



**CUE Financial Group, Inc.**

**An SEC Registered Investment Adviser**

3200 N. Central Ave, Suite #200 ♦ Phoenix, Arizona 85012

## **Part 2A of Form ADV: *Firm Brochure***

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02/28/2011

This brochure provides information about the qualifications and business practices of CUE Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at 602-252-0911 or email to [CUESupport@cuefinancial.com](mailto:CUESupport@cuefinancial.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 CUE Financial Group, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's IARD/CRD number is 21033.

(The term "registered" as used throughout this brochure does not imply a certain level of skill or training.)

## **Item 2    Material Changes**

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 02/28/2011, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

In addition to new disclosure requirements throughout, we have added more detailed explanation of our fee structure, fee calculation methods, and fee options.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

The last annual update of our brochure was dated 04/30/2010.

In addition to this Firm Brochure, for the first time this year, you will also receive from your financial advisor a copy of the Brochure Supplement, ADV Part 2B. The Brochure Supplement is prepared by your financial advisor, and provides details about his/her education and qualifications, disciplinary background if any, services offered, fee schedule and other important information.

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## **Item 4    Advisory Business**

### **ABOUT CUE**

CUE FINANCIAL GROUP, INC. ("CUE") is a SEC-registered investment adviser with its principal place of business located in Phoenix, Arizona. CUE was first formed in 1985 as a subsidiary of Sunwest Federal Credit Union, became a registered broker-dealer and was bought from Sunwest by its current owners in 1991. CUE began conducting business as a state registered investment adviser in 2001, and has been SEC registered since 2006. CUE merged its broker-dealer operations with Foothill Securities, Inc. in 2009.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- James E Sollenberger, CLU, ChFC. Jim is the founder, chairman, and an owner of CUE Financial Group, Inc. Born in 1947, he is a graduate of Arizona State University, and originally started CUE Financial Group as a subsidiary of Sunwest Federal Credit Union in 1985. After an extensive career with The Equitable he, along with Michael Melby and Judith Kuplic, purchased CUE Financial Group, Inc. and related subsidiaries from Sunwest in 1991.
- Michael R Melby, President/CEO/Chief Compliance Officer. Mike was born in 1955, and attended Arizona State University. Mike became an owner of CUE in 1991. He also serves on the Foothill Securities, Inc. board of directors, and is the Chief Financial Officer and Chief Investment Officer of Foothill Securities, Inc. He has had substantial prior experience as a registered representative with two other brokerage firms.
- Judith A Kuplic, Executive Vice President. Judy was born in 1950, and graduated from the University of Minnesota with a background in marketing. Judy first joined CUE Financial Group, Inc. shortly after its formation in 1985, and became one of its owners in 1991. Judy is also a registered representative and registered principal of Foothill Securities Inc. Her primary roles in the CUE Financial Group, Inc. organization are as marketing director and personnel manager.

### **AMOUNT OF MANAGED ASSETS**

As of 2/28/2011, we were actively managing approximately \$37,640,000.00 of clients' assets on a discretionary basis plus approximately \$105,415,000.00 of clients' assets on a non-discretionary basis.

### **ADVISORY SERVICES OFFERED BY CUE**

CUE's Investment Advisor Representatives ("IA Reps"), while affiliated with CUE and subject to CUE's oversight, manage their own practice, determine what services to offer, and set their own fee rates. Not all CUE IA Reps offer all of the described services. A personal Brochure Supplement which describes the IA Rep's own management style, background, services offered, and their fee schedule may be obtained from the IA Rep.

### **INVESTMENT SUPERVISION**

Our firm offers continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on either a discretionary or non-discretionary basis as agreed by both the client and the IA Rep at account opening. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer, investment company or insurance company, and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Warrants
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm offers non-continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on either a discretionary or non-discretionary basis as agreed by both the client and the IA Rep at account opening. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client's portfolio has been established, we review the portfolio periodically, and if necessary, rebalance the portfolio on an annual basis, based on the client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer, investment company or insurance company, and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Warrants

- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS**

We also offer advisory management services to our clients through unaffiliated Third-Party Money Managers who are registered investment advisers with whom CUE has written agreements.

Our firm recommends an asset allocation strategy developed through personal discussions with the client in which goals and objectives based on the client's particular circumstances are established. This asset allocation strategy is drafted into a personal Investment Policy Statement ("IPS").

