alternative investment fees and specialized asset fees assessed by Schwab. To the extent that securities are transacted away from Schwab, there may be fees that the client will pay in addition to the wrap advisory fees. The CAFG advisory fee does not include the Nationwide Advisory Solutions \$20 monthly subscription fee per contract and additional fees as disclosed in Nationwide Advisory Solutions prospectus.

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

### **Client Assets Under Management**

As of December 31, 2023, CAFG manages \$225,193,022 on a discretionary basis.

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

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

CAFG does not require a minimum dollar amount to open and maintain a wrap fee account. There is a \$500 a month minimum fee for clients that participate in *Comprehensive Wealth Management Services*. Clients that participate in the Nationwide Advisory Solutions service will be charged a \$20 monthly subscription fee per contract.

## Item 6 Portfolio Manager Selection & Evaluation

CAFG is the sponsor and portfolio manager for the wrap fee program, which is offered exclusively through CAFG. We do not participate in any other wrap fee programs. However, we utilize unaffiliated third-party managers on a sub-advisory basis. As described above, CAFG has engaged Advisor OS, LLC ("TAIKO"), and our firms work together to monitor the performance of third-party managers managing client assets. We work with TAIKO to review each third-party manager prior to making any recommendations to clients and at least annually thereafter to ensure each third-party manager continues to demonstrate a capability to provide suitable investment management services to our clients. Additionally, TAIKO acts as the Outsourced Chief Investment Officer ("OCIO") for CAFG for our Program accounts. If CAFG and TAIKO determine that a manager is not providing adequate management services, we may replace it with a new third-party manager. Under this scenario, CAFG and TAIKO will review with you the replacement new third-party manager or investment program.

CAFG may utilize a third-party manager on a sub-advisory basis based on your needs and suitability. We will not receive separate compensation, directly or indirectly, from the third-party managers for utilizing their services on your behalf. However, we do have other business relationships with the unaffiliated third-party managers, that includes the relationship with TAIKO described below. Additionally, you are charged separate third-party managers fees as described above under the *Fees for Third-Party Managers*.

We maintain a business relationship with TAIKO. TAIKO offers operational and back-office core service support including access to a network of service providers. Through the TAIKO platform of service providers, we often receive preferred pricing on trading technology, transition support, reporting, custody, brokerage, compliance, and other related consulting services. TAIKO builds custom programs for advisers, such as us, in which they direct the assets of clients be allocated in various model portfolios created by TAIKO or third-party managers appointed by TAIKO based upon a rigorous due diligence process.

While we believe the TAIKO platform for operational services best serves the interests of our clients, this relationship presents certain conflicts of interest due to the fact that TAIKO is paid by CAFG or its clients for the services referenced above. In light of the foregoing, we seek at all times to ensure that any material conflicts are addressed on a fully-disclosed basis and handled in a manner that is aligned with its clients' best interests. We do not receive any portion of the fees paid directly to TAIKO, its affiliates or the service providers made available through TAIKO's platform. In addition, we review such relationships, including the service providers engaged through TAIKO, on a periodic basis in an effort to ensure clients are receiving competitive rates in relation to the quality and scope of the services provided. Refer to Item 9 for additional information on this topic.

### Investment Advisory Services

We offer discretionary and non-discretionary portfolio management services. CAFG's investment advisory services are predicated on our client's individual needs, life circumstances and investment goals. Please refer to the *Service, Fees and Compensation* section above (Item 4) for a complete description of our Investment Advisory Service and Comprehensive Wealth Management Service.

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

CAFG's advice to certain clients and the action of CAFG for those and other clients are frequently

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

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

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

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

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

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

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

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

### **Methods of Analysis**

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

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

securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

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

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

### **Investment Strategies**

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

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

decision to sell is made.

- Short-Term Purchases: We purchase securities with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Short term trading generally involves a greater degree of risk than long term trading due to market volatility over a short period of time. We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing clients' accounts. Short-term trading is not a fundamental part of CAFG's overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given a client's stated investment objectives and tolerance for risk
- Margin Transactions: If granted authority by a client, we may purchase securities for a client's with money borrowed from a client's brokerage account, in which case the security serves as collateral on the loan. When a client buys on margin, that means the client is borrowing money (interest is payable) from a broker to purchase securities. Margin trading allows a client to buy more stock than he/she would be able to normally. When the client sells the security in a margin account, the proceeds go to the broker against the repayment of the loan until it is fully paid. There may also be restriction called the maintenance margin, which is the minimum account balance a client must maintain before the broker will force the client to deposit more funds or sell stock to pay down the loan (a "margin call"). If for any reason the client does not meet a margin call, the broker has the right to sell the client's securities to increase account equity until the maintenance margin has been achieved. The broker may not be required to consult the client before selling. Margin trading is not a fundamental part of CAFG's overall investment strategy, but we may use this strategy very occasionally when given authority and we determine that it is suitable given a client's stated investment objectives and tolerance for risk.
- Option Writing: We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. We may also utilize funds which utilize options strategies. The two types of options are calls and puts. A "call" gives CAFG the right to buy an asset at a certain price within a specific period of time. We will buy a call if we believe that the stock will increase substantially before the option expires. A "put" gives the holder the right to sell an asset at a certain price within a specific period of time. CAFG will buy a "put" if we believe that the price of the stock will fall before the option expires. Option writing is not a fundamental part of CAFG's overall investment strategy, but we may use this strategy very occasionally when given authority and we determine that it is suitable given a client's stated investment objectives and tolerance for risk.

