



**Item 1 – Cover Page**

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This brochure contains information about the qualifications and business practices of CG Capital Management LLC (“CGCM”, “us”, “we”, “our”). If you (“client”, “your”) have any questions about the contents of this brochure, please contact us at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. CGCM’s IARD firm number is 283988.

We are a registered investment adviser. Our registration as an investment adviser also does not imply any level of skill or qualification. Additional information about CG Capital Management LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select “Firm” and type in our firm name). The results will provide you with both Parts 1 and 2 of our Form ADV.

## Item 2 – Material Changes

The only material information to report since our annual filing of the Form ADV Part 2 or “Disclosure Brochure” dated March 2017 is that the firm is no longer eligible for SEC registration and will convert to a state registered adviser. We also made updates to Items 4, and 19.

1. In future filings, this section of the Disclosure Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).
2. We may, at any time, update this Disclosure Brochure and send to you an updated copy including a summary of material changes, or a summary of material changes that includes an offer to send you a copy [either by electronic means (email) or in hard copy form].
3. If you would like another copy of this Disclosure Brochure, please download it from the SEC website as indicated above or you may contact our Chief Compliance Officer, David W. House at the telephone number listed on the cover page or via email at [dhouse@cgcapitalmarkets.com](mailto:dhouse@cgcapitalmarkets.com).

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## **Item 4 – Advisory Business**

### **Company Overview**

CG Capital Management LLC is a Limited Liability Company formed under the laws of the State of Delaware since September 13, 2015. We have filed our application to register as an investment adviser with the States of Florida and New York in order to provide the investment advisory services as described within this document. CGCM is 100% owned by CG Capital Markets Holdings, LLC which is majority owned by Frellum, LLC. Frellum, LLC's principal owners are Mr. Theo Muller and Mr. Walter Muller. As a new investment adviser, we have no assets under management.

This Disclosure Brochure provides you with information regarding our qualifications, business practices, and the nature of advisory services that should be considered before becoming our advisory client. Please contact David W. House, Chief Compliance Officer if you have any questions about this Disclosure Brochure.

Individuals associated with our firm who are qualified will provide investment advisory services on our behalf. Such individuals are known as Investment Advisor Representatives ("IARs"). We require IARs engaged in determining or offering investment advice to clients to be properly licensed and registered in the states, unless exempted, in which they provide investment advisory services.

Below is a description of the investment advisory services we offer. For more detail on any product or service please reference your client agreement or contact your IAR.

### **Advisory Services**

We provide discretionary and non-discretionary advisory services, which may include asset allocation planning, external manager selection, and general wealth consulting, to individuals and organizations. We offer customized services such as the following:

- ❖ Asset allocation services that take into account investment objectives, risk tolerance, and investment time horizon;
- ❖ Oversight of Separately Managed Account ("SMAs") portfolios managed by other Sub-Advisors, mutual funds, or a combination of these in both taxable and tax-deferred accounts;
- ❖ Development and/or execution of individual or multi-generational investment policies, asset management, and income distribution plans; and
- ❖ Management of retirement, profit sharing and deferred compensation plans.

### Tailored Services

During our initial consultation(s), your IAR will ask a comprehensive series of questions about your financial condition, priorities and concerns. Based upon these consultations, we will then work to create either a formal investment policy statement or informal agreed upon investment objectives to serve as the primary point of reference to ensure that your objectives are clearly defined. We review your financial condition with you on an ongoing basis, modifying it as necessary to accommodate changes to your long-term goals and objectives.

Your portfolio can be customized to suit your investment needs and goals. You have the option of imposing reasonable investment restrictions on certain securities, industries, sectors or asset classes by providing us with written instructions when you open your advisory account, or at any time thereafter. However, such restrictions may affect the composition and performance of your portfolio. For these reasons, performance of the portfolio may not be identical with our average client.

