

Item 1 – Cover Page

CFS Wealth Management, L.L.C.

Disclosure Brochure
(Form ADV Part 2A)

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This brochure provides information about the qualifications and business practices of CFS Wealth Management. If you have any questions about the contents of this brochure, please contact us at (888)471-1875 or at service@cfswealth.com. Additional information about CFS Wealth Management also is available on the SEC's website at www.adviserinfo.sec.gov

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.

Item 2 Material Changes

2015.01.23: We have made various changes to the formatting and content of this brochure in response to a review by the Georgia Securities Division as we transition from SEC registration to state registration. The material points are:

- We have added a description of our Financial Planning services and fees.
- In Item 8. We have added disclosures warning of the risks of investments in general and in specific securities and the use of certain investment strategies.
- We have added disclosures to Part 2A's Item 19 and Part 2B's Item 7.

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Item 4 Advisory Business

- A. Wade Chapman is the principal owner of CFS Wealth Management which was established in May, 2005. The firm provides fee-based investment advisory services.
- B.
 - i. For our portfolio constructions we primarily utilize portfolios of open-end mutual funds, however closed-end funds, ETFs and individual equities and bonds may also be utilized. The fee charged is usually determined as a percentage of the account value or based on a fixed annual fee.
 - ii. Upon request we can provide a written financial plan covering several areas of concern to clients.
- C. As the portfolios are often tailored to the individual needs of clients, clients may impose restrictions on investing in certain types of securities.
- D. We do not participate in Wrap Programs.
- E. As of 3.21.2013, we had discretionary authority over 570 client accounts worth \$74,384,824 and managed 208 non-discretionary accounts worth \$15,793,471.

Item 5 Fees and Compensation

- A. Fee arrangements are fee-based, fixed or hourly.
 - 1. Most of our clients are billed based on a percentage of the value of their account(s).

Account size up to \$249,999	Max. Annual Fee	1.75%
Account size \$250,000 to \$999,999	Max. Annual Fee	1.50%
Account size \$1,000,000 and above	Max. Annual Fee	1.25%
 - 2. A fixed annual fee of \$250 to \$10,000 (negotiable).
 - 3. Hourly Fees of \$250. We will charge for financial plans at the hourly rate, stating a maximum cost based on our estimated time requirements in the agreement for a financial plan.
- B. Clients' fees can be deducted from their accounts quarterly or we can provide them with an invoice for payment.
- C. Clients may incur custodian imposed fees in addition to that charged by CFS.
- D. CFS bills clients in advance for the quarter, based on the value of an account on the last business day of the preceding quarter. For clients who close/open an account during a quarter, the fee is pro-rated using the number of days of service.
- E. We receive no compensation for the sale of securities, including asset-based sales charges or service fees of mutual funds, from any investment products offered to our advisory clients. We primarily utilize Fidelity Institutional Wealth Services No Transaction Fee, No-load or Load-Waived mutual fund platform.

Potential conflicts of interest: Steve Anderson is a registered representative with a broker/dealer; although he does not receive both advisory fees *and* commissions on advisory clients' accounts in which he serves as a registered rep, he may receive commissions on products sold as a registered representative separate from CFS. Clients may purchase any such securities at other brokers/agents with no affiliation to CFS or Mr. Anderson. Commissions do not provide a significant portion of our revenue. We do not charge advisory fees in addition to commissions or mark-ups on these types of accounts.

Item 6 Performance Based Fees and Side by Side Management

CFS Wealth Management does not provide services with performance-based fees.

Item 7 Types of Clients

We provide investment advisory services to individuals, couples, custodians, IRA owners, Trustees and business owners. Our desired minimum account size is \$50000 but we may make an exception if account aggregation considered and/or additional deposits are anticipated.

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

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

Methods of analysis:

CFS primarily offers model portfolios utilizing ETFs, individual equity and fixed income positions, and no-load/load waived open end mutual funds. Among other sources, CFS utilizes Morningstar's research, ratings and recommendations to help determine portfolio positions. In determining which positions to utilize, CFS places a greater emphasis on the capital preservation over large capital gain potential. Some funds we purchase to maintain a specific part of asset allocation, while some we choose that employ the manager's ability to move among asset classes tactically.

Investment strategies:

CFS's strategic approach is to invest each portfolio in accordance with the strategy developed for a particular client with information obtained during initial and on-going client communications. This means the portfolios may be used in varying combinations, depending on individual client circumstances.

