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Brochure date: March 21, 2024

This brochure provides information about the qualifications and business practices of Capital Formation Advisers LLC. If you have any questions about the contents of this brochure, please contact Richard C. Veith at 212-922-1127 and/or [rcveith@hotmail.com](mailto:rcveith@hotmail.com). The information in this brochure has not been approved and verified by the United States Securities and Exchange Commission or by any state authority.

Additional information about Capital Formation Advisers LLC also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov)

## Material Changes

This is an amendment to the first brochure for CFA. The listed age for Richard C. Veith has changed, the amounts indicated under management have been changed. There are no other material changes from a prior brochure.

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## **Advisory Business**

Capital Formation Advisers LLC ("CFA") provides investment adviser services primarily to high net worth individuals. CFA has been in business for over 10 years and is owned by Richard C. Veith. All of the investment advice is provided solely by Mr. Veith.

CFA provides portfolio management services for client, which includes investment advice on equities and fixed income securities.

Investment advice that CFA gives to each client is specific to the particular client. Typically CFA works with the clients' existing brokerage account. For all clients each portfolio is managed individually based on the particular client's goals, time frame and the client's acceptable levels of risk. Clients may impose restrictions on investing in certain securities or types of securities.

As of December 31, 2023 CFA managed \$31,924,919 of clients' assets on a discretionary basis and \$33,275,183 of clients' assets on a nondiscretionary basis.

## **Fees and Compensation**

Generally the fees charged by CFA for portfolio management are on a negotiated fixed fee basis, usually paid on a quarterly basis. CFA provides other investment advice services with fees for those services based on an hourly rate or a fixed fee. All fees charged by CFA are negotiable.

All fees paid to CFA are paid by the clients directly. Portfolio management fees are paid to CFA quarterly on account in advance. In the event CFA is terminated as an adviser during the course of the year or billing period the client will receive a refund based on a prorated fee for the period of time that CFA acted as investment adviser, based on the assets under management at the date of the end of management by CFA.

As CFA does not maintain custody of any clients assets clients will incur brokerage and other transaction costs incurred in their brokerage accounts in connection with trading activity advised by CFA.

## **Types of Clients**

CFA generally provides investment advice to high net worth individuals, and estates and trusts.

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

Investment strategy used by CFA for each client is specific to the particular client and their portfolio. Generally, CFA looks to identify securities that the market has undervalued, that have good long term prospects. Part of this analysis involves a determination of whether the market has correctly priced in risk of loss or decline in asset value.

Investing in securities involves risk of loss that clients should be prepared to bear.

CFA utilizes two basic investment strategies both of which focus on total return. The primary

strategy is used for individual clients or portfolios that are taxable. This strategy tends to involve more equities than fixed income, but the actual ratio of those securities in a portfolio depends on the client's goals, time frame and the client's acceptable levels of risk. The other investment strategy is used for non-taxable or tax deferred accounts. This strategy looks to determine what the client will need to withdraw from the account over time, and then seeks to provide a total return that will attempt to meet or exceed the projected amount of withdrawal needed at the time of withdrawal. As these accounts are nontaxable or tax-deferred that allows for use of certain fixed income securities that provide a predictable cash flow and cash at maturity covering withdrawals for the first five or ten years, and giving the equities in the account time to achieve returns in line with the long term stock market returns. In addition, losses are not allowed to be recognized for tax purposes in these types of accounts, so even greater attention is given to avoiding loss of principal in those accounts.

CFA only provides investment advice with respect to listed securities in all clients' accounts. All investments in securities have the potential for the risk of loss of all or a part of the principal. In addition, all investments in securities have the potential for the risk of loss or some or all of any income derived from such securities.

In order to achieve good inflation-adjusted returns for clients CFA prefers to invest in equities, particularly if the client has an investment time frame of more than 2 to 3 years. The risks involved with investments in equities include market fluctuation, loss of principal and lower position in capital structure than fixed income securities which provides less protection for principal in the event of bankruptcy.