### Financial Planning & Consulting Services

For a separate fee, CGCM makes available a variety of financial planning services. The scope of the services and the fees for these services is pursuant to a written financial planning agreement that is distinct from the investment advisory agreement. Generally, such financial planning services will involve preparing a written financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas:

1. Accumulation - an analysis based on the estimated rate of return on investments and the estimated long-term inflation rate of the lump-sum and/or periodic dollar commitment necessary to meet stated financial goals.
2. Financial Independence (Retirement) - an analysis of the lump-sum and/or periodic dollar commitment necessary to meet stated financial goals during retirement taking into consideration the client's assets and liabilities, projected social security, pension or other retirement benefits and desired level of income at retirement.
3. Investments - an analysis of appropriate investments, and appropriate adjustments to existing investments, based upon the client's description of their primary investment concerns, needs, goals and objectives. This analysis does not include ongoing management or monitoring of investments or portfolios.

4. Risk Management - an analysis of the client's insurance needs and coverages, taking into account the client's accumulation goals, assets and liabilities, sources of income, and income needs for the client's beneficiary upon death or disability.
5. Estate Planning - an analysis of estate settlement costs, which include taxation and administrative costs and an evaluation of estate reduction and tax payment techniques. It involves discussion of gifts, trusts, and estate planning documents. Analyses are subject to verification by the client's own estate planning expert.
6. Income Taxes - an analysis of the client's tax situation that is based on a general understanding of current tax laws. Analyses are subject to verification by the client's own tax expert.
7. Miscellaneous Advisory Services - hourly fees may be charged for an annual review of a financial plan or for specific advice regarding implementation of the planning topic(s) selected above, investment techniques and investments in specific securities, insurance products, and other investment vehicles or specific advice.

The plan or separate financial consultation will usually include general recommendations for a course of activity or specific actions to be taken by the client. Plans or consultations are typically completed within six (6) months of contract date, assuming all information and documents requested are provided promptly.

CGCM's financial planning services involve assessment of the client's financial situation, including an analysis of financial planning needs and current investment portfolio. The information provided by the client is examined in relation to long and short-term investment objectives, specific client needs as perceived by CGCM, market conditions and general economic conditions. The advice includes specific recommendations regarding long and short term financial planning and recommendations regarding the retention or disposition of the client's securities and other investments.

Prior to engaging CGCM to provide financial planning or consulting services, clients will generally be required to enter into a Financial Planning Agreement that sets forth the terms and conditions of the engagement, describes the scope of the services to be provided and the portion of the fee that is due from the client prior to CGCM commencing services. If requested, CGCM may recommend the services of other professionals for implementation purposes. Clients are under no obligation to engage the services of any such recommended professional. Clients retain absolute discretion over all such implementation decisions and are free to accept or reject any

recommendation. Moreover, clients are advised that they have the responsibility to promptly notify CGCM if there are ever any changes in their financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

### Wrap Account

CGCM may provide management services under a “wrap fee” structure, but CGCM does not perform portfolio management services as part of other sponsors’ wrap fee programs. Clients participating in a wrap fee arrangement pay a single fee for advisory, brokerage and custodial services, of which CGCM and our IARs receive a portion for our services. Clients’ portfolio transactions may be executed without commission charge in a wrap fee arrangement. CGCM IARs manage accounts similarly whether structured as a wrap account or not. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged, the amount of portfolio activity in the client’s account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

## **Item 5 – Fees and Compensation**

### Investment Advisory Services (Non-Wrap)

#### Fee Schedule

The annual fee charged for all advisory services will be a percentage of assets under management. The fees will be as follow:

<b>Market Value of Assets</b>	<b>Annual Fee</b>
First \$500,000	1.50%
Next \$500,000	1.25%
Next \$1,000,000	1.00%
Next \$2,000,000	0.75%
Next \$5,000,000	0.50%

CGCM will quote an exact percentage to each of you based upon both the nature of the advisory services and dollar value of the account. There is no minimum account size and fees are negotiable. You will be invoiced in advance at the beginning of each quarter based upon the month end values (market value or fair market value in the

absence of market value, plus any credit balance or minus any debit balance). The quarterly fee is based on the quarter end account balance as calculated by the custodian.