Risk of Loss:

While CFS seeks to diversify clients' investment portfolios across various asset classes in an effort to reduce risk of loss, all investment portfolios are subject to risks. There can be no assurance that client portfolios will be able to fully meet their objectives and goals, or that investments will not lose money.

Risks associated with specific security types or strategies:

Management Risks. While CFS recommends investments based on CFS's experience and research, the value of portfolios will change daily based on the based on the performance of underlying securities. Accordingly, portfolios are subject to the risk that CFS or a Manager allocates assets to investments that are adversely affected by unanticipated market movements, and the risk that CFS' specific investment choices could underperform relevant indexes.

Risks of Investments in mutual funds, ETFs and other investment pools. Investments in pooled investments are generally less risky than investing in individual securities, however these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment fund's success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

Equity Market Risks. Equity investments (primarily stocks) are subject to individual company performance that could cause loss of principal but also to possible value declines because general market declines over a period of time (often called bear markets) regardless of individual security prospects.

Fixed Income Risks. While investing in fixed income instruments, either directly or through pooled investments is generally considered less volatile than investing in equity markets, they are nevertheless subject to risks. This include, without limitation, interest rate risk (risk that changes in rates will devalue the investments), credit risks (risks of default by borrowers) or maturity risk (risks that bonds will change value from the time of issuance to maturity).

Foreign Securities Risks. While foreign investments may be utilized for diversification, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. They may be subject to foreign withholding taxes and the risk of adverse changes in relative value of the U.S. dollar versus the relative foreign currency..

Item 9 Disciplinary Information

There are no legal or disciplinary events for us to disclose here.

Item 10 Other financial industry activities and affiliations.

Mr. Steve Anderson is a registered representative with Purshe Kaplan Sterling Investments (PKS). This creates a potential conflict of interest since Mr. Anderson may receive compensation as a result of recommendations to purchase products and services through PKS. CFS does not charge advisory fees for client accounts held through this broker/dealer affiliation.

CFS has common ownership with CFS Capital Advisors, LLC whose primary business is managing CFS Partners Real Asset Fund, a privately-offered partnership. CFS may solicit and/or recommend that qualified clients invest in the Fund from time to time. This creates a potential conflict of interest as CFS's principal may receive benefits or income from both CFS Capital and/or the Funds. Clients of CFS who invest in the Funds pay a fee to the Fund, including the performance-fee based

component, but CFS does not separately assess a management fee on the same pool of assets for the client. The Fund's conflicts of interest, risk factors and liquidity constraints are set forth in the Fund offering documents, which each prospective investor client shall receive and shall be required to complete. The client shall submit the corresponding Subscription Agreement to CFS Capital Advisors in order to demonstrate qualification for investment in the Fund.

Item 11 Code of Ethics, Participation or Interest in client Transactions and Personal Trading

- A. CFS adopted a Code of Ethics which illustrates our commitment to ethical business practices. This Code is available to all prospective and current clients upon requests. The Management, Advisory representatives and any supervised person shall not engage in unethical business practices, including: recommending to a client the purchase, sale or exchange of any security without reasonable grounds for believing that recommendation is suitable based upon the client's investment objectives, financial situation and need.
- B. We do not recommend securities in which we have a material financial interest.
- C. We often invest in the same securities as our clients and due to our mutual fund model platform often at similar times. However, since this is almost always open-end mutual funds, ETFs or stocks with large capitalizations, and our relative small size of trades in the scope of global investment volumes in the items we trade, this does not represent a realistic danger in terms of a timing conflict of interest or front-running. However, the Chief Compliance Officer reviews IAR quarterly transaction and holdings reports to help assure that 1.No client is harmed by any supervised persons' trades and 2. Assure no supervised person receives profits at clients' expense. For example, the NAV of an open-end mutual fund is not directly affected by the volume of business received. So, our personal trading in the same fund as our client does not affect our client outcomes.

Item 12 Brokerage Practices

Custodial Services

CFS has custodial arrangements with Fidelity Investments (Fidelity), a licensed broker-dealer (member FINRA/SIPC), through Fidelity Institutional Wealth Services (FIWS).