Based on the client's individual circumstances and needs (as exhibited in the IPS) we will then assist the client in identifying which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Once we determine the most suitable investment adviser(s) for the client, we provide the selected adviser(s) with the client's IPS. The adviser(s) then creates and manages the client's portfolio based on the client's individual needs as exhibited in the IPS.

If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's IPS, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of the client.

## **FINANCIAL PLANNING**

We offer optional financial planning services. Clients may request that their IA Rep prepare a personalized, full Financial Plan. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial

goals.

- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews with the client. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report.

Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also offer general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer, investment company or insurance company. All recommendations are of a generic nature.

## **CONSULTING**

Clients may also receive advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer, investment company or insurance company. All recommendations are of a generic nature.

## Item 5 Fees and Compensation

### INVESTMENT SUPERVISION SERVICES FEES

Our independent IA Reps set their own fees for services they offer. IA Reps' fees are disclosed in their individual Brochure Supplement. Fees charged by IA Reps are negotiable, and are based upon a percentage of assets under management that generally range from 0.75% up to 2.00%, using the following breakpoint schedule as a guideline:

<b><u>If the account value is:</u></b>	<b><u>The Annualized Management Fee will be:</u></b>
\$ less than 250,000	up to 2.0% Plus Custodian's charges
\$ 250,000 to 499,999	up to 1.5% Plus Custodian's charges
\$ 500,000 to 999,999	up to 1.2% Plus Custodian's charges
\$1,000,000 +	up to 1.0% Plus Custodian's charges

A minimum of **\$50,000** of assets under management is required for this service. This account size may be negotiable under certain circumstances. CUE Financial Group Inc. reserves the right to waive the minimum account size and/or the minimum management fee, and may group certain related client accounts for the purposes of achieving the minimum assets under management, and determining the annualized fee. Fees will be deducted from the account by the custodian and paid to CUE in accordance with written instruction signed by the client. Clients may choose to receive an invoice and pay advisory fees separately.

**Limited Negotiability of Advisory Fees:** Although CUE Financial Group Inc. has established the aforementioned fee schedule for Investment Supervision services, all fees are negotiated between the client and IA Rep on a case-by-case basis.

CUE retains the discretion to negotiate alternative fees on a case-by-case basis. The client's specific facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### PORTFOLIO MANAGEMENT SERVICES FEES

Our independent IA Reps set their own fees for services they offer. IA Reps' fees are disclosed in their individual Brochure Supplement. Fees charged by IA Reps are negotiable, and are based upon a percentage of assets under management that generally range from 0.75% up to 2.00%, using the following breakpoint schedule as a guideline:

<b><u>If the account value is:</u></b>	<b><u>The Annualized Management Fee will be:</u></b>
\$ less than 250,000	up to 2.0% Plus Custodian's charges
\$ 250,000 to 499,999	up to 1.5% Plus Custodian's charges
\$ 500,000 to 999,999	up to 1.2% Plus Custodian's charges
\$1,000,000 +	up to 1.0% Plus Custodian's charges

A minimum of **\$50,000** of assets under management is required for this service. This account size may be negotiable under certain circumstances. CUE Financial Group Inc. reserves the right to waive the minimum account size and/or the minimum management fee, and may group certain related client accounts for the purposes of achieving the minimum assets under management, and determining the annualized fee. Fees will be deducted from the account by the custodian and paid to CUE in accordance with written instruction signed by the client. Clients may choose to receive an invoice and pay advisory fees separately.

**Limited Negotiability of Advisory Fees:** Although CUE Financial Group Inc. has established the aforementioned fee schedule for Portfolio Management services, all fees are negotiated between the client and IA Rep on a case-by-case basis.

CUE retains the discretion to negotiate alternative fees on a case-by-case basis. The client's specific



facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

## MANAGEMENT FEE BILLING CHOICES

The negotiated annualized fee for Investment Supervision and Portfolio Management services may be determined by one of three methods: as a Fixed fee, Variable fee, or Blended fee. Examples:

1. **FIXED:** A Fixed annual management fee amount or a fixed annualized fee rate is agreed on and set at account opening, and does not change during the life of the agreement, regardless of fluctuations in the account value. CUE's minimum fixed fees range from \$1,000 per year (example based on 2% of \$50,000 AUM) upward.
2. **VARIABLE:** A Variable annualized management fee rate is determined initially according to the rate applicable to the beginning account value (refer to the above breakpoint schedules). If the account value rises above or falls below a breakpoint during the billing period for any reason, such as market value fluctuations, deposits of funds or withdrawals, the annualized percentage rate would change accordingly. For example in an account with assets valued at \$400,000, in our breakpoint table on the previous page, the account would be subject to a fee of up to 1.5%.
3. **BLENDED:** An example of a Blended fee is when one percentage rate is applied only to the portion of the total account value that is below a breakpoint, and a different rate is applied to the portion or remainder of the account value that is above the breakpoint. For example in an account with assets valued at \$400,000, in our breakpoint table on the previous page the first \$249,999 of the account's value would be subject to a 2% fee, and the remainder of the account value \$150,001 would be subject to a 1.5% fee. The "blended" annualized fee rate in this example would be approximately 1.787%.

Arrears fee billing: Management fees for accounts held at our primary custodian, Pershing LLC, are billed "in arrears", for the actual number of days in the quarterly billing period. Pershing's automated fee billing system keeps track of the daily account value for each day during the billing period, and calculates the *average daily account value* for the period. At the beginning of each new billing period, the fee billing system uses the average value that it calculated for the previous quarter ("in arrears") to determine the fee amount to be charged to the client's account for that billing period. For new accounts the initial fee is not due until the start of the next calendar quarter following the account opening date. For new accounts and terminated accounts, fees are prorated for the number of days the account was open in the billing period. Fees are deducted from the account by Pershing and paid to CUE, or may be paid separately by the client.

Forward fee billing: Management fees for accounts held at a custodian other than our primary custodian, Pershing LLC, are billed "forward", or in advance, for the actual number of days in the quarterly billing period. At the start of each new billing period, the fee for that quarter will be based on what the account value was at the close of the last business day in the previous quarter. For new accounts the initial fee is due in advance, at account opening, and is based on the beginning value of the assets being placed in the account for management. For new accounts and terminated accounts, the fee will be prorated for the number of days the account was open in the billing period. If the custodian being used offers the ability to do so, fees may be deducted from the account by the custodian and paid to CUE. Otherwise, the client is invoiced for the fees due and the fees are paid by the client directly to CUE.

Custodian's Fees: Brokerage transaction and clearing charges, if any, will appear on the client's order confirmation as a nominal commission amount that will usually range from \$10 to \$25 for most types of trades. Transaction fees for fixed income securities, foreign securities and orders requiring special handling will generally be more. A paper confirmation fee (\$4.25 per order as of the date of this brochure) will appear as a service charge on the order confirmation. Custodian's administrative fees, if any, will be charged to the client's account. All custodian fees and charges will be in addition to the negotiated management fee, and will be the responsibility of the client.

### THIRD-PARTY MONEY MANAGERS' FEES

We are paid by the independent third-party adviser selected by the client for portfolio management services. Our fee is based on a percentage of the client's managed assets (typically ranging from 0.75% up to 1.50%), which is included in the annual management fee charged by the independent investment adviser. The portion of the advisory fee paid to us does not increase the client's ultimate advisory fee paid to the selected independent investment adviser. Some independent investment advisers may charge a minimum fee and/or custodian fees in addition to the stated management fee.

Clients are provided with a separate disclosure document describing the fee paid to us by such independent registered investment advisers. The total asset management fee, including the referral fee paid to our firm, is disclosed in the independent investment adviser's disclosure document.

### FINANCIAL PLANNING FEES

Our independent IA Reps set their own fee schedules, which are disclosed in the individual IA Rep's Brochure Supplement. All fees are agreed upon prior to entering into a contract with any client. The following information about fees for Financial Planning is disclosed only as a general guideline.

#### Single Fee Option

For most financial planning and related services, the fee for individual planning modules will range from \$150 - \$400. For a full plan the fee may range from \$1,000 - \$3,000. Fees charged for financial planning services are based upon the complexity of tasks and analyses performed. Additional charges at the IA Rep's hourly rate may be assessed for unusual or unforeseen tasks.

#### Hourly Rate Option

IA Reps' professional hourly rates typically range from \$100-\$300 per hour. Hourly administrative rates may be up to \$90 per hour.

#### Retainer Fee Option

Retainer fees may be fixed or based on portfolio size. Retainer fees for contracts of up to six months in duration may be prepaid in full. For contracts of at least six months duration and up to one year, fees will be due in regular installments as described in the agreement. Retainer fee agreements remain in effect for up to one year, and may be renewed at the end of each period.