Fees paid to CGCM in non-wrap accounts are exclusive of all custodial and transaction costs paid to the client's custodian, brokers or other third-party consultants. Please see Item 12 - Brokerage Practices for additional information.

### **Financial Planning & Consulting Services**

Fees are dependent upon the scope of work performed. A fixed fee quoted for a plan based on the anticipated work typically ranges from \$1,000 to \$10,000. An hourly fee may range from \$100 to \$250 per hour for specified projects outside of a full financial plan. In any case, fees are negotiable and specified in the planning agreement. Fees are paid upon delivery of the financial plan or other deliverable as defined in the agreement. All fees are negotiable.

Our consulting and support services are provided generally based upon our professional hourly rates ranging from \$80 to \$150 per hour based upon the nature and complexity of our services and our professionals providing the client services. These services may also be provided on a flat fee basis as determined and agreed upon with a client on a case-by-case basis. All fees are negotiable.

### **Wrap Accounts**

Fees charged to clients in wrap fee programs are set forth in the wrap fee brochure (Form ADV Part 2, Appendix 1), which will be delivered to clients by your IAR at the start of the client relationship. Wrap fee programs in which we currently participate are identified in our Form ADV Part 1A, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Payment of Fees**

As stated above, your accounts shall be charged a quarterly investment advisory fee based on the net value of the assets in the account on the last business day of the prior quarter. The fee shall be payable quarterly, in advance, upon deposit of any funds or securities in the account. The first payment is due upon opening of the account and shall be based upon the opening market value of the assets in the account on that date. The first payment shall be prorated to cover the period from the date the account is opened through the end of the next full calendar quarter. Thereafter, the fee shall be calculated based on the account value on the last business day of the preceding calendar quarter and shall be due the following business day. Client can authorize

CGCM to invoice the client directly or to have their fees directly debited from the custodian.

### Other Fees

Generally, fees for investment advisory accounts are based on a percentage of the market value of assets under management including cash. Fees paid to CGCM are separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The advisory fee also does not cover debit balances or related margin interest or SEC fees or other fees or taxes required by law. The client should review all fees charged by funds, brokers, CGCM and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

### Termination of Contracts

The agreement may be terminated by either party upon written notification. Notification must be received in writing no less than 30 days prior to the date of termination. Cancellation fees may apply, and refunds may also be available depending on the circumstances. Fees paid in advance will be prorated to the date of termination, and any unearned portion of the fee will be refunded to the client as determined in accordance with the terms of the agreement. Any refunds due to the client shall be made as soon as possible from receipt of notice of termination, but no more than 60 days.

Detailed information on the termination terms and fees can be found in the applicable agreement.

### Other General Information

We will deliver our Form ADV Part 2 to you before or at the time we enter into an investment advisory contract with you. If the appropriate disclosure brochure was not delivered to you at least 48 hours prior to you entering into any written or oral advisory contract with us, then you have the right to terminate the contract without penalty within five (5) business days after the date of execution

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

We do not charge advisory fees on a share of the capital gains or capital appreciation of the funds or securities in a client account (so-called performance based fees). Our compensation structure is disclosed in detail in CGCM's wrap fee brochure.

## **Item 7 – Types of Clients**

We provide advisory services to retail investors including high net worth individuals. We do not impose a minimum account value or other conditions for starting or maintaining an account.

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

### **Method of Analysis (Investment Process)**

In determining the investment advice to give to you, we will employ fundamental, charting, technical and cyclical methods of investment analysis. The main sources of information we use are financial newspapers and magazines, research materials prepared by others, annual reports/prospectuses/filings with the Securities and Exchange Commission, and company press releases.

