

## Item 1 – Cover Page



# CAPITAL FINANCIAL PLANNERS

1640 Liberty Street SE

Salem, Oregon 97302

(503) 585-1067

[www.capfina.com](http://www.capfina.com)

March 26, 2024

This firm brochure provides information about the qualifications and business practices of Capital Financial Planners, LLC, *d/b/a* Capital Financial Planners. If you have any questions about the contents of this brochure, please contact us at (503) 585-1067. 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.

Additional information about Capital Financial Planners, LLC, *d/b/a* Capital Financial Planners is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for Capital Financial Planners is 310168.

Please note that the use of the term “registered investment advisor” and description of our firm and/or our associates as “registered” does not imply a certain level of skill or training. Clients are encouraged to review this brochure and any brochure supplements (“brochure supplements”) for more information on the qualifications of our firm and our associates.

**Item 2 – Material Changes**

We have not made any material changes to this Brochure since the date of our last annual amendment filing on March 28, 2023.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent firm brochures within 120 days of the close of our fiscal year. A Summary of Material Changes is also included with our firm brochure on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for Capital Financial Planners is set forth on the cover page of this firm brochure. Clients will further be provided with disclosure about material changes effecting our firm or a new brochure as may become necessary or appropriate at any time in the future, without charge.

You may request a copy of our firm brochure by contacting us at the telephone number reflected on the cover page. A copy will be provided to you free of charge.

**Item 3 – Table of Contents**

	<u>Page</u>
Item 1 – Cover Page.....	1
Item 2 – Material Changes.....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	8
Item 6 – Performance-Based Fees and Side-By-Side Management .....	12
Item 7 – Types of Clients .....	13
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	13
Item 9 – Disciplinary Information .....	17
Item 10 – Other Financial Industry Activities and Affiliations .....	18
Item 11 – Code of Ethics, Participation or Interest in Client Transaction & Personal Trading .....	18
Item 12 – Brokerage Practices .....	19
Item 13 – Review of Accounts.....	21
Item 14 – Client Referrals and Other Compensation.....	21
Item 15 – Custody.....	22
Item 16 – Investment Discretion.....	22
Item 17 – Voting Client Securities .....	22
Item 18 – Financial Information .....	23

**Item 4 – Advisory Business**

- A** Capital Financial Planners, LLC, *d/b/a* Capital Financial Planners, is an Oregon limited liability company and independent investment advisor firm registered with the SEC since 2020. Our sole offices are located in Salem, Oregon. While the current business organization was formed in 2005, the origins of our firm date back to 1984, when our founder, Judith Heltzel, began offering securities and investment advisory services under the “Capital Financial Planners” name as a representative of various independent broker-dealer and investment advisor firms until her retirement from the industry in December 2014. Barrigan (“Barry”) Nelson and Chad Campbell are the current principal owners of the firm. Mr. Nelson became an employee of the firm in 2001, and an equity partner in January 2007. Mr. Campbell became an employee of the firm in 2013, and an equity partner in January 2016.

The information contained in this brochure describes our investment advisory services, practices, and fees. Please refer to the below description of our services for information on how we tailor our investment advice to the needs of our clients. As used throughout this firm brochure, the words “Capital Financial Planners,” “we,” “our,” “firm,” and “us” refer to Capital Financial Planners, LLC, and the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm.

Prior to forming an investment advisor-client relationship with you, we may offer a complimentary general consultation to discuss the nature of our services and determine how we can best assist you to achieve your financial goals and objectives. Investment advisory services begin only after the prospective client and Capital Financial Planners formalize their relationship by the execution of a written advisory agreement.

- B C** We offer several investment advisory services to clients. Our investment advice is always custom tailored according to each client’s unique investment profile.

When our services include portfolio management, clients are required to deposit their assets at an independent qualified custodian (the “Custodian”), typically a licensed broker-dealer, banking or savings institution, and grant us limited authority to buy and sell securities within their account on a discretionary basis. The full scope of our authority with respect to management of the client’s account will be set forth in a written advisory agreement. We act as your fiduciary, responsible for the management of your investment account(s) at the Custodian, where assets are held in your name. You authorize our firm and our investment advisor representatives to implement our investment recommendations directly within your account held at the Custodian *without* obtaining your specific consent prior to each transaction.

Clients always have the ability to impose reasonable restrictions on our management of their account(s), including the ability to instruct us not to purchase certain specific securities, industry sectors, and/or asset classes. We will attempt to honor the client’s investment restrictions in all circumstances and will notify you if we are ever unable to do so for any reason.

A description of the individual investment advisory services offered by our firm is set forth below.

Wealth Management Services. Our firm offers wealth management services that combine ongoing and continuous portfolio management with the delivery of financial planning and consulting advice that is uniquely tailored to the client’s financial circumstances and needs. Through periodic consultations with you, we will gather information regarding your financial goals, investment

objectives, tolerance for risk, and the time horizon for investments. The information we typically request in this process will include your current and expected income level, tax information, investment experience, current and expected cash needs, current portfolio construction/asset allocation, and risk tolerance level, among other items. We will document your investment objectives and restrictions in our files, develop a thorough understanding of your overall investment profile, and use it as the guide by which we will manage your account(s). We will then recommend an initial investment strategy and portfolio intended to align with your unique financial situation and goals.

The foundations of our long-term client relationships are built upon open communication with clients and understanding their goals, needs, and objectives. While there is no guarantee that our guidance will meet a client's objectives over any given period of time, we strive to develop a strategic plan focused on achieving optimal results. We generally encourage broad diversification as a hedge against an uncertain future and adequate liquidity to deal with the unexpected. Our investment philosophy is rooted in Modern Portfolio Theory, which attempts to optimize risk adjusted returns through systematic diversification across asset classes, including but not limited to common stocks, corporate bonds, government bonds, commodities, and real estate investment trusts ("REITs"). Consequently, client portfolios are typically constructed utilizing a diversified combination of some or all of the following investment instruments: mutual funds, exchange traded funds ("ETFs"), REITs, commodity interests (accessed through commodity based ETFs), individual bonds, stocks, U.S. government and municipal securities, cash and cash equivalents.