Financial Planning fees are determined based on the nature of the services being provided and the complexity of each client's circumstances. We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will not exceed \$1200 for work that will not be completed within six months. The balance is due upon completion of the plan.

***Financial Planning Fee Offset:*** CUE Financial Group Inc. reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a financial planning client chooses to engage us for our Portfolio Management Services.

The client is billed quarterly in arrears based on actual hours accrued.

### CONSULTING FEES

Our independent IA Reps set their own fee schedules, which are disclosed in the individual IA Rep's Brochure Supplement. All fees are agreed upon prior to entering into a contract with any client. The following information about fees for Consulting Services is disclosed only as a general guideline.

For specialized Consultation and related services, IA Reps may offer the following fee payment options:

#### Single Fee Option

IA Reps' consultation fees are based upon the complexity of tasks and analyses performed. The minimum fee for a consultation is \$100 and may be higher depending on the nature of the consultation.

#### Hourly Rate Option

IA Reps' professional hourly rates range from \$100-\$300 per hour. Hourly administrative rates may be up to \$90 per hour.

#### Retainer Fee Option

Retainer fees may be fixed or based on portfolio size. Retainer fees for contracts of up to six months in duration may be prepaid in full. For contracts of at least six months duration and up to one year, fees will be due in regular installments as described in the agreement. Retainer fee agreements remain in effect for up to one year, and may be renewed at the end of each period.

Consulting Services fees may be charged as a percentage of assets being reviewed, generally following the fee table at the beginning of this section, depending on the nature and complexity of each client's circumstances, and upon mutual agreement with the client.

We may request a retainer upon completion of an initial interview with the client; however, advance payment will not exceed \$1200 for work that will not be completed within six months. The balance is due upon completion of the plan.

Other Compensation: Management personnel and other related persons of our firm are licensed as registered representatives of Foothill Securities, Inc., a registered broker-dealer, and/or they may be licensed as insurance agents or brokers. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation).

*Conflict of Interest:* Clients should be aware that the receipt of additional compensation gives CUE Financial Group Inc., its IA Reps or other supervised persons incentive to recommend investment products based on the compensation received, rather than on a client's needs, and therefore creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

#### GENERAL INFORMATION

***Termination of the Advisory Relationship:*** Services will continue until either party terminates the management agreement upon giving the other party 15 days written notice. The Client will be billed the usual management fee, prorated for the number of days the account was open in the current calendar quarter. The client will also be responsible for promptly paying any and all brokerage or custodial charges, if any are incurred. Unearned prepaid fees (if any) will be refunded to the client on a pro rata basis for the number of days the account was open during the quarter. Effective with the date of termination, CUE will no longer be the investment adviser of record, and will no longer have responsibility for management of the Assets. It will be the Client's responsibility to monitor the timely disposition of the account, and to take all future actions in regards to the management of the account.

***Mutual Fund Fees:*** All fees paid to CUE Financial Group Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Wrap Fee Programs and Separately Managed Account Fees:*** CUE Financial Group, Inc. does not currently sponsor "Wrap Fee Programs" or "Separately Managed Accounts".

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (**Item 12**) of this Form ADV for additional information.

***Additional Compensation:*** CUE Financial Group, Inc., and its supervised persons may receive additional compensation from the sale of securities or other investment products including commissions, asset-based sales charges or service fees from the sale of mutual funds.

**Conflict of Interest:** Clients should be aware that the receipt of additional compensation gives CUE Financial Group Inc., or its supervised persons incentive to recommend investment products based on the compensation received, rather than on a client's needs, and therefore creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Please refer to the "Other Financial Industry Activities and Affiliations" section (**Item 10**) of this Brochure for additional information.

Clients have the option to purchase investment products that we recommend through other brokers or agents, not affiliated with CUE, of their own choosing.

Less than 50% of our revenue from advisory clients is derived from commissions and other compensation for the sale of investment products that we recommend to our clients.

If both commissions/markups and advisory fees are charged, the advisory fee will be reduced to offset the commission or markup.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees. Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to CUE's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** CUE Financial Group Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, CUE Financial Group Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset CUE Financial Group Inc.'s advisory fees.

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

CUE Financial Group Inc. does not charge performance-based fees. However, clients should understand that asset-based management fees will fluctuate with the value of the assets in the account.

