

Cape Ann Capital, Inc.

Customer Relationship Summary

December 31, 2023

1. **Cape Ann Capital, Inc.** is registered with the SEC as an investment adviser.
2. **What investment services and advice can you provide me?**

We will help you set goals and develop (and stick to) a long-run plan to achieve these goals. We accomplish this by pairing a systematic, rules-based investment approach grounded in academic research with a process for guiding you to a long-term strategic asset allocation target that fits your time horizon and risk tolerance.

We invest primarily in actively managed mutual funds and ETFs that have a long history of consistently outperforming their style benchmarks net of expenses. We are a manager of managers. We do not directly buy stocks or bonds. We regularly review and evaluate the long-run performance of every mutual fund and ETF in the country. We use proprietary risk models and statistics to identify the funds most likely to add value going forward. We control our selections to be sure we have a buy list of mutual funds that will invest in a diverse mix of asset classes using a variety of investment styles. We package these selections into an array of diversified portfolios from conservative to aggressive.

We will help you select the risk target that best meets your needs. We will assist in updates to these targets in response to life events. We will provide behavioral coaching to help you stick to your plan and avoid the folly of market timing. We have 95 years of combined experience we will use to help you achieve your goals.

Portfolio Management Services

- We will monitor your portfolio's performance every day.
- We will compare the daily performance of your portfolio to a benchmark constructed from a blend of publicly available broad-based indices with the same asset allocation target as your portfolio. Our goal is to outperform this benchmark, net of our fees. If we accomplish this goal over the long run, your portfolio will likely rank in the top 20% of all portfolios with a similar risk target.
- We will rebalance your portfolio annually to control risk and adjust to changes, if any, in our buy list.
- If your portfolio includes a mix of taxable, tax-deferred, and tax-free account types, we will locate your mutual funds for optimal tax efficiency. In your taxable accounts, we will check for tax-loss-harvest opportunities at least once a year.

Conversation Starters. Ask your investment professional ...

Given my financial situation, should I choose an investment advisory service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

3. **What fees will I pay?**

Cape Ann Capital's fee is tied to the market value of the assets we are managing. Our annual fee rate is 0.80% on the first million and 0.20% on amounts over \$1 million. Our fees are debited from your portfolio, in arrears, on a monthly or quarterly basis. Our fee is \$80 per year for a \$10,000 portfolio, \$8,000 per year for a \$1,000,000 portfolio and \$10,000 per year for a \$2,000,000 portfolio. Our fees are negotiable.

Each **mutual fund** incurs operating expenses. These expenses vary from just a fraction of a percentage point per year for an index fund to 1 or 2 percentage points per year for an actively managed fund. We invest primarily in funds that charge higher fees than index funds, but which have demonstrated an ability over the long run to outperform their benchmarks net of their fees.

The mutual funds in your portfolio are held by a **broker/custodian**. Most mutual funds offer at least two share classes. The internal expenses of no-transaction-fee shares are typically higher, but they can be bought or sold without a commission paid to the broker. Our objective is always to buy the share class that will likely result in the lowest cost to you over the long run.

You will pay the above fees whether you make or lose money on your investments.

Conversation Starter. Ask your investment professional ...

Help me understand how these fees and costs might affect my investments. If I give you \$100,000 to invest, how much will go to fees and costs, and how much will be invested for me?

4. What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

As a registered investment adviser, we are held to a fiduciary standard in everything we do. Our goal must always be to maximize your return commensurate with risk. Our fee, described under item 3 above, is the only way we make money. Because we are a fee-only advisor we have minimal conflicts compared to brokers and dually registered advisors. We do not make money from transactions, sales commissions, or referrals.

Conversation Starter. Ask your investment professional ...

How might your conflicts of interest affect me, and how will you address them?

5. How do your financial professionals make money?

Cape Ann Capital has three employees. Our income is directly tied to the market value of assets under management. If your assets grow, this is good for you, but it is also good for us, because our fee revenue grows.

6. Do you or your financial professionals have legal or disciplinary history?

No

Conversation Starter. Ask your investment professional ...

As a financial professional, do you have any disciplinary history? For what type of conduct?

ADDITIONAL INFORMATION

You can find additional information about Cape Ann Capital at www.capeanncapital.com or by calling Dave Umstead, CFA, PhD; Jim Jasinski, CFP® or Jeremy DiStefano, CFA at 978-254-5841. Click [here](#) for Cape Ann Capital's brochure. This document (ADV, Part 2) is on file with the SEC. See Items 4, 7 & 8 for more information about our **Services**. See Items 5 and 6 for more information about our **Fees**.

Conversation Starters. Ask your investment professional ...

Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?