As part of building your portfolio, we will typically recommend that certain third party money managers (each an "Independent Manager") be engaged to provide discretionary management to all or a portion of your account via "Separately Managed Account" or "SMA" arrangements or, where multiple SMAs are combined into a single account structure, a "Unified Managed Account" or "UMA" arrangement. Independent Manager relationships may be structured in the following ways:

- Via a wrap fee program, turn-key asset management program, or other investment platform offered by an independent custodian, broker-dealer, or third party investment advisor;
- Via a direct contractual relationship between you and the Independent Manager; or
- Via a direct relationship we maintain with an Independent Manager (each such Independent Manager a "Sub-Advisor").

You will be provided with the Form ADV Part 2A (or equivalent disclosures) for any recommended Independent Manager(s) at or prior to the time they begin to provide advisory services to your account. For Independent Managers accessed via a wrap fee program, turn-key asset management program or similar, you will typically be required to enter into a separate advisory agreement, platform agreement, and/or trading authorization granting them discretionary authority to manage your account. In the case of Sub-Advisor relationships, we will directly delegate discretionary authority permitting the Sub-Advisor to execute trades for your account without obtaining your consent prior to each transaction.

Irrespective of the structure of the Independent Manager relationship, we will continue to serve as your primary advisor with respect to the entirety of your account. Accordingly, we will monitor the assets managed by any Independent Manager(s) on an ongoing basis and periodically review the suitability of the Independent Manager's overall investment program. The Independent

Manager(s) shall typically be responsible for all investment selection and trading functions related to your SMA(s) or UMA(s). We will recommend re-allocations of your assets between and amongst Independent Managers when we believe such changes to be in your best interests.

Following implementation of your initial investment portfolio, we will monitor the performance of your account (including any assets managed by any Independent Manager(s)) on an ongoing basis and implement and/or recommend changes as needed or appropriate, in consideration of current economic conditions, our market opinions and assumptions, and your individual financial circumstances and goals. It is your ongoing responsibility to advise us promptly in writing of any changes to your financial circumstances which may have a material impact on the design of your investment portfolio.

In addition to our discretionary management of your investment accounts, we will also provide you with ad-hoc financial consulting and financial planning services that are intended to assist you with the management of your overall financial affairs. Our ad-hoc financial consulting advice will be provided to you through a combination of in-person consultations, phone conferences, and/or via electronic means (e.g., e-mail). As appropriate for your circumstances, we will also provide you with a written financial plan which we will update and review periodically, as necessary and appropriate, based on your investment needs and objectives and any material changes in your financial situation. We will also review and update your financial plan at such other times as you may reasonably request. Wealth management clients receive these additional services at no extra charge.

Where our financial consulting or planning recommendations concern assets “held away” from the investment accounts we manage on your behalf (e.g., variable life insurance products, annuity contracts, assets held in employer sponsored retirement plans, or qualified tuition plans), you will make the ultimate investment decision and will be responsible for implementation of such decisions. While we do not provide legal or tax advice, we will attempt to coordinate our wealth management services (including our financial planning and consulting advice) with the services of your existing third party tax, legal, accounting, and/or insurance advisors. A description of our financial planning and consulting services is below.

Financial Planning and Consulting Services. For clients who need financial planning and consulting services, but for whom ongoing wealth management isn’t a good fit, our firm also offers financial planning and consulting as a *stand-alone* service. These services may address, without limitation, some or all of the following topics:

- Retirement Planning
- Tax Planning
- Legacy Planning
- Estate Planning
- Charitable Planning
- Education Planning
- Budgeting and Cash Flow Management

Clients who engage us for these services receive a consultation to discuss their unique financial circumstances, investment objectives and needs, tolerance for risk, time horizon for investments, and any particular issues of financial concern related to the selected financial planning and consulting topics. We will review pertinent financial documents and information provided by the client and present the client with a written financial plan or shorter report as appropriate for the scope of the engagement. The financial plan or report will include a summary of the client’s financial circumstances and a course of actions and/or investment recommendations designed to assist the client in achieving the client’s stated financial goals. For clients who engage these services

on a stand-alone basis, the written financial plan or report is not updated or reviewed following its initial delivery to the client, unless we specifically agree otherwise. Additional fees will apply for reviews and updates to the written financial plan or report, if requested.

Financial planning and consulting services are non-discretionary in nature. The client retains the sole discretion to accept or reject any of our recommendations, in whole or in part, and is responsible for their implementation, including the selection of service providers, and the monitoring of their investments. Upon request, we may assist the client with implementation and monitoring of our financial recommendations - additional fees may apply. Clients are never obligated to use our firm for implementation and monitoring services and are never charged more than \$1,200 six (6) or more months in advance in connection with our financial planning and consulting services.

As part of this service, we may recommend the use of certain third-party professionals (*e.g.*, attorneys, tax advisors, accountants, and insurance professionals) to assist you in implementing the advice and recommendations we provide. We do not receive compensation or referral fees of any kind in connection with these recommendations. You are never obligated to engage any recommended third-party professional(s) and elect to do so at your sole discretion and risk. You will independently contract with such service providers and their fees are not included within the advisory fees paid to Capital Financial Planners. We do not provide legal or tax advice of any kind.

- D** Wrap Fee Programs. When deemed appropriate, our wealth management services may incorporate the use of certain third party sponsored wrap fee programs. As of the date of this brochure, we may recommend that certain clients participate in the “AssetMark Platform,” a wrap fee program that is sponsored by Assetmark, Inc. (“AssetMark”), an independent SEC registered investment advisor firm. We may recommend other wrap fee programs to clients in the future.