## **Item 7 Types of Clients**

CUE Financial Group Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Corporations or other businesses not listed above

As previously disclosed in **Item 5**, our firm has established certain minimum account size requirements, based on the nature of the service(s) to be provided. A minimum of \$50,000 of assets under management is required to open and maintain an account. This account size may be negotiable under certain circumstances. CUE Financial Group Inc. reserves the right to waive the minimum account size and/or the minimum management fee, and may group certain related client accounts for the purposes of achieving the minimum assets under management, and determining the annualized fee. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

### METHODS OF ANALYSIS

CUE IA Reps evaluate the client's current investments to determine whether they are consistent with his/her financial objectives. Then, utilizing generally accepted asset allocation and suitability factors, the IA Rep will propose a portfolio designed to help the client attain their objectives. We may use some or all of the following methods of analysis in formulating our investment advice and/or managing client assets:

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Third-Party Money Manager Analysis:** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Sources of information:** CUE obtains information from a wide variety of publicly available sources. CUE and its IA Reps do not have, nor do they claim to have sources of inside or private information. The recommendations developed by CUE are based upon the professional judgment of CUE and its IA Reps, and neither CUE nor its IA Reps can guarantee the results of any of their recommendations.

**Risks for all forms of analysis:** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### INVESTMENT STRATEGIES

We may use any or all of the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment

objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases:** We may purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

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

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains as determined by current Federal and State tax laws.

**Trading:** We may purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

In addition to increased brokerage and other transaction-related costs and possibly less favorable tax consequences, aggressive trading carries a risk of loss due to the need to correctly time purchases and sales, especially in a fast moving market.

**Margin:** CUE and its IA Reps generally do not recommend margin as a trading strategy. If margin is recommended, establishment of a margin account requires that the client receive and sign a "margin agreement" and "margin disclosure" document provided by the broker/dealer or custodian. Margin trading implies that the client "borrows" a portion of the purchase amount, and the securities are held as collateral for the loan.

Initial and maintenance equity requirements must be met. If the value of the collateral declines too much, the client will receive a "margin call" and will be required to deposit additional collateral. Interest charges will be assessed by the custodian on margin loan balances. Advisory fees for margin accounts are billed on the net equity value of the account.

**Check Writing:** If the client applies for check writing and/or debit card privileges, a margin account will be established for the purpose of using fully paid securities as collateral for overdrafts caused by debit card or check writing activity that exceeds the amount of available cash or money market funds.

**Options:** We may recommend options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We may buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We may buy a put if we have determined that the price of the stock will fall before the option expires.

We may use options to speculate on the possibility of a sharp price swing. We may also recommend options to "hedge" a purchase of the underlying security; in other words, we may recommend an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

When buying an option, the client risks losing the premium paid for the purchase.

We may use "covered calls", in which we sell an option on a security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

When selling (writing) a covered option, the client risks being "assigned" and being forced to sell (in the case of a call) or buy (in the case of a put) the underlying security at the predetermined strike price, which could result in a loss.

(Please refer to the OCC's option disclosure booklet "Characteristics and Risks of Standardized Options" before investing in options).

**Variable Products:** We may recommend investment in a variable annuity-based product, issued by an insurance company, and managed by CUE. The client and IA Rep choose a suitable portfolio made up of a selection of mutual funds, and based on the client's needs and objectives, and the IA Rep manages the client's investment in this product on a discretionary basis. In lieu of usual management fees, CUE may receive compensation in the form of an initial upfront commission plus annual trailing commissions.

Variable products are subject to changes in the market value of the securities in their portfolio. Before investing, the client is encouraged read the product's prospectus and sales material for complete details about the product's features, risks and expenses.

## **RISK OF LOSS**

Because each of the above described types of strategies may involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. Clients are under no obligation to invest in any of these strategies or to implement any advisory recommendations.

All investment programs, including so-called "low risk" strategies, have certain risks that are borne by the investor. Investing in any securities involves a risk of loss of both income and principal. We ask that you work with us to help us understand your tolerance for risk. Clients shall at all times elect unilaterally to follow or ignore completely, or in part, any information, recommendation, or advice given by CUE or its IA Reps.

## Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

The following disciplinary events were attributed to the former CUE Financial Group, Inc. broker-dealer, and not the registered investment adviser division of CUE. However, we felt that, in the spirit of full disclosure, it was our obligation to report these events in our firm brochure. These events have been, and are currently being reported in our ADV PART I, which is accessible online through the SEC's [www.SEC.gov](http://www.SEC.gov) website.