We will utilize a fundamental analysis in determining the investment advice to give to you in which we will analyze the financial statements and health of a business, its management and competitive advantages, and its competitors and markets but usually focusing on growth or value (or sometimes a combination of both) to determine if such security meets the clients' needs and objectives. We will take into consideration when making investment decisions the stages of the business during a given point in time. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security. Charting is also called technical analysis, which is the study of market action, using charts, to forecast future price direction.

Technical analysis involves the evaluation of historical market data such as price and volume of a particular security or investment instrument. Technical analysis often times involves the use of charts, graphs, and other tools to evaluate historical factors relating to the investment instrument and perhaps the market as a whole. The goal of technical analysis is to try to identify historical trading patterns that suggest future trading activity or price targets. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that we will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company that we are recommending. The risks with cyclical analysis are similar to those of technical analysis.

### Investment Strategies (Ongoing Management)

Your investment portfolio will be tailored to help you accomplish your unique financial goals and objectives. After developing a thorough understanding of your risk tolerance and short and long-term goals, we will work together to create a customized investment portfolio specifically designed for you. You have the opportunity to place reasonable restrictions or constraints on the way your account is managed. However, such restrictions may affect the composition and performance of your portfolio. For these reasons, performance of the portfolio may not be identical with our average client.

We will discuss and evaluate goals, risk tolerance, tax considerations and time horizon. We will then determine the asset allocation and recommend specific strategies and securities. We will establish the appropriate accounts, complete funding of accounts and execute initial portfolio trades. Finally, we will evaluate performance, provide ongoing due diligence of investment positions, rebalance portfolio and manage tax efficiency.

We provide advice on a variety of securities, including but not limited to, equities, bonds, certificates of deposit (CDs), municipal securities, mutual funds, and exchange traded funds. The selection and use of these investment alternatives may depend on your financial situation. We will rebalance your portfolio periodically to control risk, take profits and enhance tax efficiency. We will reduce or eliminate positions due to lack of performance, to reduce concentrations in a security or sector of the market, to achieve certain tax benefits, to capture profits and to tactically re-allocate holdings.

### Risk of Loss, Disclosures and other important information

There are inherent risks involved for each investment strategy or method of analysis we use and the particular type of security we recommend. Investing in securities involves risk of loss which you should be prepared to bear. Depending on the types of securities we invest in, you may face the following investment risks:

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Margin and Use of Leverage:** CGCM, with the client's consent, may open client accounts as margin accounts and if we elect to use margin, such use can magnify risk to client's accounts. Use of margin should be discussed with your IAR. Separately managed accounts wishing to use margin are required to complete a margin agreement.

**Mutual Funds Risk:** Mutual funds are subject to investment advisory and other expenses, which will be indirectly paid by clients. As a result, the cost of our investment strategies will be higher than the cost of investing directly in mutual funds, as there are two levels of fees. Mutual funds are subject to specific risks, depending on the nature of the fund.

**Growth Style Risks:** Due to their relatively high valuations, growth stocks are typically more volatile than value stocks. Further, growth stocks may not pay dividends or may pay lower dividends than value stocks. This means they depend more on price changes for returns and may be more adversely affected in a down market compared to value stocks that pay higher dividends.

**Value Style Risks:** Investments in value stocks are subject to the risk that their intrinsic values may never be realized by the market, that a stock judged to be undervalued may actually be appropriately priced, or that their prices may decline, even though in theory they are already undervalued. Value stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks (e.g., growth stocks).

**Company Size Risks:** Generally, the smaller the market capitalization of a company, the fewer the number of shares traded daily, the less liquid its stock and the more

volatile its price. Companies with smaller market capitalizations also tend to have unproven track records. These factors also increase risks and make these companies more likely to fail than companies with larger market capitalizations.

**Foreign Investing Risks:** Investments in foreign companies and markets carry a number of economic, financial and political considerations that are not associated with the U.S. markets and that could unfavorably affect account performance. Among those risks are greater price volatility; weak supervision and regulation of securities exchanges, brokers and issuers; higher brokerage costs; fluctuations in foreign currency exchange rates and related conversion costs; adverse tax consequences; and settlement delays.