The minimum investment required on the AssetMark Platform depends upon the investment solution chosen for your account and is generally \$100,000 for mutual fund and ETF accounts, and from \$50,000 to \$1,000,000 for privately managed and Unified Managed Accounts, depending on the investment strategy selected for the account. Accounts below the stated minimums may be accepted on an individual basis at the discretion of AssetMark. Additional terms and conditions of participation in the AssetMark Platform are described in more detail in the separate AssetMark Platform Disclosure Brochure (“AssetMark Platform Brochure”), a copy of which shall be provided to you prior to or at the time of our recommendation of the program. Please call us at the telephone number found on the cover of this firm brochure if you did not receive a copy of this separate brochure.

The types of investments we typically recommend to clients are described above in this Item 4. We may also advise clients on any assets held in their portfolio at the time of our engagement and other investments not listed above at the client’s specific request.

Please see Item 8 of this brochure or a description of the investment strategies we typically implement in client accounts.

- E** As of December 31, 2023, we manage approximately \$215,851,389 in client assets on a discretionary basis and \$0 of client assets on a non-discretionary basis.

## Item 5 – Fees and Compensation

**A** Fees for Wealth Management Services. Our wealth management services may be offered to clients under either (1) a traditional “unbundled” fee arrangement or (2) a “hybrid arrangement,” wherein the client pays us an advisory fee and also pays a separate “wrap fee” to the sponsor of the wrap fee program through which we will manage their account.

- In an *unbundled fee arrangement*, you will pay an asset-based advisory fee to our firm and separately incur custodial fees and transaction costs payable to the Custodian of your account. You will also be separately charged advisory fees by any Independent Manager(s) engaged to manage your account.
- In a *hybrid fee arrangement*, you will pay an asset-based advisory fee to our firm and a separate wrap fee or “platform fee” to the sponsor of the selected wrap fee platform which bundles together the costs of any Independent Manager’s advisory fees with most custodial fees and transaction costs generated in your account. The asset-based advisory fee you will pay to Capital Financial Planners and the platform fee you will pay to the sponsor of the wrap fee program are referred to collectively as an “Account Fee.” Depending on the level of trading activity in your account, the level of Independent Manager(s) utilized, and the holdings of your account, among other factors, wrap fee arrangements may cost you more or less than an unbundled fee.

The benefits you may experience where a wrap fee applies depend, in part, upon the size of your account, the costs associated with managing your account, and the frequency and/or type of securities transactions executed in your account. For example, a wrap fee program may not be suitable for all accounts, including but not limited to accounts holding primarily, and for any substantial period of time, cash or cash equivalent investments, fixed income securities, or no-transaction-fee mutual funds, or any other type of security that can be traded without commissions or other transaction fees. In order to evaluate whether a wrap fee program is appropriate for you, you should compare the wrap fee and any other costs associated with participating in the program with the amounts that would be charged to you for a similar suite of services by other investment advisors, broker-dealers, and custodians if advisory fees, brokerage and execution costs, and custodial services were to be charged to you separately. Capital Financial Planners will only recommend your participation in a wrap fee based investment program when we believe the same to be in your best interests.

A further description of these distinct fee arrangements is as follows:

*Unbundled Fee Arrangements:* We will charge you an annual asset-based advisory fee for wealth management services in accordance with the below fee schedule.

### **Capital Financial Planners’ Advisory Fee Schedule**

#### **Wealth Management Services**

<b>Assets Under Management</b>	<b>Annual Fee</b>
\$0 – \$1,000,000	1.00%
\$1,000,001 – \$2,000,000	0.75%
\$2,000,001 – 5,000,000	0.50%

Assets Under Management	Annual Fee
\$5,000,001 - \$10,000,000	0.25%
Greater than \$10,000,000	Negotiable

Our asset-based advisory fees are calculated based on the market value of your account (including any cash balances) at the start of the billing period. They are charged in advance, either monthly, quarterly, semi-annually, or annually (as set forth in our written advisory agreement with the client), and shall be pro-rated for any partial billing periods. The advisory fees we charge to your account may be amended by us from time to time in our sole discretion, but only upon thirty (30) days' prior written notice to you.

For purposes of calculating our advisory fees, we will typically rely on the valuation of your account provided by the Custodian. The Custodian may use various pricing services such as Reuters and Standard & Poor's to price securities held in your account. For actively traded securities, these services use the actual last reported sale price. For less actively traded securities such as bonds, these services will use the appropriate valuation methodology to determine the value of the security. In rare instances where a market-based price or other reliable pricing for a holding in your account is unavailable or the market value of an asset is otherwise difficult for us to determine (*e.g.*, certain privately offered securities, thinly traded securities, etc.), alternative valuation procedures may be followed. We will alert you whenever this circumstance may arise and provide disclosure of the applicable valuation procedure. You should contact us with any questions or concerns about the valuation of any investments held in your account.

Clients may make additions or withdrawals from their account at any time; however, we reserve the right to adjust our advisory fees on a pro-rata basis on account of any such transactions. Clients should note that some or all of the investments in their account may be intended as long-term investments, and withdrawals of cash and premature liquidations of securities positions may impair the achievement of your investment objectives.

NOTE: Where Independent Managers are engaged under an unbundled fee arrangement, the amount of their advisory fees, billing schedule, and payment procedures will be set forth in their separate written disclosure documents, advisory agreements, and/or the account opening documents of your account Custodian. Advisory fees owed to any Independent Manager(s) will typically be paid directly from your account at the Custodian and are charged to you separate and in addition to the advisory fees paid to our firm.

NOTE: Where Sub-Advisors are engaged under an unbundled fee arrangement, the client may be subject to additional advisory fees over and above those shown in the tiered fee schedule to cover the costs of the sub-advisory services provided. Any sub-advisory fees will be agreed with the client in writing in advance of the commencement of any recommended Sub-Advisor's services.

*Hybrid Fee Arrangements:* As described above, accounts subject to a hybrid fee arrangement pay a single bundled "Account Fee" for our wealth management services. The Account Fee consists of the following components:

- (1) Capital Financial Planners' asset-based advisory fee (as described in the *unbundled fees* section above); and
- (2) A "Platform Fee" paid to the sponsor of the selected wrap fee program.

By way of example, the platform fee charged to wealth management accounts managed on the AssetMark Platform compensates the program's sponsor, AssetMark, for maintaining the AssetMark Platform and pays for the investment advisory, administrative, custodial, and brokerage services provided to your Account by AssetMark and the various Independent Managers accessible through the platform. Specifically, the platform fee paid to AssetMark covers the following bundled costs:

- (1) advisory services;
- (2) administrative services;
- (3) custodial fees (except for Actively Managed Fixed Income Strategies, Funding Account Strategies, acquired Global Financial Private Capital (GFPC) Strategies, and accounts custodied at Charles Schwab); and
- (4) the advisory fees charged by any underlying Independent Managers utilized on the platform, if applicable.

Platform fees are paid to AssetMark quarterly, in advance, based on an annual percentage of the value of your assets under management on the AssetMark Platform. A tiered fee schedule contained within the AssetMark Platform Disclosure Brochure shall apply. Clients may terminate their AssetMark accounts at any time and receive a full pro-rata refund of any unearned fees. Other fees for special services on the AssetMark Platform may be applied by AssetMark. Clients should consider all applicable fees associated with the AssetMark Platform before engaging these services. Fees and compensation for using the AssetMark Platform are provided in more detail in the AssetMark Platform Disclosure Brochure, a copy of which shall be provided to you.

As noted above in Item 4.D., we may recommend other wrap fee programs in addition to the AssetMark Platform to clients in the future. In each case, you will be provided with a separate wrap fee brochure detailing the recommended wrap fee program's services, costs, fees, and risks.

Fees for Financial Planning Services. We typically charge an hourly fee for *stand-alone* financial planning services ranging from \$250 - \$350 per hour. Wealth management clients generally receive these services at no extra charge. The specific hourly rate applicable to your engagement will be determined prior to the commencement of services based on our expectation of the complexity, time, research, and resources required to provide services to you, and any other factors we deem relevant, and shall be set forth in a written financial planning agreement. Fees for these services are typically billed monthly or quarterly in arrears by delivery of a paper or electronic invoice to the client. Our fees for these services are due and payable within ten (10) days of the date shown on the face of our invoice, and are payable by check, wire, or by other means of payment agreed to by the parties.

Termination Policy. Our wealth management and financial planning and consulting services may be terminated at any time by either party, within five (5) days of entering into an advisory agreement, without cost or penalty. Thereafter, our services may be terminated by either party on ten (10) days' written notice to the non-terminating party. In the event of termination, wealth management clients shall compensate us by payment of a pro-rated advisory fee based on the number of days services were provided during the terminating billing period. Any excess pre-paid fees shall be refunded to the client. Financial planning and consulting clients shall be issued a final invoice for any earned but unpaid hourly fees at the time of termination, with these fees payable in full upon receipt.

- B** Direct Deduction of Wealth Management Fees; Account Statements. Except where we otherwise agree, our wealth management fees will be directly deducted from your account held at the Custodian upon our periodic submission to the Custodian of a written request to withdraw our fees. You will be required to authorize our direct deduction of these fees in our written advisory agreement and/or the account opening documents of your Custodian. We will liquidate money market shares or use cash balances from your account to pay our advisory fee, however, if money market shares or cash value are not available other investments may be liquidated, but only in line with our fiduciary duty to you. Please note that unexpected or premature liquidation of investments to pay our advisory fees may impair the performance of your account. In the limited circumstances, we may agree to traditional billing of our wealth management fees, in which case you will be billed periodically, either by paper or electronic invoice. Our fees shall be due and payable within ten (10) days of the date shown on the face of our invoice and may be paid by check, wire, or by other means of payment deemed acceptable by us.

The Custodian will send an account statement to you at least quarterly, identifying the amount of funds and each security in your account at the end of the period and setting forth all transactions in the account during the period, including the amount of any advisory fees paid directly to us. The Custodian will not independently verify our fees. Accordingly, *we encourage you to review the Custodian's account statements carefully and promptly upon receipt.* If you believe we have miscalculated the advisory fees or if you have any other questions or concerns related to your account, you should contact us immediately at the phone number listed on the cover page of this firm brochure.

As described above, hourly fees for financial planning services are invoiced directly to the client and payable within ten (10) days of the date shown on the face of our invoice.

- C** Additional Fees and Expenses. Separate and in addition to our advisory fees, you shall be solely responsible to bear the costs of all internal management fees, advisory fees, and other costs and expenses that may be charged by mutual funds, ETFs, and other pooled investment vehicles to their shareholders. Except for accounts subject to wrap fees, you will also pay any applicable Independent Manager advisory fees and all usual and customary transaction-based fees (brokerage fees and commissions), custodial charges, wire transfer fees, and other fees and taxes associated with activity in your account. We do not share in any portion of the foregoing additional fees and expenses. To fully understand the total cost you will incur, you should review the prospectus of each mutual fund, ETF, and/or Independent Manager SMA or UMA program in which you participate and the contractual arrangement entered with your Custodian.
- D** Our Termination Policy. Our termination policies are described above in this Item 5.
- E** Compensation for Sales of Securities or Insurance Products. Capital Financial Planners is a “fee-only” investment advisory firm. This means that no supervised person of our firm receives or accepts any fees or commissions for the sale of any securities or insurance products to clients. We are compensated for our advisory services exclusively through the advisory fees paid by our clients. We believe this method of compensation best aligns with our fiduciary duty to you.

Rollover Recommendations. As part of our investment advisory services to you, we may recommend that you roll assets from your employer’s retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a “Plan Account”), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, an “IRA Account”) that we will manage on your behalf. We may also recommend rollovers from IRA Accounts to Plan

Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts. While we already are operating under a fiduciary duty as a fee-only investment advisory firm, when we provide any of the foregoing rollover recommendations to you we are also acting as fiduciaries within the meaning of Title I of the ERISA and/or the Internal Revenue Code (“IRC”), as applicable, which are laws governing retirement accounts.

If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the advisory agreement you executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to you (*i.e.*, receipt of additional fee-based compensation). You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in your best interests and not put our interests ahead of yours.

Under this special rule’s provisions, we must:

- meet a professional standard of care when making investment recommendations (give prudent advice);
- never put our financial interests ahead of yours when making recommendations (give loyal advice);
- avoid misleading statements about conflicts of interest, fees, and investments;
- follow policies and procedures designed to ensure that we give advice that is in your best interests;
- charge no more than a reasonable fee for our services; and
- give you basic information about conflicts of interest.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of a rollover.

Note that an employee will typically have four options in this situation:

1. leaving the funds in your employer’s (former employer’s) plan;
2. moving the funds to a new employer’s retirement plan;
3. cashing out and taking a taxable distribution from the plan; or
4. rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide you with a written explanation of the advantages and disadvantages of both account types and the basis for our belief that the rollover transaction we recommend is in your best interests.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

We do not charge any performance-based fees for our services or engage in side-by-side management of client accounts.

Capital Financial Planners and/or individuals associated with our firm may manage accounts which belong either to themselves, individually, or to their family or their affiliates (collectively, “Proprietary Accounts”) while simultaneously managing client accounts. It is possible that orders for Proprietary Accounts may be entered opposite to orders for client accounts, pursuant to, for instance, a neutral allocation system, a different trading strategy, or trading at a different risk level. However, any such orders shall only be entered after orders for client accounts in the same securities have been executed on any given trading day. The management of any Proprietary Account is subject to our Code of Ethics and the duty of our firm and its personnel to exercise good faith and fairness in all matters affecting client accounts.

## Item 7 – Types of Clients

We provide investment advice to individuals, high net worth individuals, charitable organizations, corporations, partnerships, and other business entities. We generally require a minimum opening account size of \$1,000,000. We may waive this minimum in our sole discretion on a per client basis. We do not require any minimum fee to open or maintain an account with our firm.

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

### A Our Methods of Analysis and Investment Strategies

We may use some or all of the following methods of analysis in providing investment advice to you:

Modern Portfolio Theory (“MPT”): A mathematical framework for assembling a portfolio of assets such that the expected return is maximized for a given level of risk, defined as variance. Its key insight is that an asset’s risk and return should not be assessed by itself, but by how it contributes to a portfolio’s overall risk and return. MPT assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns.

Fundamental Analysis. In using fundamental analysis, we attempt to determine the intrinsic value of target securities through a review of, among other things, company specific financial disclosures, the strength and track record of management personnel, industry sector financial health, and at a macro level, the overall direction of the economy at large. We use this information as a basis to determine if such securities are underpriced or overpriced relative to current market prices and then to make a buy or sell recommendation to you.

Relying on this type of analysis leaves open the risk that the price of a security may move along with the overall direction of the market, irrespective of the economic and financial factors which may have indicated that an opposite movement would have been expected. The main sources of information we rely upon when researching and analyzing securities using fundamental analysis include research materials prepared by others, annual reports, corporate rating services, prospectuses, and company press releases.

Technical Analysis. We analyze past market movements and apply 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 or security. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of overall market movement.

Cyclical Analysis. Cyclical analysis is the statistical analysis of specific events occurring at a sufficient number of relatively predictable intervals that they can be forecasted into the future. Cyclical analysis asserts that cyclical forces drive price movements in the financial markets. Risks include cycle inversion or disappearance. There is no expectation that this type of analysis will pinpoint turning points, instead it is typically used in conjunction with other methods of analysis.

Mutual Fund and ETF Selection and Analysis. We evaluate and select mutual funds and/or ETFs for your account based on several factors which may include, without limitation, (1) the experience and track record of the underlying portfolio manager(s), (2) the performance of the mutual fund or ETF over time and through various market conditions; (3) expected market conditions that might impact the underlying holdings of the mutual fund or ETF or applicable market sector; and (4) whether and to what extent the underlying holdings of the mutual fund or ETF overlap with other assets held in your account. We also monitor the mutual fund or ETF in an attempt to determine if the fund is continuing to follow its stated investment strategy.

A risk of mutual funds and ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A fund manager's past track record of success cannot be relied upon as a predictor of success in the future. In addition, the underlying holdings of the fund are determined by independent fund managers and may change over time without advance warning, creating the potential for overlap with other investments held in your account. This increase in the correlation of your holdings will increase the risk of loss where the value of any overlapping holdings should decrease. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the mutual fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Independent Manager Selection and Analysis. This is the analysis of the experience, investment philosophies, and past performance of Independent Managers in an attempt to determine if the manager has demonstrated an ability to invest over a period of time and in different economic conditions. Key factors we may consider when evaluating Independent Managers are their investment process and philosophy, risk management methods and procedures, historical performance, investment strategy and style, fees and operating expenses, assets under management and number of clients, and tax-efficiencies. Our evaluation also may incorporate both qualitative and quantitative fundamental analysis to validate and confirm an Independent Manager's investment style and skill, as well as to compare them to other managers of similar style. We may utilize various research databases, proprietary models, financial periodicals, prospectuses and filings with the SEC, industry contacts and manager data, among other items, as part of the research process. Monitoring the Independent Manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment typically completes the analysis. As part of the due-diligence process, the Independent Manager's compliance and business enterprise risks may be surveyed and reviewed. We may engage a third party to assist in this review and due diligence process.

Recommendations Regarding Investments and Investment Managers on the AssetMark Platform. In advising retail clients investing via the AssetMark Platform, we may select from mutual funds, ETFs, and other investment solutions offered on the platform. These solutions are provided by a number of institutional investment strategists and based on the information, research, asset allocation methodology, and investment strategies of these institutional strategists, including AssetMark.

We may utilize the AssetMark Platform to introduce clients to, and advise on the selection of, Independent Managers who provide discretionary management of individual portfolios using a variety of different securities analysis methods, sources of information, types of investment instruments, and investment strategies. Clients will receive a separate disclosure brochure from these investment managers regarding their investment advisory services.

Methods of analysis such as charting, fundamental, technical, or cyclical analysis may be used by the Independent Managers we recommend to clients. Please refer to the disclosure brochure of the Independent Manager for more information.

We typically use the following *investment strategies* in managing client accounts:

Long-term Purchases. We may recommend a long term “buy and hold” approach to investing client assets. In this type of investment strategy, we suggest the purchase of securities with the idea of holding them in a portfolio for a year or longer. Typically, we employ this strategy when (1) we believe the securities to be currently undervalued, and/or (2) we want the portfolio to have exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we 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 we make the recommendation to sell.

Short-term purchases. When utilizing this strategy, we may suggest the purchase of securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we recommend for purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**B** We use our best judgment and good faith efforts in rendering investment advice to our clients. We cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment recommendation we make will be profitable. **Investing in securities involves risk of loss that clients should be prepared to bear.** You assume all market risk involved in the investment of your account assets. Investments are subject to various market, currency, economic, political, and business risks.

Except as may otherwise be provided by law, we are not liable to you for:

- any loss that you may suffer by reason of any investment recommendation we made with that degree of care, skill, and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; or
- any independent act or failure to act by a custodian of your account(s).

- C **Summary of Investment Risks.** While all investing involves risks and losses can and will occur, our advisory services generally recommend a broad and diversified allocation of securities and other investments intended to reduce the specific risks associated with a concentrated or undiversified portfolio. Nonetheless, you should consider the following high-level summary of investment risks. **This list is not intended to be an exhaustive description of all risks you may encounter in engaging our firm for advisory services. We encourage you to inquire with us frequently about the risks related to any investments in your account.**

**Risk of Loss.** Securities investments are not guaranteed, and you may lose money on your investments. As with any investment manager that invests in common stocks and other equity securities, our investment recommendations are subject to market risk—the possibility that securities prices will decline over short or extended periods of time. As a result, the value of your account(s) will fluctuate with the market, and you could lose money over short or long periods of time. You should recognize whenever you determine to invest in the securities markets your entire investment is at risk. Clients should not invest money if they are unable to bear the risk of total loss of their investments.

**Economic Risk.** The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

**Financial Risk.** Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the “dot com” companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

**Market Risk.** The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company’s intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money. Investment risks include price risk as may be observed by a drop in a security’s price due to company specific events (e.g. earnings disappointment or downgrade in the rating of a bond) or general market risk (e.g. such as a “bear” market when stock values fall in general). For fixed-income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past performance is not a guarantee of future returns.

**Interest Rate Risk.** Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired an investment or the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument

paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

Independent Manager Risk. An Independent Manager's past track record of success cannot be relied upon as a predictor of success in the future. In addition, the underlying holdings of your SMA(s) and UMA(s) are determined by the Independent Manager directly, and may change over time without advance warning to us, creating the potential for overlap with other investments held in your account. This increase in the correlation of your holdings will increase the risk of loss where the value of any overlapping holdings should decrease. There is also a risk that an Independent Manager may deviate from the stated investment mandate or strategy of the account, which could make the holding(s) less suitable for the client's portfolio. Our firm does not control any Independent Manager's daily business and compliance operations, and thus our firm may be unaware of any lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Risks Related to Analysis Methods. Our analysis of securities relies in part on the assumption that the issuers whose securities we recommend for purchase and sale, 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.

Securities Transactions at the Direction of Clients. In certain instances, depending on the investment solution selected for your account, you may maintain the concurrent ability to direct transactions within your account. We are not responsible for the consequences of your self-directed investment decisions or the costs and fees they generate within your account.

Interim Changes in Client Risk Tolerance and Financial Outlook. The particular investments recommended by our firm are based solely upon the investment objectives and financial circumstances disclosed to us by the client. While we strive to meet with clients at regular intervals (at least annually, unless otherwise agreed, either in person, telephonically, or by electronic means) to discuss any changes in the client's financial circumstances, the lack of constant and continuous communication presents a risk insofar as your liquidity, net worth, risk tolerance and/or investment goals could change abruptly, with no advance notice to our firm, resulting in a mis-aligned investment portfolio and the potential for losses or other negative financial consequences.

**It is your continuing and exclusive responsibility to give us complete information and to notify us of any changes in your financial circumstances, income level, investment goals or employment status. We encourage you to contact us regularly and promptly to discuss any such changes.**

## **Item 9 – Disciplinary Information**

Capital Financial Planners is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. We have no information to disclose under this Item.

**Item 10 – Other Financial Industry Activities and Affiliations**

Our firm and our related persons are not registered, nor do they have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing.

Except for certain benefits we receive from our recommended broker-dealers, Charles Schwab & Co., Inc. and AssetMark Brokerage, LLC (respectively outlined in Items 12 and 14 of this brochure), we do not receive any additional compensation or benefits, either directly or indirectly, in connection with referrals of our clients to any Independent Managers, broker-dealers, custodians, attorneys, tax advisors, accountants, or any other third-parties. We will only recommend and refer such third-parties to you when we believe it to be in your best interests.

Capital Financial Planners does not have any other relationships, industry activities, affiliations or arrangements and does not collect any additional compensation, directly or indirectly, that create a material conflict of interest with its clients.

**Item 11 – Code of Ethics, Participation or Interest in Client Transaction & Personal Trading**

- A**     Our Code of Ethics. We subscribe to an ethical and high standard of conduct in all our business activities in order to fulfill the fiduciary duty we owe to our clients. Included in these ethical obligations is the duty to put our clients' interests ahead of our own along with duties of loyalty, fairness, and good faith towards our clients. We disclose to clients material conflicts of interest which could reasonably be expected to impair our rendering of unbiased and objective advice.

Capital Financial Planners has a Code of Ethics ("Code") which all employees are required to follow. The Code outlines proper conduct related to all services provided to clients and will be made available to you, free of charge, upon request by contacting us at the phone number listed on the cover page of this brochure. Prompt reporting of internal violations is mandatory. Capital Financial Planners' management personnel evaluate employee performance regularly to ensure the quality of our services and compliance with our Code.

Designed to prevent conflicts of interest between the financial interests of clients and the interests of the firm and its staff, the Code requires, among other procedures, that our "access persons" report their personal securities transactions quarterly and report all securities positions in which they have a beneficial interest at least annually. These reporting requirements allow supervisors at the firm to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be made, in the same securities which may be purchased or sold for client accounts. The Code is required to be reviewed annually and updated as necessary.

- B-D**   Material/Proprietary Interests in Securities Recommended to Clients. Our firm and individuals associated with our firm do not have any proprietary or material interests in or any role in the management of any companies or investments that we recommend to our clients.

Personal Trading; Participation or Interest in Client Transactions. As described in Item 6 of this brochure, Capital Financial Planners and/or individuals associated with our firm may manage Proprietary Accounts. Proprietary Accounts may buy and sell some the same securities as we buy or sell for client accounts. This practice creates an actual conflict of interest with our clients insofar as our firm or individuals associated with our firm may have a financial incentive to trade in securities for Proprietary Accounts in advance of or opposite to transactions in the same securities

for client accounts. To address this conflict, our policy is that, assuming the purchase or sale is otherwise appropriate for the subject client accounts, we will purchase or sell securities for our clients' accounts, as the case may be, before purchasing or selling any of the same securities for any Proprietary Accounts. In some cases, we may buy or sell securities for our own account(s) for reasons not related to the strategies adopted by our clients.

In summary, our practice of buying and selling for Proprietary Accounts the same securities that we buy or sell for client accounts is restricted by the following controls:

- we are required to uphold our fiduciary duty to our clients;
- we are prohibited from misusing information about our clients' securities holdings or transactions to gain any undue advantage for ourselves or others;
- we are prohibited from buying or selling any security that we are currently recommending for client accounts, unless we place our orders after client orders have been executed; and
- we are required to periodically report our securities holdings and transactions to the firm's Chief Compliance Officer, who must review those reports for improper trades.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interest of all the accounts we advise.

We will disclose to advisory clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

## Item 12 – Brokerage Practices

- A Recommendation of Broker-Dealers; Best Execution; Directed Brokerage; and Soft Dollar Practices. When you engage us for portfolio management services we generally require that you open a brokerage account with Charles Schwab & Co., Inc. ("Charles Schwab") and/or AssetMark Brokerage, LLC ("AssetMark," and collectively with Charles Schwab, the "Recommended Brokers"), both of which firms are unaffiliated SEC registered broker-dealers and members of FINRA and SIPC. We may recommend other broker-dealers to clients in the future. We are not affiliated with the Recommended Brokers and the Recommended Brokers do not monitor or control the activities of our firm or our personnel. The Recommended Brokers will execute all transactions for the client's account and determine the commission rates to be charged in connection with such transactions.

In recommending broker-dealers, we have an obligation to seek the "*best execution*" of transactions in your account. This duty requires that we seek to execute securities transactions for clients such that the total costs or proceeds in each transaction are the most favorable under the circumstances. The determinative factor in the analysis of best execution is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the recommended broker-dealer's services. The factors we consider when evaluating a broker-dealer for best execution include, without limitation, the broker-dealer's:

- execution capability;
- commission rate;

- financial responsibility;
- responsiveness and customer service;
- custodian capabilities;
- research services/ancillary brokerage services provided; and
- any other factors that we consider relevant.

Therefore, while we seek competitive commission rates, we may not obtain the lowest possible commission rates for specific account transactions. With this in consideration, our firm will continue to require that clients use the Recommended Brokers until their services do not result, in our opinion, in best execution of client transactions.

Clients should be aware of the fact that not all advisors require clients to use a particular firm for execution of transactions or custodial services. Because clients having accounts managed by our firm are typically required to open accounts with and use the custodial and brokerage transaction services of the Recommended Brokers, Capital Financial Planners may not be able to achieve the lowest cost execution of specific client transactions. Thus, the exclusive use of only the Recommended Brokers may cost clients more money compared to other arrangements.

Soft Dollars. The Recommended Brokers (and other broker-dealers and custodians with whom we may enter similar arrangements in the future) may provide us with certain brokerage and research products and services that qualify as “brokerage or research services” under Section 28(e) of the Securities Exchange Act of 1934 (“Exchange Act”). This is commonly referred to as a “*soft dollar*” arrangement. These research products and/or services will assist us in our investment decision making process. Such research generally will be used to service all of our client accounts, but brokerage charges paid by the client may be used to pay for research that is not used in managing that specific client’s account. Your account may pay to the Recommended Brokers a charge greater than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the charge is reasonable in relation to the value of the brokerage and research services received.

Benefits Received from the Recommended Brokers and Others. There may be other benefits we receive specific to our recommendation of the Recommended Brokers to clients, such as software and other technology that (i) provides us with access to client account data (such as trade confirmations and account statements); (ii) facilitates execution of client trades; (iii) provides us with research, pricing and other market data; (iv) facilitates payment of fees from client accounts; and (v) assists us with back-office functions, recordkeeping, and client reporting.

Other services may include, but are not limited to, performance reporting, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, and access to consultants and other third party service providers who provide a wide array of business related services and technology with whom we may contract directly. Other brokers or custodians may provide us with similar benefits in the future in exchange for recommending their services to our advisory clients.

While we do not pay a fee for these products/services, all client accounts may not be the direct or exclusive beneficiary of such products/services. Based upon the receipt of such services and information, we may have an incentive to continue to require clients to utilize the Recommended Brokers based upon our desire to continue to receive these services, rather than receiving best execution for client transactions. We mitigate this conflict of interest by periodically monitoring and reviewing the services provided to our clients by the Recommended Brokers for best execution.