**Administrative proceeding before a state regulatory agency**, in connection to investments or an investment-related business:

On 6/27/2003 CUE Financial Group, Inc. broker-dealer was fined \$5,500 by the State of Tennessee. The State alleged that securities transactions took place before the broker-dealer was approved in that state. The fine was paid on 6/27/2003 and no other penalties were assessed.

**Self-regulatory organization ("SRO") proceeding**, in connection to investments or an investment-related business:

On 12/10/2007 CUE Financial Group, Inc. broker-dealer was censured and fined \$45,000 by FINRA. FINRA alleged that CUE broker-dealer failed to register with FINRA T.R.A.C.E., resulting in failure by CUE to report corporate bond trades, and that CUE failed to have adequate supervisory procedures in place to ensure reporting of those trades. CUE broker-dealer also failed to report several municipal bond trades within the mandatory 15 minute window following execution of the orders. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings. The firm paid the fine on 12/10/2007.



## Item 10 Other Financial Industry Activities and Affiliations

**Broker-Dealer:** Management personnel and IA Reps of CUE Financial Group Inc. are separately licensed as registered representatives of Foothill Securities, Inc., a registered broker-dealer, member of FINRA and SIPC. Foothill is an employee owned company, and participating CUE management personnel and IA Reps may have minority ownership interests in Foothill. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

**Conflict of Interest:** Clients should be aware that the receipt of additional compensation gives CUE Financial Group Inc., IA Reps or other supervised persons incentive to recommend investment products based on the compensation received, rather than on a client's needs, and therefore creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

**Financial Institutions:** CUE has entered into contractual arrangements with certain financial institutions (credit unions, banks, thrifts) whereby CUE offers services in the form of investment advisory and insurance products to the institutions' membership. Through these relationships some IA Reps of CUE may also be employees of the financial institutions. In exchange, the financial institutions receive a portion of all commission and fee income, in accordance with an SEC no-action letter.

**Insurance Agency:** CUE Financial Group, Inc. is a licensed general insurance agency, and has contractual agreements with various insurance companies for the sale of their products. Management and related personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

**Conflict of Interest:** Clients should be aware that the receipt of additional compensation gives CUE Financial Group Inc., or its supervised persons incentive to recommend investment products based on the compensation received, rather than on a client's needs, and therefore creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations.

**Independent Investment Advisers:** Michael Dickey ("Dickey"), is an IA Representative of CUE, and is also president of Summit Wealth Resources, Inc., an independent registered investment adviser firm that is not affiliated with CUE Financial Group, Inc. Advisory clients of CUE may be solicited by Summit Wealth Resources Inc. to purchase advisory, financial planning or other services. Clients are not obligated to purchase the services of Summit Wealth Resources Inc.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

**Outside Business Activities:** Some of CUE's IA Reps may be independently licensed as public accountants, insurance agents, mortgage brokers, real estate agents or enrolled agents. They may operate outside business practices through which they offer services such as insurance products, public accounting, tax preparation or other services that are not offered by or provided under the auspices of CUE Financial Group Inc. CUE does not supervise, participate in, nor receive any compensation for such services. Clients of CUE are not obligated to purchase or use these services.

**Management of Private Placements by a related person:** Scott M. Hanish ("Hanish"), is an IA Representative of CUE Financial Group Inc., and is the owner of Hanish Business Ventures, LLC, a company formed to create and package limited partnerships (or similar pooled investment vehicles hereinafter referred to as "entities") for investment purposes. Hanish Business Ventures, LLC acts as a managing member of these entities.

As required, a list of these entities is specifically disclosed on Schedule D of Form ADV, Part 1 at Item

7.B. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

CUE is not affiliated with Hanish Business Ventures, LLC or with the entities in any ownership, advisory or management capacity. CUE does not advise the entities or their managers. Activities of the entities will be controlled only by the managers of the entities, and the entities will not be controlled in any way by or through CUE.

Advisory clients of our firm are solicited to invest in these entities; however, because investment in these types of entities may involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. Clients are under no obligation to invest in any of the above described entities or to implement any advisory recommendations.

**Conflict of Interest:** CUE may receive compensation when its clients invest in the entities. Clients should be aware that the receipt of additional compensation gives CUE Financial Group Inc., IA Reps or other supervised persons incentive to recommend investment products based on the compensation received, rather than on a client's needs, and therefore creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations.

