

## Item 1 – Cover Page

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***[www.contextfinancialgroup.com](http://www.contextfinancialgroup.com)***

Date of Brochure: March 18, 2013

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This brochure provides information about the qualifications and investment advisory business practices of Context Financial Group, LLC. If you have any questions about the contents of this brochure please contact us at 651-634-8817/8812 and/or [sliiste@contextfinancialgroup.com](mailto:sliiste@contextfinancialgroup.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about my investment advisory business is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view my information on this website by searching for “Context Financial Group, LLC” You can also search using the firm’s CRD numbers. The CRD number for the firm is **134781**.

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

## **Item 2 – Material Changes**

There have been no material changes to this disclosure brochure since filing our last annual update in February 2012. We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

Clients and prospective clients can always receive the most current Disclosure Brochure for Context Financial Group, LLC at any time by contacting Stefan Liiste at 651-634-8817.

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## **Item 4 – Advisory Business**

Context Financial Group, LLC is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) and is a Limited Liability Company formed under the laws of the State of Minnesota.

Context Financial Group, LLC has been registered as an Investment Advisory Firm Since January 2009.

Stefan C. Liiste has been the firm’s CEO since March 2005.

Context Financial Group, LLC is principally owned by Stefan and Katie Liiste as equal owners.

### **General Description of Primary Advisory Services**

At Context Financial Group, Stefan and Katie Liiste believe that the best investment philosophy is to concentrate portfolio allocation in areas that are in secular (long term) market up-trends or bull markets and to avoid markets all together that are in secular down-trending or bear markets. Ideally we will identify bull markets in the early development phase and gain substantial exposure and sell near the end of the last developmental phase and move on to the next major opportunity.

At the present time and dating back to 2003, Context Financial Group believes that the top performing investment area to own in a concentrated fashion is the commodity area which includes both physical commodities, commodity producers and the closed end funds or exchange traded funds that own the physical commodity.

The following are brief descriptions of our primary services. A detailed description of our services is provided in *Item 5 – Fees and Compensation* so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

**Financial Planning Services** – We provide advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client’s overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals and strategies, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation, help the client set financial objectives and develop strategies designed to move towards goal achievement.

**Asset Management Services** – We provide advisory services in the form of Asset Management Services. Asset Management Services involve providing clients with continuous and on-going supervision over client accounts. This means that we will continuously monitor a client’s account and make trades in client accounts when necessary.

### **Specialization**

The firm specializes in providing individualized investment advice through its asset management services.

- **Investment Management specializing in commodity investments**
- **Investment Management insights on which asset classes to include and exclude in portfolio construction and broad timing recommendations on when to buy and sell, as well as specific investment/security recommendations.**
- **Investment management services focusing on historical analysis and fundamental analysis.**

### **Limits Advice to Certain Types of Investments**

We provide investment advice on the following types of investments.

- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter
- Foreign issues
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities

We have indicated the types of investments we typically provide advice on, but we reserve the right to advise clients on any other type of investment that we deem appropriate based on the client's stated goals and objectives. Gold/silver coins or bars are some examples of other investments we may provide advice on. We may also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship or on any investment on which the client requests advice.

We do not provide advice on warrants, commercial paper, options contracts on securities or commodities, futures contracts that are tangibles or intangibles, or in interests in partnerships investing in real estate, oil and gas interests.

When providing Asset Management Services, the firm will typically construct each client's account holdings using closed end funds, exchange traded funds and occasionally mutual funds as well as equities to build portfolios. Our portfolios **are not diversified and are concentrated in our best ideas** and which we believe offer the best opportunities for real returns over inflation over a two-five year investment time frame. It is not our typical investment strategy to attempt to time the market, other than when we make broad asset allocation changes for the long term, but we may increase cash holdings or deploy short selling strategies as deemed appropriate, based on your risk tolerance and our expectations of market behavior for risk management purposes. We may modify our investment strategy to accommodate special situations like: low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **Participation in Wrap Fee Programs**

We **do not** offer services through both wrap-fee programs. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions. Whenever a fee charged to a client for services described in this brochure (whether wrap fee or non-wrap fee), we will receive all or a portion of the fee charged.

### **Tailor Advisory Services to Individual Needs of Clients**

Our services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews to determine the client's investment objectives and suitability information.

### **Client Assets Managed by Context Financial Group, LLC**

The amount of clients assets managed by us totaled \$83,931,251 as of December 31, 2012. \$0 are managed on a discretionary basis and \$83,931,251 are managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provide in Item 4 – Advisory Business, this section provides details regarding our services along with descriptions of each service's fees and compensation arrangements.

### **Financial Planning Services**

We believe that the process of financial planning is a continuous and proactive process and, therefore, we provide ongoing financial planning services to clients. The process of providing ongoing financial planning services begins with an exploratory meeting during which we gather pertinent information necessary to assist the client in determining specific needs, goals, objectives, and tolerance for risk. A written financial plan – developed to achieve the client's express financial goals and objectives – is produced and presented to the client. We then conduct follow-up meetings for the purpose of reviewing and/or collecting client data. Topics such as goal setting, cash flow planning, asset and liability planning, education and funding, income tax planning, retirement planning and projections, absolute return investment strategies, insurance risk management, and estate conversation are addressed during the financial planning process. Additionally, we are available for consultation throughout the year.

During the first year of service with the firm, the initial asset allocation is presented and implemented for the client. Implementation is done through a separate engagement with us for ongoing portfolio management based on the needs and objectives of the client or through our IARs in their separate capacities as securities agents or insurance agents. Additional fees or commissions will be charged to the client for implementation services as described later in this document.

Financial plans are based on the client's financial situation at the time the plan is presented and are based on financial information disclosed by the client to the firm. Clients are advised that certain assumptions will be made with respect to portfolio returns and inflation rates. Certain assumptions, such as those that relate to inflation, portfolio returns, Social Security and Medicare entitlement programs may differ from past trends and performance of the market economy. Past performance is in no way an indication of future performance. The firm cannot offer any guarantees or promises that the client's financial goals and objectives will be met. As the client's financial situation, goals, objectives, or needs change, the client must notify the firm promptly.

We will charge a fixed fee of up to \$5000 for financial planning services. Fees will be negotiated with each client based on the complexity of the client's financial situation and the scope of the services provided. In limited instances, the fee may exceed the standard fee schedule if there are rare circumstances that would make the services more complex than normal.

The initial fee charged will be charged upon completion and presentation of the written plan. We will then provide ongoing planning consultation services throughout the remainder of the year and will bill for such services in arrears at the end of each year. The annual retainer fee will be agreed upon when executing an agreement for services with us. Typical updates to the initial financial plan will be included in the annual retainer fee. However, at our discretion, more complex revisions and updates may require an additional fixed fee. Under no circumstances will the firm require prepayment of fees in excess of \$500 more than six months in advance.

Clients are not obligated to implement the financial planning recommendations of ours and our IARs. Each client may act on our recommendations by placing securities transactions with any brokerage firm the client chooses. If the clients elect to implement the recommendations through us or our IARs, clients may do so through our investment supervisory services, Plan Implementation Service, described later in this document. When implementing through this service, the client will be charged additional fees for the implementation services and will be required to use those brokerage firms that have been approved by us as later described in this document. Additionally, clients may elect to implement the advice through our IARs in their separate capacities as licensed insurance agents. When acting in these separate capacities, the IARs will earn sales commissions in addition to the fees charged for the advice provided.

Either party may terminate financial planning services at any time by notifying the other party. If services are terminated within five business days of executing an agreement for services with us, services will be terminated without penalty and no fees will be charged. After the initial five business days, we will charge a prorated fee based on the time and effort that was expended prior to receipt of notice of termination. Fees will be due and payable upon receipt of a billing notice from us.

### **Plan Implementation Services**

We will offer financial planning clients the ability to enhance their service to include the implementation of the financial plan recommendations. We provide non-discretionary investment supervisory services on a continuous basis. The investment advice provided is custom tailored to meet the needs and investment objectives of the client as determined by the financial plan. The firm will seek client approval prior to placing orders for any transaction. Once the portfolio is constructed, CFG provides both continuous and periodic supervision and re-optimization of the portfolio as changes in market conditions and client circumstances may require.

We will charge an annual fee based on a percentage of assets under management for plan implementation services. The annual percentage will be a negotiable fee of up to 3% of assets under management. Fees will be determined based upon the amount of assets under management and the complexity of the client's situation and the services being provided. The annual fee for plan implementation service is billed quarterly or semi-annually, as agreed upon when executing the agreement for services, in advance based on the complexity of the client's situation and the scope of the engagement. The initial fee will be charged on the first billing day after the account is funded and will be based on the value of the account on the billing day.

In some instances, clients may elect to hold positions in the account that are not recommended by us and are therefore not considered managed assets ("Excluded Assets"). We will not charge fees on the value of these assets and will not be responsible for providing advice regarding such assets.

We will either invoice the client directly for plan implementation services or payment of fees will be made by the custodian holding the clients' funds and securities provided that the client supplies written authorization permitting the fees to be paid directly from the account. The fee calculation will be included on the invoice. We will not have access to client funds for payment of fees without written consent by the client. Further, the qualified custodian agrees to deliver an account statement, at least quarterly, directly to the client, showing all disbursements from the account. The client is encouraged to review all account statements for accuracy. The client is ultimately responsible for making sure that fees deducted are accurate. We will have access to historical information viewing capabilities through Charles Schwab and Co., TD Ameritrade and AssetBook.

We, or the client, may terminate the agreement for plan implementation services within five days of executing the agreement without penalty to the client. After the five-day period, either party may terminate the management agreement by providing notice to the other party. Termination will be effective upon notice of termination. If services are terminated, the fee for the billing period in which the notice was received will be pro-rated based on the number of days that services were provided prior to receipt of notice of termination. Any unearned fees will be promptly refunded to the client.

### **General Information on Advisory Services and Fees**

Advisory fees charged are calculated as previously described, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory client (15 U.S.C. §80b-5(a)(1)). Fees more than \$500 will not be charged more than six months in advance.

We do not represent, warranty, or imply that the services or methods of analysis employed by the firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

IARs may make differing recommendations with respect to the same securities or insurance products to different advisory clients. All recommendations made are specific to each client's individualized needs and current financial situation.

Other than the automatic deduction of fees from the clients account upon written authorization to the account custodian, we will not maintain custody of client assets. Assets will be maintained by a qualified custodian.

Clients should be aware that the account custodian and product sponsor may charge additional fees or commissions directly to the client. We will not receive any portion of such commissions or fees from the custodian or product sponsor. In addition, clients may incur certain charges imposed by third parties other than the advisor in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by us are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus. Additionally, clients may employ attorneys, accountants, stockbrokers, insurance agents, and/or other investment advisers, and when doing so, the client will incur charges by these service providers in addition to the fees charged by us. The client should review all fees charged by mutual funds, us, and others to fully understand the total amount of fees to be paid by the client.



Our IARs may also be licensed insurance agents. If clients elect to purchase insurance products through an IAR in this separate capacity, the IAR may earn commissions. This situation represents a conflict of interest because we could receive fees for the advice and as an insurance agent the IAR could receive commissions for implementing the recommendations. Clients are not obligated in any manner to implement the advice provided by us through an IAR in this separate capacity.

While financial planning services are prepared with the intention of the client implementing recommendations made within the plan through us, clients are not obligated to do so. If clients elect to have an IAR of ours implement the advice provided as part of the financial planning services, implementation will be made through our Plan Implementations Services described in the following section or through an IAR of ours in his/her separate capacity as an insurance agent. We will earn additional fees or commissions if client's elect to implement our recommendations in one of the manners previously described.

### **Publications of Periodicals or Newsletters**

We offer a complementary financial-related newsletter to all clients and others who have expressed an interest in receiving the letter on a frequent basis, generally three to four times a year. The information contained in the publication can include, but is not limited to, market commentary and economic changes. Clients are not expected to act on any of the information made available in the newsletter. Clients should contact their IAR to discuss the suitability of instituting any of the strategies and/or the inclusion of any investment product in their portfolio prior to implementation.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

### **Item 7 – Types of Clients**

We generally provide investment advice to the following types of clients:

- Individuals,
- Trusts, estates or charitable organizations

### **Minimum Investment Amounts Required**

There are no minimum investment amounts or conditions required for establishing an account managed by us. However, all clients are required to execute an agreement for services prior to commencing any work.

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

**Context Financial Group, LLC uses the following methods of analysis in formulating investment advice.**

**Fundamental** - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

**Technical** - A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

**Historical** – While history does not repeat exactly there is a repetitive rhyme. Human behavior really never changes and that is why secular bull markets and bear markets exist. At Context Financial Group, we believe in the power of secular market cycles and want to own the asset classes that are exhibiting strong real performance and wish to avoid asset classes that have completed secular bull markets and are now in long term valuation contraction.

**Context Financial Group, LLC uses the following investment strategies when managing client assets and/or providing investment advice.**

**Long term purchases.** Investments held at least a year.

**Short term purchases.** Investments sold within a year.

**Use of Primary Method of Analysis or Strategy**

Context Financial Groups investment strategy is one of concentrated exposure to favored asset classes and little or no to exposure to asset classes outside of favored areas. Heavy exposure to a single asset class such as commodities has ramifications including increased volatility relative to a broadly diversified portfolio.

The primary belief that we espouse at Context Financial Group is that a concentrated portfolio in asset classes that are in secular bull markets is most efficient way to obtain real returns ahead of inflation. If our interpretation of historical market cycles and fundamental analysis proves to be incorrect a significant loss of principle may occur if we do not recognize the shift in market preferences and act to eliminate exposure. Cyclical bear markets do occur within secular bull markets and as your investment advisor we need to form judgments on whether the strategy is viable but undergoing a short term correction or if a major change is necessary as would be the case if the bull market is over. If our judgments prove to be incorrect frequently you will likely lose money with our investment strategy.

Our primary method of analysis is based on history and fundamental research and our strategy is heavily exposed to commodities in general and precious metals specifically. If our research fails to alert us new and important information, we risk permanent loss of capital.

### **Primarily Recommend One Type of Security**

At the present time we recommend investment advisory accounts hold closed end funds and exchange traded funds that hold gold and or silver that fluctuate with the price of metal backing the trust. Gold and silver are volatile and so are these trusts. Although Context Financial Group has confidence in the gold and silver trusts that we utilize, it is entirely possible that some trusts may not have complete physical backing of gold and or silver or the necessary security to safeguard the assets and it is a concern that we need to stay vigilant on.

In addition to precious metal trusts, Context Financial Group also recommends mining companies stocks. Mining company stocks are more volatile than physical commodity assets. A primary risk to the performance of a mining company stock is if the physical commodity experiences a protracted decline in price, typically the mining company will decline more substantially. Mining companies have other risks such as regional politics, natural disasters, poor management etc. Although we are confident in the research we use there are many ways to lose money in mining companies.

### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, my firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through my investment management program.

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk**. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives

unfavorable media attention for its actions, the value of the company may be reduced.

- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When we invest in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

### **Item 9 – Disciplinary Information**

This item is not applicable to this brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client's or prospective client's evaluation of this business or integrity.

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

Context Financial Group is **not** and does **not** have a related company that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
- A investment adviser or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- A lawyer or law firm
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships.

### **Personnel Also Insurance Agents**

While Context Financial Group does not have a related person that is an insurance company or agency, some of Context Financial Group associated persons are independently licensed to sell insurance products through various insurance companies. When acting in this capacity, the associated persons will receive commissions for selling these products. You are never obligated or required to use purchase insurance products through us in our separate insurance capacities; however, when acting in our separate capacities, we can help you obtain insurance products and will receive separate compensation (i.e. insurance commissions) in addition to investment advisory fees charged.

Context Financial Group spends approximately 1% of our time offering insurance products.

### **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

We have adopted a Code of Ethics, the full text of which is available to you upon request.

We have several goals in adopting this Code. First, we desire to comply with all applicable laws and regulations governing its practice. We believe that compliance with such regulations is a signal to our clients that we exist to serve them, not us, and that we support the efforts of those organizations dedicated to upholding the law.

Next, our management has determined to set forth guidelines for professional standards, under which all our associated persons are to conduct themselves. We have set high standards, the intention of which is to protect client interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith and fair dealing with clients. All associated persons are expected to strictly adhere to these guidelines, as well as the procedures for approval and reporting established in the Code of Ethics primarily related to personal securities transactions, and violations of the Code. This will serve to educate associated persons regarding appropriate activities. We have instituted, as a deterrent, a policy of disciplinary actions to be taken with respect to any associated person who violates the Code.

Finally, we have adopted specific policies and procedures designed to assist in the implementation of the guidelines. Such policies and procedures will serve to assist in reviewing the effectiveness of the implementation of the Code on an ongoing basis.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Context Financial Group, LLC or its Advisory Representatives may buy or sell securities or have an interest or position in their personal account in a security that they also recommend to clients. We are and shall continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. As these situations may represent a potential conflict of interest, it is our policy that no Advisory Representatives shall prefer his or her own interest to that of the advisory client. No person employed by us may purchase or sell any security prior to a transaction or transactions being implemented for an Advisory client account. Officers, Advisory Representatives and employees shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, from information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry. We maintain a list of all securities holdings for ourselves and all Advisory Representatives and employees, this list and the individual personal securities transaction of our associated persons are reviewed by Stefan Liiste on a monthly basis.

All trades are done in the order of the recommendations given and instructions from the clients to proceed. Our personal transactions take place after all client transactions have been completed.

## **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the financial planning recommendations of Context Financial Group, LLC. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible.

Context Financial Group clients wishing to implement our advice are free to select any broker they wish and are so informed.

Context Financial Group recommends that clients establish brokerage accounts with Charles Schwab and Co and TD Ameritrade through their Institutional Platforms. Schwab and TD Ameritrade is a registered broker-dealers, members of SIPC, and are recommended by the firm to maintain custody of clients' assets and to effect trades for their accounts.

At least annually, we will review alternative custodians in the marketplace for comparison to the currently used custodian, evaluating criteria such as overall expertise, cost competitiveness, and financial condition. Quality of execution for custodians will be reviewed through trade journal evaluations. We are independently owned and operated and not affiliated with Schwab or TD Ameritrade.

The primary factor in suggesting a broker/dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer and money manager suggested by Context Financial Group must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer.

The recommended custodians provide us with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors at no charge to them so long as the independent investment advisors maintain a minimum amount of assets with the custodian.

Schwab and TD Ameritrade do not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed by recommended money managers through the custodian or that settle into a custodian account.

These benefits include, but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

The recommended custodian also make available to us other products and services that benefit our firm but may not benefit its clients' accounts. Some of these other products and services assist our firm in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at a recommended custodian. Context Financial Group is also provided other services intended to help our firm manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

While as a fiduciary, Context Financial Group endeavors to act in its clients' best interests, and our firm's recommendation that clients maintain their assets in accounts with a recommended custodian may be based in part on the benefit to Context Financial Group of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the recommended custodian, which may create a potential conflict of interest.

When a client directs Context Financial Group to use a particular broker/dealer or other custodian, our firm may not be able to obtain the best prices and execution for the transaction. Clients who direct the money manager to use a particular broker/dealer or custodian may receive less favorable prices than would otherwise be the case if clients had not designated a particular broker/dealer or custodian.

### **Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. We may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons).

We will never benefit or profit from trade errors.

### **Aggregation of Client Orders-Block Trading Policy**

We do not aggregate (or bunch) trades when executing transactions for our various clients. Aggregation is more often undertaken in firms processing large orders of securities in order to realize more effective trade execution and the cost efficiencies that come from executing larger order sizes. Therefore, the fees associated with services may be higher or lower than at other financial institutions. Clients are encouraged to discuss any questions that may arise regarding investment policies throughout the course of our engagement. Additionally, clients are welcome to utilize a financial services provider of their choice if executing their own securities transactions. However, if the selected service provider chosen is not

among the Adviser's affiliated broker/dealer's approved list of service providers, our advisory representatives may not participate in these transactions.

### **Item 13 – Review of Accounts**

#### **Account Reviews and Reviewers**

Stefan C. Liiste will review client accounts frequently, at least quarterly. Updates to the written financial plans may be provided in conjunction with the review.

#### **Statements and Reports**

Context Financial Group provides written position reports to clients at least every meeting and when requested. **You are urged to compare the reports provided by Context Financial Group against the account statements you receive directly from your account custodian.**

The custodian for the individual client's account also provides the client with an account statement at least quarterly, and depending on the account custodian, the client may be able to view the account online via the Internet. For clients whose funds are held directly with mutual fund companies, separate of the discount broker, they will receive periodic account statements directly from the fund companies.

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

#### **Additional Compensation**

Our associated persons may, from time to time, receive commissions for the recommendation/sale of annuities and other insurance products. The receipt of this compensation may affect the judgment of our associated persons when recommending products to our clients. While our associated persons endeavor at all time to put the interest of the clients first as a part of our fiduciary duty, clients should be aware that the receipt of commission itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

We do not directly or indirectly compensate anybody for client referrals.

The only form of other compensation received from advisory services is the fees charged for providing investment advisory services as described in Item 5 of this brochure. We receive no other forms of compensation in connection with providing investment advice.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

Context Financial Group, LLC is deemed to have custody of client funds and securities whenever Context Financial Group, LLC is given the authority to have fees deducted directly from client accounts. However,



this is the only form of custody Context Financial Group, LLC will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Context Financial Group, LLC is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Context Financial Group, LLC. When clients have questions about their account statements, they should contact Context Financial Group, LLC or the qualified custodian preparing the statement.

When fees are deducted from an account, Context Financial Group, LLC is responsible for calculating the fee and delivering instructions to the custodian. At the same time Context Financial Group, LLC instructs the custodian to deduct fees from the client's account; Context Financial Group, LLC will send the client an invoice itemizing the fee. Itemization shall include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

#### **Item 16 – Investment Discretion**

Through our asset management services and upon receiving written authorization from a client, we will maintain trading authorization over client accounts. Upon receiving written authorization from the client, we may implement trades on a **non-discretionary** basis. This means we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

#### **Item 17 – Voting Client Securities**

We will not vote proxies on behalf of clients. Clients are instructed to read through the information provided with the proxy-voting documents and to make a determination based on the information provided. We may, on rare occasions, and only at the client's request, offer clients advice regarding

corporate actions and the exercise of proxy voting rights. However, the client will have the ultimate responsibility for making all proxy-voting decisions.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our firm. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us.

### **Item 18 – Financial Information**

This item is not applicable to this brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

### **PRIVACY POLICY**

We view protecting our customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach Bliley Act; our firm has instituted policies and procedures to ensure that customer information is kept private and secure.

We do not disclose any nonpublic personal information about our customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client's account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants and lawyers with the client's permission.

We restrict internal access to nonpublic personal information about the client to those employees who need to know that information in order to provide products or services to the client. As emphasized above, it has always been and will always be our firm's policy never to sell information about current or former customers or their accounts to anyone. It is also our firm's policy not to share information unless required to process a transaction, at the request of a customer, or as required by law.

## Information Required by Part 2B of Form ADV: *Brochure Supplement – Stefan Liiste*

The following are responses to each item found in the Form ADV Part 2B instructions.

### **Item 1 – Cover Page**

**Stefan Liiste, CFP®**

Context Financial Group, LLC

400 Village Center Drive

Suite 600

North Oaks, MN 55127

Phone Number: 651-634-8817

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

Date of Brochure: March 18, 2013

This brochure provides information about the qualifications and investment advisory business practices of Context Financial Group, LLC. If you have any questions about the contents of this brochure please contact us at 651-634-8817 and/or [sliiste@contextfinancialgroup.com](mailto:sliiste@contextfinancialgroup.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about my investment advisory business is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view my information on this website by searching for “Context Financial Group, LLC” You can also search using the firm’s CRD numbers. The CRD number for the firm is **134781**.

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

### **Item 2 – Educational Background and Business Experience**

**Stefan C. Liiste, Born 1968**

#### **Educational Background:**

Gustavus Adolphus College – Graduated 1990, B.A. English

College of Financial Planning, 1996 Certified Financial Planner Certificate\*

#### **Business Experience:**

- Context Financial Group, LLC, CEO, 03/2005 to Present.
- Cambridge Investment Research, Inc., Registered Representative, 02/2004 to 07/2010.
- IDS Life Insurance Company, Agent, 12/1990 to 02/2004.
- American Express Financial Advisors, Inc., Registered Representative, 12/1990 to 02/2004.

*\* The CERTIFIED FINANCIAL PLANNER™ (CFP®) designation is issued by the CERTIFIED FINANCIAL PLANNER Board of Standards, Inc. It is a voluntary certification recognized by the United States and other countries for its (1) high standard of professional education, (2) stringent code of conduct and standards of practice and (3) ethical requirements governing professional engagements with clients. A candidate for designation must first obtain a Bachelor’s Degree from an accredited college or university with courses that included financial planning subject areas (e.g. insurance planning, risk management, employee benefits planning, investment planning, income tax planning, retirement planning and estate planning). Candidates must also have at least 3 years of full-time personal financial planning experience, measured as 2,000 hours per year. CFP® candidates must pass a 2-day comprehensive examination designed to test their ability to correctly diagnose financial planning issues and apply their knowledge to real world circumstances. Candidates must*

*also agree to be bound by the CERTIFIED FINANCIAL PLANNER Board's Standards of Professional Conduct. Anyone earning designation as a CFP® must complete 30 hours of continuing education every two years and renew the agreement to be bound by the Standards of Professional Conduct.*

### **Item 3 – Disciplinary Information**

As previously stated in Item 9 of this Disclosure Brochure, I have never been subject to a legal or disciplinary event.

### **Item 4 – Other Business Activities**

Please see Item 10 and Item 19 of this Disclosure Brochure for details regarding my other business activities.

### **Item 5 – Additional Compensation**

Please see Item 10 and Item 14 of this Disclosure Brochure for the explanation of insurance commissions received.

### **Item 6 – Supervision**

Stefan C. Liiste is the Chief Executive Officer and Chief Compliance Officer of Context Financial Group and ultimately responsible for the firm's compliance program including establishing procedures designed to monitor and supervise the activities and services provided by the firm and its supervised persons. Mr. Liiste's phone number is 651-634-8817.

Stefan Liiste reviews all trade recommendations, financial plans and proposals before client presentations and reviews all plan implantation and does follow up on an ongoing basis to ensure that the advice is still sound.

### **Item 7 –Legal and Financial Disclosure**

I have not been the subject of any client arbitrations, similar legal disputes or have been the subject of any bankruptcy petitions.

## **Information Required by Part 2B of Form ADV: *Brochure Supplement – Kathleen Liiste***

The following are responses to each item found in the Form ADV Part 2B instructions.

### **Item 1 – Cover Page**

**Kathleen Liiste, CFP®**  
Context Financial Group, LLC  
400 Village Center Drive  
Suite 600  
North Oaks, MN 55127  
Phone Number: 651.634.8812  
[www.contextfinancialgroup.com](http://www.contextfinancialgroup.com)

Date of Brochure: March 18, 2013

This brochure provides information about the qualifications and investment advisory business practices of Context Financial Group, LLC. If you have any questions about the contents of this brochure please contact us at 651-634.8812/kliiste@contextfinancialgroup.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about my investment advisory business is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view my information on this website by searching for “Context Financial Group, LLC” You can also search using the firm’s CRD numbers. The CRD number for the firm is **134781**.

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

### **Item 2 – Educational Background and Business Experience**

**Kathleen M. Liiste, CFP®** Born: 1968

#### **Educational Background:**

- University of St. Thomas, 1990, B.A., Finance and Marketing.
- College of Financial Planning, 1997, Certified Financial Planner Certificate.

#### **Business Experience:**

- Context Financial Group, LLC, Investment Adviser Representative, 03/2005 to Present.
- Cambridge Investment Research, Inc., Registered Representative, 02/2004 to 08/2010.
- IDS Life Insurance Company, Agent, 01/1992 to 02/2004.
- American Express Financial Advisors, Inc., Registered Representative, 06/1996 to 02/2004.

*\* The CERTIFIED FINANCIAL PLANNER™ (CFP®) designation is issued by the CERTIFIED FINANCIAL PLANNER Board of Standards, Inc. It is a voluntary certification recognized by the United States and other countries for its (1) high standard of professional education, (2) stringent code of conduct and standards of practice and (3) ethical requirements governing professional engagements with clients. A candidate for designation must first obtain a Bachelor’s Degree from an accredited college or university with courses that included financial planning subject areas (e.g. insurance planning, risk management, employee benefits planning, investment planning, income tax planning, retirement planning and estate planning). Candidates must also have at least 3 years of full-time personal financial planning experience, measured as 2,000 hours per year. CFP® candidates must pass a 2-day comprehensive examination designed to test their ability to*

*correctly diagnose financial planning issues and apply their knowledge to real world circumstances. Candidates must also agree to be bound by the CERTIFIED FINANCIAL PLANNER Board's Standards of Professional Conduct. Anyone earning designation as a CFP® must complete 30 hours of continuing education every two years and renew the agreement to be bound by the Standards of Professional Conduct.*

**Item 3 – Disciplinary Information**

As previously stated in Item 9 of this Disclosure Brochure, I have never been subject to a legal or disciplinary event.

**Item 4 – Other Business Activities**

Please see Item 10 of this Disclosure Brochure for details regarding my other business activities.

**Item 5 – Additional Compensation**

Please see Item 10 and Item 14 of this Disclosure Brochure for the explanation of insurance commissions received.

**Item 6 – Supervision**

Stefan C. Liiste is the Chief Executive Officer and Chief Compliance Officer of Context Financial Group and ultimately responsible for the firm's compliance program including establishing procedures designed to monitor and supervise the activities and services provided by the firm and its supervised persons. Mr. Liiste's phone number is 651.634.8817.

**Item 7 – Legal and Financial Disclosure**

I have not been the subject of any client arbitrations, similar legal disputes or have been the subject of any bankruptcy petitions.