Fidelity provides us access to its institutional trading and custody services, on-line services and desktop software for account administration and operational support, including electronic trading, account forms and applications, market data, accounting and reporting, and other administrative and support services to assist with the management of your account. In addition, Fidelity provides us

proprietary and third-party research. These services offered from Fidelity generally are available to independent investment advisors at no cost provided the investment advisor maintains a minimum amount of client assets under management in accounts at Fidelity. Services offered to us that have been discounted or waived are defined as “soft dollar” services. However, access to Fidelity’s online services, dedicated trading desk and service group, desktop software, and any research services provided or arranged by Fidelity will service all client accounts; we will not limit use to only those particular accounts that may have generated commissions or fees.

Direction of Transactions and Commission Rates (Best Execution)

Since we do not recommend, suggest or make available a selection of custodians, other than Fidelity for you to choose to custody your account(s), best execution may not always be achieved and you may pay higher transaction fees. Furthermore since we only use Fidelity’s custodial services, we may not be able to provide you complete institutional services if you elect to use another broker-dealer. We do not recommend Fidelity solely on the lowest commission rates available. Our firm has considered our clients’ investment needs; Fidelity’s general reputation, trading capabilities, investment inventory, financial strength, and our personal experience working with them, among other items, in suggesting them to you. We, and our clients and industry professionals regard Fidelity as a reputable and cost-effective broker.

Directed Brokerage Arrangements

If a third-party (ex. Fidelity) refers you to us, we will not negotiate the commission rates charged to your account for the following reasons:

- A. In consideration of the referral, we are not looking to appropriate your account from the third-party and business by transferring your account to another broker-dealer where you may receive better execution and commission rates. Therefore, we will leave the matter of commissions charged for execution of securities transactions for discussion and negotiation between you and the third party.
- B. As a result of this pre-established relationship between you and the third-party, you may not receive overall “best execution” that otherwise may be provided if your account were not referred to us by a third-party. The reason is that you are not given the option to select a custodian for your account as indicated above under “Direction of Transactions and Commission Rates”.
- C. We may receive benefits from the referral arrangements. If we perform our services to your satisfaction and to the satisfaction of the third-party, there is the possibility that the third-party will refer additional clients to us. Notwithstanding such potential conflicts, we strive to serve your best interest; as well as, ensuring such disclosure is being properly made to you in compliance with industry regulations.

Item 13 Review of Accounts

An officer of the firm reviews each account on an ongoing basis to ensure that your needs and objectives are being met. We review all accounts in the context of your stated investment objectives and guidelines. We will adjust cash needs as necessary. In addition, you will receive monthly statements from the brokerage firm that custodies your account(s). Each statement will summarize the specific investments currently held, the value of your portfolio and account transactions. It is recommended that we review your account with you at least annually. Material changes in your personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, it is your responsibility to communicate these changes to us so that the appropriate adjustments can be made.

Item 14 Client Referrals and other compensation

We do not have any financial arrangements for referrals.

Item 15 Custody

CFS Wealth Management does not have custody of client funds or securities.

Item 16 Investment Discretion

We manage our clients' accounts on either a discretionary basis or a non-discretionary basis. Clients are allowed to place restrictions and limitations but seldom do. When limitations are imposed, it is generally to keep long-held positions from being sold for tax reasons.

Item 17 Voting Client Securities

We do not vote client securities. We can assist clients in evaluating their proxies.

Item 18 Financial Information

We do not require prepayment of more than \$1200 six months or more in advance.

We do not know of any financial condition that is reasonably likely to impair our ability to meet our contractual obligations to our clients.

We have never been the subject of a bankruptcy petition.

Item 19 State Registration Questions

- A. Our firm's sole owner and managing member is Mr. Wade Chapman. In the Part 2B sections that follow this Item 19 there is a Part 2B for Mr. Chapman in which his post-High School education and his work history are disclosed.
- B. The firm's associates can and do provide advice on insurance products and are able to obtain such products for interested advisory clients. CFS does not charge advisory fees in addition to insurance commissions on assets held in insurance company products. The amount of time spent on insurance matters is less than 5 hours per month per person.
- C. Neither the firm nor any supervised persons receive performance-based compensation from client portfolios managed by CFS Wealth Management. Mr. Chapman, the firm's principal, is the sole owner of separate entity CFS Capital Advisors which may receive performance based compensation as the general partner to a private a fund. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the *client*. The private fund only accepts accredited investors, some of whom may also be clients of CFS Wealth Management. CFS Wealth Management does not collect fees on those assets.
- D. Neither any management person nor the firm has been involved in any of the arbitration, civil or regulatory proceedings or other events listed in this section.
- E. We have no relationship or arrangement with any issuer of securities.