**Third Party Investment Advisers:** As previously disclosed, we may recommend the services of various outside registered investment advisers to our clients. In exchange for this recommendation, we receive a referral fee from the selected investment adviser. The fee received by us is typically a percentage of the fee charged by that investment adviser to the referred client. The portion of the advisory fee paid to us does not increase the total advisory fee paid to the selected investment adviser by the client. We do not charge the client any fees for these referrals. We will only recommend advisers that pay us a referral fee.

We are aware of the special considerations required under Rule 206(4)-3 of the Investment Advisers Act of 1940. As such, all appropriate disclosure shall be made and all applicable Federal and State laws will be observed.

**Conflict of Interest:** Clients should be aware that the receipt of additional compensation gives CUE Financial Group Inc., IA Reps, or other supervised persons incentive to recommend investment products based on the compensation received, rather than on a client's needs, and therefore creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

**Conflicts of Interest:** CUE Financial Group Inc. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address conflicts of interest:

- we disclose to clients the existence of all material conflicts of interest, including the potential for us or our employees to earn compensation from the referral of clients to other registered investment advisers;
- we disclose to the client in a separate disclosure document the compensation we receive in exchange for the client's referral to the selected investment adviser;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts reviews of client accounts to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we conduct initial and periodic due diligence on the selected investment advisers to establish that the advisers are suitable to recommend to our clients; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

*Code of Ethics:* Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that our employees have committed to, including compliance with applicable federal securities laws.

CUE Financial Group Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [CUESupport@cuefinancial.com](mailto:CUESupport@cuefinancial.com), or by calling us at (602)252-0911 and ask for the Compliance Department.

*Participation or Interest in Client Transactions:* See the Disclosures at the end of this section.

*Quarterly Transactions and Annual Holdings Reports:* Our Code of Ethics includes policies and procedures for the review of employees' quarterly securities transactions reports as well as initial and annual securities holdings reports. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

*Prohibition of Insider Trading:* CUE Financial Group Inc.'s Code of Ethics further includes the firm's policy prohibiting trading while in possession of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

*Principal Transactions:* CUE Financial Group Inc. and individuals associated with our firm are prohibited from engaging in principal transactions.

*Agency Cross Transactions:* CUE Financial Group Inc. and individuals associated with our firm are prohibited from engaging in agency cross transactions.

*Personal Securities Transactions:* Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

- Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.
- It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.
- We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

*Conflict of Interest:* As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the

information is also available to the investing public.

3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
8. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
9. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
10. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
11. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
12. Any individual who violates any of the above restrictions may be subject to disciplinary action.

*Disclosures:*

As disclosed in the preceding section of this brochure (**Item 10**), related persons of our firm are separately registered as securities representatives of a broker-dealer, may be registered as investment adviser representatives of another registered investment adviser, and/or may be licensed as an insurance agent/broker of various insurance companies.

As disclosed in the preceding section of this brochure (**Item 10**), certain related persons of our firm act as general partner to an investment-related limited partnership, or managing member to an investment-related limited liability company in which advisory clients are solicited to invest.

Please refer to **Item 10** for a detailed explanation of these relationships and important conflict of interest disclosures.

## **Item 12 Brokerage Practices**

### **PRIMARY BROKER-DEALER AND CUSTODIAN**

CUE Financial Group Inc. has entered into an arrangement with Foothill Securities, Inc. ("Foothill"), member FINRA/SIPC, to provide brokerage services for CUE's clients. If our clients freely choose to implement our advice through us, the primary broker-dealer used will be Foothill, and an account in the client's name will be established with Foothill. Foothill maintains an existing clearing and custodial relationship with Pershing LLC ("Pershing"). Client trade orders will be submitted to Pershing for processing and execution. Pershing will be the primary custodian for assets held in our clients' accounts.

Contact Information for broker-dealer and custodians:

Foothill Securities, Inc., 150 E. Dana Street, Mountain View, CA 94041 Phone: (650)625-9701

Pershing LLC, One Pershing Plaza, Jersey City, NJ 07399 Phone: (888)367-2563

TD Ameritrade Institutional, 4075 Sorrento Valley Blvd, San Diego, CA 92121 Phone: (800)431-3500.