### **Investment Approach**

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

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

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

### **Risk of Loss**

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

### **Voting Client Securities**

We will not vote proxies on behalf of any client. At a client's request, CAFG may offer advice regarding corporation actions and the exercise of proxy rights.

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

### **Generally**

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

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

In order to provide the Program services, we will share your private information with your account custodian, Schwab. We may also provide your private information to mutual fund companies and/or third-party managers as needed. We will only share the information necessary in order to carryout our obligations to you in servicing your account. We share your personal account data in accordance with our privacy policy.

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

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

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

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

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

## **Item 9 Additional Information**

### **Disciplinary Information**

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

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

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

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

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

### **Third-Party Managers**

CAFG may utilize a third-party manager on a sub-advisory basis based on your needs and suitability. We will not receive separate compensation, directly or indirectly, from the third-party managers for utilizing their services on your behalf. However, we do have other business relationships with the unaffiliated third-party managers that includes the relationship with Advisor OS, LLC described below.

### **Relationship with Advisor OS, LLC dba TAIKO**

We maintain a business relationship with Advisors OS, LLC ("TAIKO"). TAIKO offers operational and

backoffice core service support including access to a network of service providers. Through the TAIKO platform of service providers, we often receive preferred pricing on trading technology, transition support, reporting, custody, brokerage, compliance, and other related consulting services.

TAIKO builds custom programs for advisers, such as us, in which they direct the assets of clients be allocated in various model portfolios created by TAIKO or third-party managers appointed by TAIKO based upon a rigorous due diligence process. In addition, TAIKO, as part of its program service, provides operational and administrative services and otherwise assists and supports our business operations.

Such assistance may involve marketing and business development, technology support, billing and administrative support, performance reporting and the provision of analytical tools, together with a collaborative environment of advisors to share ideas and best practices.

While we believe the TAIKO platform for operational services best serves the interests of our clients, this relationship presents certain conflicts of interest due to the fact that TAIKO is paid by CAFG or its clients for the services referenced above. In light of the foregoing, we seek at all times to ensure that material conflicts are addressed on a fully-disclosed basis and handled in a manner that is aligned with its clients' best interests. We do not receive any portion of the fees paid directly to TAIKO, its affiliates or the service providers made available through TAIKO's platform. In addition, we review such relationships, including the service providers engaged through TAIKO, on a periodic basis in an effort to ensure clients are receiving competitive rates in relation to the quality and scope of the services provided.

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

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

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

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

Neither CAFG nor its associated persons has any material financial interest in client transactions beyond the provision of investment advisory services or other services as disclosed in this Brochure. CAFG does not engage in principal trading (*i.e.*, the practice of selling stock to advisory clients from our inventory or buying stocks from advisory clients into our inventory). Nor does CAFG engage in



agency cross transactions. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the e-mail or phone number listed on the cover page of this Brochure.

### **Review of Accounts**

John Dorn, our Chief Compliance Officer, or Thomas Chernesky, President and Investment Adviser Representative, will monitor managed and supervised accounts on an ongoing basis to ensure that the advisory services provided to clients are consistent with the clients' stated investment goals and objectives. We will meet with clients at least annually, either in person or by phone. Additionally, we will provide you with periodic reports, no less than annually, detailing account performance and asset allocation information. Accounts are reviewed in the context of each client's stated investment objectives, risk tolerance and written guidelines and restrictions. More frequent reviews may also be triggered by a change in the client's investment objectives or risk tolerance, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in investment or fund managers, or changes in the economic market. Financial plans are reviewed periodically with the client, on an as-needed basis.

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

### **Client Referrals and Other Compensation**

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

### **Financial Information**

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

### **Trade Errors**

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

### **Class Action Lawsuits**

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

### **Brokerage Practices**

#### *Best Execution*

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

included in the wrap program fee, but are charged separately to the client.

CAFG recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. CAFG will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include, but are not limited, to the following:

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

Based upon its own knowledge of the securities industry, CAFG believes that Schwab's commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere. Commission rates and securities transaction fees charged by Schwab are included in the wrap program fee.

#### *Schwab Institutional*

We participate in the institutional advisor program offered by Schwab Institutional. Schwab Institutional is a division of Schwab Inc., member FINRA/SIPC ("Schwab"), an unaffiliated SEC-registered broker-dealer and FINRA member. Schwab offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We generally require clients establish accounts with Schwab for custodial and brokerage services. There is no direct link between our participation in Schwab Program and the investment advice we give to our clients, although we receive economic benefits through our participation in the Schwab Program that are typically not available to Schwab retail investors.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to aggregate trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors. Schwab may also have paid for business consulting and professional services received by our Associated Persons. Schwab may also provide other benefits such as educational events or occasional business entertainment of CAFG personnel. Some of the products and services made available by Schwab through the Schwab Program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at Schwab.

Other services made available by Schwab are intended to help us manage and further develop our business enterprise. The benefits received by our Firm or our Associated Persons through participation in the Schwab program do not depend on the amount of brokerage transactions directed to Schwab. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our Associated Persons in and of themselves creates a potential conflict of interest and may indirectly influence our choice of Schwab for custody and brokerage services.

*Order Aggregation/Block Trading/Allocations*

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

CAFG's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account clients' best interests. CAFG will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled", the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations.