

# Curtis Advisory Group, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Curtis Advisory Group, LLC. If you have any questions about the contents of this brochure, please contact us at (805) 963-6181 or by email at: [info@curtisadvisory.com](mailto:info@curtisadvisory.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Curtis Advisory Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Curtis Advisory Group, LLC's CRD number is: 151695.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Curtis Advisory Group, LLC on 03/30/2018 are described below. Material changes relate to Curtis Advisory Group, LLC's policies, practices or conflicts of interests.

- Curtis Advisory Group, LLC has updated fees and compensation (Item 4, Item 5).
- Curtis Advisory Group, LLC has updated types of clients (Item 7).
- Curtis Advisory Group, LLC has updated outside business activities (Item 10).
- Curtis Advisory Group, LLC has updated brokerage practices (Item 12).
- Curtis Advisory Group, LLC has updated review of accounts (Item 13).
- Curtis Advisory Group, LLC has updated client referrals and other compensation (Item 14).
- Curtis Advisory Group, LLC has updated custody (Item 15).

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Curtis Advisory Group, LLC (hereinafter "CAG") is a Limited Liability Company organized in the State of California. The firm was formed in August 2009, and the principal owner is Ryan Earl Curtis.

### B. Types of Advisory Services

#### *Portfolio Management Services*

CAG offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. CAG will collect pertinent information which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

CAG evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. CAG will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Client Questionnaire Summary, which is given to each client.

CAG seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of CAG's economic, investment or other financial interests. To meet its fiduciary obligations, CAG attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, CAG's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is CAG's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

CAG may direct clients to third-party investment advisers to manage all or a portion of the client's assets. Before selecting other advisers for clients, CAG will always ensure those other advisers are properly licensed or registered as an investment adviser. CAG conducts due diligence on any third-party investment adviser, which may involve one or more of

the following: phone calls, meetings and review of the third-party adviser's performance and investment strategy. CAG then makes investments with a third-party investment adviser by referring the client to the third-party adviser. These investments may be allocated either through the third-party adviser's fund or through a separately managed account managed by such third party adviser on behalf of CAG's client. CAG may also allocate among one or more private equity funds or private equity fund advisers. CAG will review the ongoing performance of the third-party adviser as a portion of the client's portfolio.

### ***Pension Consulting Services***

CAG offers consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans). Pension consulting may include, but is not limited to:

- identifying investment objectives and restrictions
- providing guidance on various assets classes and investment options
- recommending money managers to manage plan assets in ways designed to achieve objectives
- monitoring performance of money managers and investment options and making recommendations for changes
- recommending other service providers, such as custodians, administrators and broker-dealers
- creating a written pension consulting plan

These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

### ***Investment Tracking & Oversight Services***

The firm also provides independent monitoring and reporting on outside accounts to clients. Investment oversight is defined as providing asset allocation, diversification, performance, fee analysis and guidance for a client's account(s) that are not being actively managed by the firm. The objective of the service is to provide Clients with a consolidated view of all their accounts and bring potential red flags or opportunities to the attention of the client. The firm does not have trading authority over these accounts and will not make specific investment buy/sell/hold recommendations for clients that use this service.

## ***Subscription Services***

CAG provides a securities rating service only to clients using CAG's other advisory services and it does not entail an additional fee. The firm will not make specific investment buy/sell/hold recommendations for clients that use this service.

## ***Services Limited to Specific Types of Investments***

CAG generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, hedge funds, private equity funds, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, commodities, non-U.S. securities, venture capital funds and private placements. However, CAG primarily utilizes exchange traded funds and open ended mutual funds to manage liquid portfolios on a discretionary basis. we do not restrict any types of investments. on occasion, we will recommend a separate account manager if we feel doing so would benefit the client. in doing so, we may delegate some or all of the discretion to the subadvisor. CAG may use other securities as well to help diversify a portfolio when applicable.

## ***Schwab Institutional Intelligent Portfolios®***

We also offer an automated investment program ("Schwab IIP") through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds ("Funds") and a cash allocation. The client may instruct us to exclude up to three Funds from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). We use the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate Schwab IIP. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, "Schwab"). We, and not Schwab, are the client's investment advisor and primary point of contact with respect to Schwab IIP. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of Schwab IIP for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for Schwab IIP. The Platform enables us to make Schwab IIP available to clients online and includes a system that automates certain key parts of our investment process (the "System"). Based on information the client provides to us, we will recommend a portfolio via the System. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

We charge clients a fee for our services as described below under Item 5 Fees and Compensation. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of Schwab IIP. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in the client's brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution. We do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at CS&Co. that are not enrolled in Schwab IIP. If we do not meet this condition, then we pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of our clients' assets in Schwab IIP. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in Schwab IIP be maintained with CS&Co.

### **C. Client Tailored Services and Client Imposed Restrictions**

CAG will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by CAG on behalf of the client. CAG may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent CAG from properly servicing the client account, or if the restrictions would require CAG to deviate from its standard suite of services, CAG reserves the right to end the relationship.

Furthermore, we may tailor advisory services by considering the clients current positions, the client's investment experience, tax status, and cash flow need. For clients with larger accounts, generally over \$500,000, we have the ability to custom build portfolios to the clients wishes; restricting certain investments or adding in preferred investment choices. For most smaller accounts, we generally don't allow portfolio customization beyond standard risk tolerance information.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, and certain other administrative fees. CAG does not participate in wrap fee programs.

## **E. Assets Under Management**

CAG has \$31,086,165 in assets under advisement as of December 2018.

CAG has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$ 149,695,380	\$0	December 2018

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### ***Portfolio Management Fees***

Total Assets Under Management	Annual Fees
\$0 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.75%
\$2,000,001 - \$5,000,000	0.50%
\$5,000,001 - \$10,000,000	0.25%
\$10,000,000 - AND UP	0.10%

CAG uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, or the last day of the billing period for purposes of determining the market value of the assets upon which the advisory fee is based.

These fees are generally negotiable and the final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of CAG's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

#### ***Selection of Other Advisers Fees***

CAG will receive its standard fee on top of the fee paid to the third party adviser. This relationship will be memorialized in each contract between CAG and each third-party adviser. The fees will not exceed any limit imposed by any regulatory agency. Specifically CAG may direct clients to SEI. These fees are negotiable.



## ***Pension Consulting Services Fees***

### **Asset-Based Fees for Pension Consulting**

<b>Total 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%
\$5,000,001 - \$10,000,000	0.25%
\$10,000,001 - AND UP	0.10%

CAG uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, or the last day of the billing period for purposes of determining the market value of the assets upon which the advisory fee is based.

These fees are generally negotiable and the final fee schedule will be memorialized in the client's advisory agreement.

Clients may terminate the agreement without penalty for a full refund of CAG's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the pension consulting agreement generally with 30 days' written notice. CAG uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

## ***Financial Planning Fees***

### **Ongoing Fees**

The negotiated rate for providing ongoing financial planning advice is between \$1,800 and \$5,000 depending on the level of services

Clients may terminate the agreement without penalty, for full refund of CAG's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.

### ***Investment Oversight & Tracking Fees***

Fees are typically for a fixed amount charged monthly in arrears and may be negotiable.

## ***Subscription Fees***

CAG offers a subscription security ratings service, the cost of which is included in the price of other services such as portfolio management. This service will be provided via postal mail or electronic mail and may be cancelled.

## ***Schwab Institutional Intelligent Portfolios®***

As described in Item 4 Advisory Business, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of Schwab IIP. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in the client's brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution. Brokerage arrangements are further described below in Item 12 Brokerage Practices.

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly or monthly basis, or may be invoiced and billed directly to the client on a quarterly basis. Clients may select the method in which they are billed. Fees are paid in advance or in arrears.

### ***Payment of Pension Consulting Fees***

Asset-based pension consulting fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly or monthly basis, or may be invoiced and billed directly to the client on a quarterly basis. Clients may select the method in which they are billed. Fees are paid in advance or in arrears.

### ***Payment of Selection of Other Advisers Fees***

Fees for selection of SEI as third-party adviser are withdrawn directly from the client's accounts with client's written authorization. Fees are paid monthly in arrears.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid monthly in arrears. Clients may select the method in which they are billed. Fees paid for portfolio management may be credited toward financial planning fees at the adviser's discretion.

### ***Payment of Investment Oversight & Tracking Fees***

Fees are paid monthly in arrears. Clients may select the method in which they are billed. Fees paid for portfolio management may be credited toward financial planning fees at the adviser's discretion.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by CAG. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

CAG collects certain fees in advance and certain fees in arrears, as indicated above. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither CAG nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

CAG does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

CAG generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Charitable Organizations
- ❖ Corporations or Business Entities

CAG has an account minimum of \$500,000 which may be waived at the discretion of CAG.

Clients eligible to enroll in Schwab IIP include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for Schwab IIP. The minimum investment required to open an account in Schwab IIP is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

## Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

CAG's methods of analysis include Charting analysis, Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis and Technical analysis.

**Charting analysis** involves the use of patterns in performance charts. CAG uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

### *Investment Strategies*

CAG uses long term trading, short term trading, margin transactions and options trading (including covered options, uncovered options, or spreading strategies).

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### *Methods of Analysis*

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** 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. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

### ***Investment Strategies***

CAG's use of margin transactions and options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

**Options transactions** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

**Selection of Other Advisers:** Although CAG will seek to select only money managers who will invest clients' assets with the highest level of integrity, CAG's selection process cannot ensure that money managers will perform as desired and CAG will have no control over the day-to-day operations of any of its selected money managers. CAG would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## C. Risks of Specific Securities Utilized

CAG's use of margin transactions and options trading generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real

estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Hedge funds** often engage in leveraging and other speculative investment practices that may increase the risk of loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; May involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. In addition, hedge funds may invest in risky securities and engage in risky strategies.

**Private equity** funds carry certain risks. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment.

**Private placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Venture capital funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss



for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither CAG nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither CAG nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Ryan E. Curtis is licensed as a life insurance agent as well as a real estate salesperson with the State of California. Mr. Curtis uses these licenses in the implementation of client's wealth management strategy. The fact that Ryan has the ability to be paid for recommending a commissionable product such as life insurance or the purchase or sale of Real Estate could be considered a conflict of interest. In order to resolve this potential conflict, Ryan makes it clear to all clients that they are under no obligation to use Mr. Curtis for these services and they can utilize any specialist they so choose. Mr. Curtis has his real estate salesperson license with Santa Barbara Brokers, a residential real estate broker in CA. Mr. Curtis may recommend clients work with another real estate salesperson if he feels he does not have the expertise required in a particular region or type of real estate. In exchange, Mr. Curtis may receive a referral fee from the other agent. The agents of Santa Barbara Brokers as well as many others are willing to pay such a referral fee and thus, there may be an incentive to recommend one agent over another because of their willingness to pay a referral fee. It is a fairly common practice for agents to pay referral fees but it is important to note that a potential conflict exists. Assuming the client wants Mr. Curtis involved with the transaction, Mr. Curtis will work with any agent willing to pay a referral fee, not just Santa Barbara Brokers agents. In addition, Mr. Curtis discloses any referral arrangement with the client before work is begun. Clients are in no way obligated to work with any one agent. Mr. Curtis also owns a minority stake in a family run consulting company, which in turn owns a privately held insurance brokerage agency. The agency primarily provides property and casualty insurance to mid size companies. In addition, the company has a personal lines department which provides services to high net worth families and business owners. Mr. Curtis does not receive direct compensation from any referral to the company, but a potential conflict does exist as Mr. Curtis could benefit from the overall profitability of the company as he owns a minority interest in the company. Even when there are no direct monetary benefits derived from these outside professional arrangements, they are mutually beneficial and provide an incentive to recommend service providers who will also refer clients. The Adviser hereby notifies the client that in all cases the outside entity is not affiliated by ownership or through other means outside those arrangements disclosed herein. Therefore, while the Adviser makes referrals based on known track record and/or professional working relationships, it has no control of the work-product or service to be provided by the independent third party.

Joshua D. Hayes is licensed as a life insurance agent with the State of California. Mr. Hayes uses this license in the implementation of client's wealth management strategy. The fact that Josh has the ability to be paid for recommending a commissionable product such as life insurance could be considered a conflict of interest. In order to resolve this potential conflict, Josh makes it clear to all clients that they are under no obligation to use Mr. Hayes for these services and they can utilize any specialist they so choose. Mr. Hayes also owns Debt Demolition Program, a debt management consulting company that provides general budgeting and personal finance education to get out of debt through a website:

www.demomydebt.com. Mr. Hayes may refer Debt Demolition Program customers to Curtis Advisory Group for advisory services.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

CAG may direct clients to third-party investment advisers to manage all or a portion of the client's assets. Clients will pay CAG its standard fee in addition to the standard fee for the advisers to which it directs those clients. This relationship will be memorialized in each contract between CAG and each third-party advisor. The fees will not exceed any limit imposed by any regulatory agency. CAG will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. CAG will ensure that all recommended advisers are licensed or notice filed in the states in which CAG is recommending them to clients.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### **A. Code of Ethics**

CAG has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. CAG's Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

CAG does not recommend that clients buy or sell any security in which a related person to CAG or CAG has a material financial interest.

#### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of CAG may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of CAG to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. CAG will always document any transactions that could be construed as conflicts of interest and will never engage in

trading that operates to the client's disadvantage when similar securities are being bought or sold.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of CAG may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of CAG to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, CAG will never engage in trading that operates to the client's disadvantage if representatives of CAG buy or sell securities at or around the same time as clients.

### **Item 12: Brokerage Practices**

#### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on CAG's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and CAG may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in CAG's research efforts. CAG will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

CAG will require clients to use Schwab Institutional, a division of Charles Schwab & Co., Inc., Shareholders Service Group, Inc. and SEI Private Trust Co. The broker-dealer/custodian is not affiliated with CAG and does not supervise CAG, its representatives, or its activities.

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (CS&Co), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with CS&Co. CS&Co will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use CS&Co as custodian/broker, you will decide whether to do so and will open your account with CS&Co by entering into an account agreement directly with them. We do not open the

account for you, although we may assist you in doing so. Even though your account is maintained at CS&Co, we can still use other brokers to execute trades for your account as described below (see “Your brokerage and custody costs”).

Client accounts enrolled in Schwab IIP are maintained at, and receive the brokerage services of, CS&Co., a brokerdealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co. as custodian/broker to enroll in Schwab IIP, the client decides whether to do so and opens its account with CS&Co. by entering into a brokerage account agreement directly with CS&Co. We do not open the account for the client. If the client does not wish to place his or her assets with CS&Co., then we cannot manage the client’s account through Schwab IIP. CS&Co. may aggregate purchase and sale orders for Funds across accounts enrolled in Schwab IIP, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

We seek to use a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Availability of other products and services that benefit us, as discussed below (see “Products and services available to us from CS&Co”)

For our clients’ accounts that CS&Co maintains, CS&Co generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your CS&Co account. Certain trades (for example, many mutual funds and ETFs) may not incur CS&Co commissions or transaction fees. CS&Co is also compensated by earning interest on the uninvested cash in your account in CS&Co’s Cash Features Program. CS&Co’s commission rates and asset-based fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$100M of their assets in accounts at CS&Co. This commitment benefits you because the overall commission rates and asset-based fees you pay are lower than they would be otherwise. In addition to commissions and asset-based fees, CS&Co charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your CS&Co account. These fees are in addition to the commissions or other

compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have CS&Co execute most trades for your account. We have determined that having CS&Co execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

Schwab Advisor Services™ is CS&Co’s business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to CS&Co retail customers. CS&Co also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. CS&Co’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us. Following is a more detailed description of CS&Co’s support services:

**Services that benefit you.** CS&Co’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through CS&Co include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co’s services described in this paragraph generally benefit you and your account.

**Services that may not directly benefit you.** CS&Co also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both CS&Co’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients’ accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services that generally benefit only us.** CS&Co also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

CS&Co may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. CS&Co may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. CS&Co may also provide us with other benefits, such as occasional business entertainment of our personnel.

The availability of these services from CS&Co benefits us because we do not have to produce or purchase them. We don't have to pay for CS&Co's services. With respect to Schwab IIP, as described above under Item 4 Advisory Business, we do not pay SPT fees for the Platform so long as we maintain \$100 Million in client assets in accounts at CS&Co. that are not enrolled in Schwab IIP. This creates an incentive to recommend that you maintain your account with CS&Co, based on our interest in receiving CS&Co's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that our selection of CS&Co as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of CS&Co's services (see "How we select brokers/ custodians") and not CS&Co's services that benefit only us.

### ***1. Research and Other Soft-Dollar Benefits***

While CAG has no formal soft dollars program in which soft dollars are used to pay for third party services, CAG may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). CAG may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and CAG does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. CAG benefits by not having to produce or pay for the research, products or services, and CAG will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that CAG's acceptance of soft dollar benefits may result in higher commissions charged to the client.

### ***2. Brokerage for Client Referrals***

CAG receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

CAG will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If CAG buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, CAG would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. CAG would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for CAG's advisory services provided on an ongoing basis are reviewed at least Annually by Ryan E Curtis, Principal, with regard to clients' respective investment policies and risk tolerance levels. All accounts at CAG are assigned to this reviewer.

There is only one level of review for subscription services, which is CAG's review prior to rendering the subscription advice.

All financial planning accounts are reviewed on an ongoing basis, at least annually.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of CAG's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

CAG may provide reports relating to its subscription services on a periodic basis.



## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

We receive an economic benefit from CS&Co in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at CS&Co. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices). The availability to us of CS&Co's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

CAG receives access to Schwab's institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For CAG client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to CAG other products and services that benefit CAG but may not benefit its clients' accounts. These benefits may include national, regional or CAG specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of CAG by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist CAG in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of CAG's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of CAG's accounts. Schwab Advisor Services also makes available to CAG other services intended to help CAG manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance,

employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to CAG by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to CAG. CAG is independently owned and operated and not affiliated with Schwab.

## **B. Compensation to Non - Advisory Personnel for Client Referrals**

CAG does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct CS&Co to deduct our advisory fees directly from your account or if you grant us authority to move your money to another person's account.

CS&Co maintains actual custody of your assets. You will receive account statements directly from CS&Co at least quarterly. They will be sent to the email or postal mailing address you provided to CS&Co. You should carefully review those statements promptly when you receive them. We also urge you to compare CS&Co's account statements with any portfolio reports you may receive from us.

When advisory fees are deducted directly from client accounts at client's custodian, CAG will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Custody is also disclosed in Form ADV because CS&Co has authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA). Accordingly, CS&Co will follow the safeguards specified by the SEC rather than undergo an annual audit.

## **Item 16: Investment Discretion**

CAG provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, CAG generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, CAG's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to CAG).

## **Item 17: Voting Client Securities (Proxy Voting)**

CAG will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

CAG neither requires nor solicits prepayment of more than \$1200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither CAG nor its management has any financial condition that is likely to reasonably impair CAG's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

CAG has not been the subject of a bankruptcy petition in the last ten years.