**Fixed Income Securities:** Client accounts with all or a portion of the underlying assets invested in fixed income securities and/or fixed-income based mutual funds are subject to the following risks:

**Interest Rate Risks:** Prices of fixed income securities rise and fall in response to changes in the interest rate paid by similar securities. Generally, when interest rates rise, prices of fixed income securities fall. Interest rate changes have a greater effect on the price of fixed income securities with longer maturities.

**Credit Risks:** Credit risk is the possibility that an issuer or counterparty will default on a security or repurchase agreement by failing to pay interest or principal when due. If an issuer defaults, the value of a fixed income security may decrease and a fund holding securities of that issuer may lose money. Lower credit ratings correspond to higher credit risk. Bonds rated BBB or Baa have speculative characteristics.

**Call Risks:** If the fixed income securities in which a fund invests are redeemed by the issuer before maturity (or “called”), the fund may have to reinvest the proceeds in securities that pay a lower interest rate, which may decrease the portfolio’s overall yield. This will most likely happen when interest rates are declining.

**Liquidity Risks:** Liquidity risk refers to the possibility that an investor may not be able to sell or buy a security or close out an investment contract at a favorable price or time. Consequently, an investor, including a fund invested in fixed income securities, may have to accept a lower price to sell a security, sell other securities to raise cash or give up an investment opportunity, any of which could have a negative effect on investment performance. Infrequent trading of securities also may lead to an increase in their price volatility.

**Government Obligations Risks:** No assurance can be given that the United States government will provide financial support to United States government-sponsored agencies or instrumentalities where it is not obligated to do so by law. As a result, there is risk that these entities will default on a financial obligation.

**High Yield Securities Risks:** High yield securities tend to be more sensitive to economic conditions than are higher-rated securities and generally involve more credit risk than securities in the higher-rated categories. The risk of loss due to default by an issuer of high yield securities is significantly greater than issuers of higher-rated securities because such securities are generally unsecured and are often subordinated to other creditors. A fund may have difficulty disposing of certain high yield securities because there may be a thin trading market for such securities.

**Municipal Securities Risks:** Certain types of municipal bonds are subject to risks based on many factors, including economic and regulatory developments, changes or proposed changes in the federal and state tax structure, deregulation, court rulings and other factors. The value of municipal securities may be affected more by supply and demand factors or the creditworthiness of the issuer than by market interest rates. Repayment of municipal securities depends on the ability of the issuer or project backing such securities to generate taxes or revenues. There is a risk that the interest on an otherwise tax-exempt municipal security may be subject to federal income tax.

The above list of risk factors does not purport to be a complete list or explanation of the risks involved in an investment strategy. You are encouraged to consult your IAR and tax professional on an initial and continuous basis in connection with selecting and engaging in the services provided by us. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed above.

## **Item 9 – Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item to report. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a relationship, or to continue a relationship with us.

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

CGCM is an independently managed entity that is affiliated with other registered and non-registered entities that provide financial services. While CGCM may share certain resources and relationships with its affiliates, it is a separate legal entity and manages its investment advisory services separate from the services provided by its affiliates. CGCM's relationships with its affiliates are detailed below.

**CG Capital Markets Holdings, LLC** - This is a holding company organized in Delaware that was formed to own and hold financial services company. It is the 100 percent owner of CG Capital Markets, LLC and the 100 percent owner of CGCM.

**CG Capital Markets, LLC** - CG Capital Markets, LLC is a registered with FINRA and the SEC as a broker-dealer. CG Capital Markets, LLC is a significant participant in the primary and secondary markets for Structured Notes and certain data used in creating pricing information to subscribers.

**CG Capital Partners, LLC** - This is a company that was formed to invest in and own financial services companies. It has a 17 percent ownership of CG Capital Markets Holdings, LLC.

**Frellum LLC** - This is an LLC owned by Theo, Catherine, and Walter Muller. Frellum is a holding company for Theo Muller's investments. Frellum owns 77% of CG Capital Markets Holdings, LLC.

**Big Fox** - An LLC owned by Sean Rice. This is used for his personal investments. Big Fox has a 14.25 percent ownership of CG Capital Partners, LLC and a 3 percent ownership of CG Capital Markets Holdings, LLC.

**Capital Group Investments PTE** - This is a Singaporean entity that was formed to acquire a stake in CG Capital Partners, LLC. Capital Group Investments PTE has a 71.5 percent ownership of CG Capital Partners, LLC.

**Sharp Ventures LLC** - An LLC equally owned by Armand Pastine and Sadhvee Hansraj. Sharp Ventures LLC is used as the owner of record for Messrs. Pastine's and Hansraj's personal investments. Sharp Ventures LLC owns 14.25 percent stake of CG Capital Partners, LLC and a 3 percent ownership of CG Capital Markets Holdings, LLC.

Certain of our supervised persons are registered representatives of CG Capital Markets, LLC. These individuals may suggest that clients utilize the services of CG Capital Markets, LLC. If the client chooses to do so, this would present a conflict of interest to

the extent that registered representatives could receive additional compensation. CGCM has implemented a compliance program to address this conflict and customer accounts are periodically reviewed for adherence to client investment objectives.

### **Third-Party Money Managers**

CGCM has developed programs, previously described in Items 4 and 5 of this disclosure brochure, designed to allow us to recommend and select third-party money managers for you. Once you select the third-party money manager to manage all or a portion of your assets, the third-party money manager will pay us a portion of the fees you are charged. Please refer to Items 4 and 5 (or applicable Wrap Brochures) for full details regarding the programs and fees when CGCM selects other investment advisers. Because CGCM receives a portion of the advisory fee from these third parties, CGCM IARs have an incentive to recommend such advisors. However, CGCM has developed and implemented policies and procedures to conduct due diligence on such advisors and to monitor client accounts for adherence to investment objectives that help mitigate any potential conflicts.

## **Item 11 – Code of Ethics, Participation or Interest in Client**

### **Code of Ethics**

The Code of Ethics adopted and implemented by CGCM applies to the activities of our Company. All employees of CGCM are subject to this Code of Ethics. In carrying on its daily affairs, CGCM and all of our supervised persons<sup>1</sup> shall act in a fair, lawful and ethical manner, in accordance with the rules and regulations imposed by our governing regulatory authority. The Code of Ethics sets forth standards of conduct and requires compliance with applicable state and federal securities laws. Our Code of Ethics also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to our Chief Compliance Officer.

We have created a Code of Ethics which establishes standards and procedures for the detection and prevention of certain conflicts of interest including activities by which persons having knowledge of the investments and investment intentions of CGCM, its affiliates or clients, might take advantage of that knowledge for their own benefit. CGCM

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<sup>1</sup> Supervised person means any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser.

has in place Ethics Rules (the “Rules”), which are comprised of the Code of Ethics and Insider Trading policies and procedures. The Rules are designed to ensure that CGCM’s personnel (i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; (ii) at all times place the interests of CGCM’s clients first; (iii) disclose all actual or potential conflicts; (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to its clients; (v) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading. The Rules also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of the Rules, CGCM’s personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Rules.

We will provide you a copy of our Code of Ethics upon request. To request a copy, you can contact us at the address or telephone number on the cover page of this brochure, Attn: Chief Compliance Officer.

### Personal Trading

Under the Code, CGCM’s personnel are required to conduct their personal investment activities in a manner that CGCM believes is not detrimental to its advisory clients. As discussed above, CGCM personnel must conduct all personal trading in such a manner to avoid any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

CGCM and/or its employees may buy, sell or hold securities it also recommends to clients, subject to the requirements of its internal policies and procedures. CGCM’s policies are based on the principle that CGCM and its employees have a fiduciary duty to place the interests of clients ahead of their own interests. To the extent not prohibited by its policies, CGCM and/or its employees may hold, acquire, increase, decrease or dispose of securities or other interests at or about the same time that CGCM is purchasing or selling the same securities or interests for an advisory account. CGCM may manage discretionary accounts on behalf of its owners, employees, and family members.

CGCM has created and implemented internal controls to monitor client account activity and proper allocation of investment opportunities, based on each client's stated investment objectives and risk tolerance, to address these conflicts.

### Participation or Interest in Client Transactions

CGCM, with appropriate disclosure and the client's written consent, may effect transactions for a client in which it acts as broker for both that client and the other party to the transaction and earns a transaction fee on the trade from that other party. CGCM will do so only to the extent consistent with its duty to obtain best execution for the client and with appropriate client consent, as specified in section 206(3) of the Advisers Act. Client is deemed to have granted consent if notification of each transaction is made and client fails to notify CGCM of client's denial of consent before the completion of the transaction. Clients may revoke consent to engage in such transactions at any time by written notice to CGCM. When CGCM engages in an agency transaction on behalf of a client, it is primarily the incentive to earn additional compensation that creates the adviser's conflict of interest. CGCM has developed policies and procedures which address such conflicts of interest and any agency transaction will be effected in accordance with fiduciary requirements, applicable law, and internal policy.

As mentioned in Item 10, CGCM has an affiliated broker-dealer registered with FINRA and various regulatory agencies to provide services as a Broker/Dealer. IARs of CGCM, in their capacities as Registered Representatives of the broker-dealer, may recommend those broker-dealer services to clients who have or are utilizing CGCM's advisory services. Clients are free to implement any recommendations through any firm. Clients are under no obligation to purchase or sell securities through CGCM's affiliated broker-dealer. However, if they choose to do so, commissions may be earned which may be higher or lower than commission rates found at other Broker/Dealers. In this capacity, the broker-dealer may be compensated with fees and/or commissions.

CGCM's affiliated broker-dealer may participate in principal transaction or act as an underwriter. CGCM's IARs may also recommend to clients the purchase of securities underwritten by its affiliated broker-dealer (including offerings in which CGCM's affiliated broker dealer is part of the "selling group") when it is deemed to be in the client's best interest. Such a transaction may be deemed a principal transaction. However, CGCM will not act as principal in a transaction without providing written disclosure to the client, as specified in Section 206(3) of the Advisers Act, in which CGCM is acting before completion of the transaction, and obtaining client written consent to each transaction. CGCM will do so only to the extent consistent with its duty to obtain best execution for the client and with appropriate client consent. Client may revoke consent to engage in such transactions at any time by notifying us in writing.

There may be potential conflicts of interest or regulatory issues relating to these transactions which could limit CGCM's decision to engage in these transactions for accounts. Principal transactions create the potential for advisers to engage in self-dealing. When an adviser engages in a principal transaction on behalf of a client, it is primarily the incentive to earn additional compensation that creates the adviser's conflict of interest. CGCM has developed policies and procedures which address such conflicts of interest and any principal transaction will be effected in accordance with fiduciary requirements, applicable law, and internal policy.

### **Donations to Charities**

From time to time, CGCM may donate to charitable organizations that are affiliated with clients, are supported by clients, and/or are supported by an individual employed by one of our clients. In general, such donations are made in response to requests from clients, or their personnel. Because CGCM's contributions may result in the recommendation of CGCM's or its products, such contributions may raise a potential conflict of interest. As a result, CGCM maintains procedures that generally limit the dollar amount and frequency of charitable contributions and requires that all contributions are made directly to the charitable organization (normally a 501(c)(3) organization). No contribution will be made if the contribution implies that continued or future business with CGCM depends on making such contribution.