Except as described above in this Item 12 and in Item 14 below, we do not receive any compensation or incentive for referring you to the Recommended Brokers for brokerage trades and custodial services.

- B** Trade Aggregation. Due to our policy of customizing client portfolios, Capital Financial Planners does not aggregate purchases and sales and other transactions amongst client accounts. Our practice of not combining multiple clients' buy and sell orders (*i.e.*, block trading) may result in our firm being unable to achieve for its clients the most favorable execution at the best price available, and accordingly, may cost clients more money than other arrangements.

### Item 13 – Review of Accounts

- A** Account Review Policy. Wealth management accounts are generally reviewed by the investment advisor representative(s) who are primarily responsible for overseeing the client's account. However, individuals conducting reviews may vary from time to time, as personnel join or leave our firm. The frequency of reviews is determined based on each client's investment objectives and investment profile. Accounts are generally formally reviewed quarterly, but in any event, no less than annually.

Stand-alone financial planning clients do not receive updates or account reviews following delivery of our written investment planning and consulting recommendations unless specifically agreed. The client will pay an additional fee for all such reviews or updates at the agreed upon hourly rate.

- B** More Frequent Account Reviews. More frequent reviews of wealth management accounts may be triggered by a change in the client's investment objectives, income level, risk/return profile, tax considerations, material contributions and/or withdrawals of capital to investment accounts, large sales or purchase transactions, security specific events, changes in the economy more generally, or upon the client's reasonable request for an account review.
- C** Reporting to Clients. Clients receive standard account statements and trade confirmations from their Custodian at least quarterly, detailing all holdings and transactions in their account for the covered period. In addition, Capital Financial Planners will provide (or cause to be provided) written reports to you at least quarterly, and otherwise as the client may reasonably request. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, as examples.

### Item 14 – Client Referrals and Other Compensation

- A** As referenced in Item 12 above, the Recommended Brokers provide research and other services that we may use to service all client accounts, including accounts that do not execute trades through such firms. We may enter into similar arrangements with other broker-dealers and custodians in the future. As part of its fiduciary duties to clients, Capital Financial Planners endeavors at all times to put the best interests of its clients first. Clients should be aware, however, that the receipt of benefits by our firm and/or our associated persons from broker-dealers and custodians (including, without limitation, Charles Schwab and AssetMark) may indirectly influence our decision to require or recommend that clients engage the services of particular broker-dealers and custodians.
- B** Except as described above in this Item 14, we have no arrangements, written or oral, in which we compensate others or are compensated for client referrals.

### Item 15 – Custody

Your funds and securities will be held in an account titled in your name and maintained at an independent qualified custodian (*i.e.*, Charles Schwab and/or AssetMark). Your Custodian will be authorized to execute trades within your account upon our instruction, acting within the scope of the discretionary authority you grant us in our written advisory agreement and/or the Custodian's account opening documents. Except for our ability to directly deduct our advisory fees and to disburse or transfer certain client funds pursuant to Standing Letters of Authorization ("SLOAs") executed at the option of the client, we will not maintain custody of any client funds or securities or the authority to obtain possession of them. Where a client has elected to execute a SLOA, Capital Financial Planners follows the guidance and additional safeguards set forth in the SEC's no-action letter to the Investment Adviser Association dated February 21, 2017. A copy of that no-action letter can be viewed at the following link:

<https://www.sec.gov/divisions/investment/noaction/2017/investment-adviser-association-022117-206-4.htm>.

We shall have no liability to you for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of any Custodian or any acts of the agents or employees of any Custodian, whether or not the full amount of such loss is covered by the SIPC or any other insurance which may be carried by such Custodian. Clients understand that SIPC provides only limited protection for the loss of property held by a Custodian.

### Item 16 – Investment Discretion

We receive discretionary authority from you at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold for your account and the timing of all transactions in such securities, *without* your prior approval of each specific transaction we may direct. This discretionary authority extends to the selection of appropriate Independent Managers within and outside of the AssetMark Platform. In all cases, we exercise this authority in a manner consistent with our fiduciary duty to you and our understanding of your unique investment profile, objectives, needs, and restrictions. Any investment guidelines and restrictions you wish for us to follow must be provided to us in writing. Our discretionary authority is formalized in a written advisory agreement with the client.

### Item 17 – Voting Client Securities

- A** We will not vote proxies on behalf of clients and will not provide advice to clients on how the client should vote.
- B** We do not have or accept authority to vote client securities. Most clients will receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received on behalf of a client, they will be sent directly to the client or a designated representative of the client, who is responsible to vote the proxy.

For accounts managed via the AssetMark Platform, the Client retains the right to vote proxies if the account is invested in a mutual fund, ETF or variable annuity investment solution. If the account is invested in an IMA, CMA, or UMA investment solution on the platform, the client designates the applicable Independent Manager as their agent to vote proxies on securities in the account. Client acknowledges that as a result of this voting designation they are also designating the Independent Manager as their agent to receive proxies, proxy solicitation materials, annual reports provided in connection with proxy solicitations and other materials provided in connection with

the above actions relating to the assets in the account. However, the client retains the right to vote proxies and may do so by notifying Capital Financial Planners in writing of the desire to vote future proxies.

**Item 18 – Financial Information**

- A** Capital Financial Planners does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B** Advisors who have discretionary authority over client accounts, custody of client assets, or who require or solicit pre-payment of more than \$1,200 in fee per client, six months or more in advance, are required to disclose any financial condition that is reasonably likely to impair their ability to meet contractual commitments to clients. Capital Financial Planners maintains discretionary authority over client funds and securities. We have no financial commitments that would impair our ability to meet contractual and fiduciary commitments to our clients.
- C** Neither Capital Financial Planners nor any of its principals, have been the subject of a bankruptcy petition at any time in the past.