### **BEST EXECUTION**

CUE will perform periodic quality of execution reviews. We receive a monthly Execution Quality Score Card from Pershing. At least annually we will obtain a score card from at least one other custodian/clearing broker-dealer to compare with Pershing's score card.

### **CLIENT DIRECTED BROKERAGE**

Clients are permitted to direct brokerage to a broker-dealer they specify. If the Client directs brokerage to another broker-dealer, the Client will be required to establish an account with the selected broker-dealer, and execute any documents required by that broker-dealer in addition to a CUE investment services agreement.

Directing brokerage may be more expensive for the Client. It is up to the Client to negotiate the commission rate, as CUE will not. The Client may not be able to negotiate the most competitive rate. As a result, the Client may pay more than the rate available through Foothill. CUE may not maintain a clearing arrangement with the broker-dealer, and may not be able to achieve most favorable execution of client trades executed through the broker-dealer chosen by the client.

### **SOFT DOLLAR ARRANGEMENTS/CLIENT REFERRALS**

CUE Financial Group Inc. does not have any soft-dollar arrangements, and does not receive any soft-dollar benefits.

CUE Financial Group Inc. does not receive client referrals or other compensation from a broker-dealer or third party in consideration for selecting or recommending broker-dealers.

### **BLOCK TRADING**

CUE Financial Group Inc. may submit aggregate (block) trades if and when it is advantageous to do so. Blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading may allow us to obtain execution of equity trades in a timelier, more equitable manner, at an average share price.

CUE Financial Group Inc.'s block trading policy is as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with CUE Financial Group Inc., or our firm's order allocation policy.

- 2) Block trading must be permitted by the broker-dealer and the custodian firms.
- 3) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 4) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable CUE Financial Group Inc. to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 5) No client or account will be favored over another.

## **Item 13    Review of Accounts**

### **PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within Portfolio Management Services accounts are continually monitored, these accounts are reviewed periodically by a member of the compliance staff. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

**REPORTS:** CUE expects that trade confirmations and periodic account statements will be provided directly to the Client by the clearing firm/custodian that at minimum will reflect balances, transactions, deposits, and withdrawals including fee withdrawals.

In addition to the statements and confirmations of transactions that Portfolio Management Services clients receive from the clearing firm/custodian, we offer periodic reports summarizing account performance, balances and holdings.

**You are urged to compare the account statements you receive from the custodian with those you may receive from CUE.**

### **THIRD-PARTY MONEY MANAGERS**

**REVIEWS:** These client accounts should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

**REPORTS:** These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser.

CUE Financial Group Inc. does not typically provide reports in addition to those provided by the independent registered investment adviser selected to manage the client's assets.

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

## CONSULTING SERVICES

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

**REPORTS:** These client accounts will receive reports as contracted for at the inception of the advisory engagement.

## Item 14 Client Referrals and Other Compensation

### CLIENT REFERRALS

It is CUE Financial Group Inc. currently does not engage solicitors or pay related or non-related persons for referring potential clients to our firm.

### OTHER COMPENSATION

It is CUE Financial Group Inc.'s policy not to offer incentive awards to our IA Reps for recommending specific products or types of products. Occasionally an outside sponsor such as an insurance company or investment company may offer our IA Reps such an award to recognize their sales achievements. CUE discourages our IA Reps from accepting such awards, and/or requires all such award offers to be reported to and pre-approved by the Chief Compliance Officer.

*Conflict of Interest:* While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of our IA Reps receiving incentive awards creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

## Item 15 Custody

Our firm does not have actual or constructive custody of client accounts or assets.

We previously disclosed in the "Fees and Compensation" section (**Item 5**) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, CUE advises the custodian of the amount of the fee to be deducted from that client's account. CUE expects that trade confirmations and periodic account statements will be provided directly to the Client by the clearing firm/custodian, at least on a quarterly basis, and that at minimum will reflect balances, transactions, deposits, and withdrawals including fee withdrawals.

It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the statements and confirmations of transactions that clients receive from the clearing firm/custodian, we provide periodic reports summarizing account performance, balances and holdings.

**You are urged to compare the account statements you receive from the custodian with those you may receive from CUE.**

## Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary services agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

**Item 17 Voting Client Securities**

CUE does not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

**Item 18 Financial Information**

As an advisory firm that maintains discretionary investment authority, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations.

CUE Financial Group Inc. has no additional financial circumstances to report.

1. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.
2. CUE Financial Group Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.