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

Richard C. Veith is a lawyer admitted to practice in New York State and maintains a law firm. In any circumstance that would present a conflict of interest with any client of CFA Mr. Veith would advise the client to obtain legal counsel other than Mr. Veith.

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

CFA has a written code of ethics which outlines CFA's requirements: 1) for dealing with material nonpublic information, 2) for personal securities trading by employees of CFA, 3) approval requirements for employees of investing in an initial public offering or private placement offering, 4) of prompt internal reporting of any violations of the CFA's code of ethics, 5) for distribution of the CFA's code of ethics and any amendments to each supervised person at CFA, 6) that the code of ethics be maintained and enforced, which includes mandatory review of access persons' securities reports for compliance with CFA's internal procedures and code of ethics, 7) for record keeping relating to the code of ethics, records of violations of the code and actions taken as a result of the violations, and copies of supervised persons' written acknowledgment of receipt of the code, 8) to amend CFA's Form ADV to describe the code of ethics to clients and furnish a copy of the code to clients.

A copy of CFA's code of ethics will be provided to any client or prospective client upon request.

CFA's code of ethics provides that employees of CFA may not trade in the same securities or related securities such as warrants, options or futures that CFA recommends to clients, for their

own account prior to trading the same security or a security that could be effected by the trade made by the employee for their own account unless the volume of trading is such that in the opinion of the chief compliance officer it is unlikely to have a material impact on the securities to be traded for the client.

### **Brokerage Practices**

Generally CFA utilizes the client's existing broker. Where that is not the case CFA will utilize a broker which provides a good combination of services, order execution and competitive fees considering the services provided. Typically CFA does not use a discount broker, as it feels the fees of a non-discount full service brokerage firm are more than offset by services provided by the non-discount brokerage firm. CFA does negotiate the fees charged by those firms where possible.

### **Review of Accounts**

All client accounts are reviewed by Richard C. Veith periodically, typically on a monthly or more frequent basis. This review is intended to evaluate all the securities in the client account in light of current market conditions, to determine if cash balances are available for investment or if sales are required to generate cash for a client's need.

Client accounts are reviewed on other than a periodic basis as warranted by issues raised by the client, or events occurring in the marketplace.

As all clients receive monthly written brokerage statements directly from their broker CFA does not provide regular reports to clients regarding their accounts.

### **Investment Discretion**

CFA accepts discretionary authority to manage security accounts on behalf of some of its clients. For these accounts clients may place any limitations they wish on CFA's authority to trade in those accounts. CFA obtains a limited power of attorney from the client for those security accounts for which CFA has discretionary management authority. All powers of attorney executed by clients for discretionary accounts are limited only to trading. CFA will not accept any power of attorney which is not limited to only trading.

### **Voting Client Securities**

CFA does not have authority to vote client securities. Clients will receive their proxies or other solicitations directly from the custodian or transfer agent. Clients can contact CFA questions about a particular solicitation by calling the firm at 212-922-1127 or by email at [cfarveith@gmail.com](mailto:cfarveith@gmail.com) or [rcveith@hotmail.com](mailto:rcveith@hotmail.com).

### **Financial Information**

There is currently no financial condition that is believed likely to impair the ability of CFA to meet contractual commitments to clients.

### Educational Background and Business Experience

Richard C. Veith, is 68, attended St. Lawrence University (B.A.) and Pace University Law School (J.D.) Mr. Veith has been the Chief Compliance Officer and Manager of Capital Formation Advisers LLC for the preceding five years. Mr. Veith is also duly admitted to practice law in New York State and has maintained a law firm for the preceding five years.

### Supervision

As Mr. Veith is the Chief Compliance Officer of Capital Formation Advisers LLC and its sole employee the Chief Compliance Officer is fully aware of all of Mr. Veith's advisory activities on behalf of Capital Formation Advisers LLC.