## **Item 12 – Brokerage Practices**

### **Broker-Dealer/Custodian Recommendations**

In selecting or recommending a broker-dealer, CGCM will consider the value of research and additional brokerage products and services a broker-dealer has provided or will provide to our clients and us. CGCM may recommend or require that clients establish brokerage accounts with Pershing, LLC ("Pershing"), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for the client's account(s). CGCM receives benefits by selecting Pershing to execute client transactions, and the transaction fees charged by Pershing might not be the lowest fees CGCM might otherwise be able to negotiate. CGCM has not entered into a formal soft dollar arrangement, whereby, CGCM is required to direct a certain amount of transaction activity to Pershing for specific research or brokerage services, but certain services are available to CGCM at no charge to us so long as our clients' assets are maintained in accounts at Pershing.

Pershing's primary brokerage services include the execution of securities transactions,

custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. In addition, Pershing has negotiated with certain third party vendors for such vendors to offer advisors that custody at Pershing a discount for their services or Pershing may pay directly for such services on CGCM's behalf. Pershing makes available to CGCM other products and services that benefit CGCM, but may not directly benefit all of its clients' accounts, or may benefit accounts not maintained at Pershing. Pershing's products and services that assist CGCM in managing and administering clients' accounts may include, but not be limited to, software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of CGCM's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Pershing also offers other services intended to help CGCM manage and further develop its business enterprise. These services may include, but are not limited to: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Pershing may also provide other benefits such as educational events or occasional business entertainment of CGCM personnel.

In evaluating whether to recommend or require that clients custody their assets at Pershing, CGCM takes into account the availability of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Pershing. Clients should be aware that the receipt of such economic benefits by CGCM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence CGCM's choice of Pershing for custody and brokerage services. To address these potential conflicts of interest, CGCM has developed and implemented a Compliance Program, which includes a review of the services and execution quality we receive from Pershing.

### **Soft Dollar Benefits**

We do not have formal soft dollar arrangements.

### **Brokerage for Client Referrals**

We do not consider, in selecting or recommending broker-dealers, whether we or a related person receive client referrals from a broker-dealer or third party.

## Directed Brokerage

We do not have directed brokerage arrangements.

## Trade Aggregation

CGCM may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This method permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. It allows CGCM to execute trades in a timely, equitable manner, and may reduce overall costs to clients.

CGCM will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients, and is consistent with the terms of CGCM's Investment Advisory Agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all CGCM's transactions in a given security on a given business day. Transaction costs for participating accounts will be assessed at the custodian's commission rate applicable to each account; therefore, transaction costs may vary among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical.

CGCM will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will generally be allocated pro-rata, based on the Allocation Statement, or randomly in certain circumstances. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of CGCM. CGCM's books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as

practicable following the settlement, and CGCM will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

### **Administrative Trade Errors**

From time-to-time we may make an error in submitting a trade order on your behalf. Trading errors may include a number of situations, such as:

- The wrong security is bought or sold for a client;
- A security is bought instead of sold;
- A transaction is executed for the wrong account,
- Securities transactions are completed for a client that had a restriction on such security; or
- Securities are allocated to the wrong accounts.

When this occurs, we may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the corrective action, the gain will remain in your account unless it is legally not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If a loss occurs due to our administrative trade error, we are responsible and will pay for the loss to ensure that you are made whole.

Note: To limit the respective administrative expenses and burden of processing small trade errors, it should be noted some custodians (at their own discretion) may elect not to invoice us if the trade error involves a de minimis dollar amount (usually less than \$100). Generally, if related trade errors result in both gains and losses in your account, they may be netted.

## **Item 13 – Review of Accounts**

### **Account Reviews**

*Reviews:* On an annual basis, clients are provided with an annual account profile questionnaire reminding them of the importance of reviewing their financial plan and if needed to schedule an account review. At any time, you may schedule an appointment with your IAR to discuss account performance and changes to your financial plan. Changes in your personal or financial situation may require adjustments to your

financial plan. Material market events or changes in the client's personal situation may cause more frequent reviews.

The review covers evaluation of the account's asset allocation against the recommended allocation for that particular investment objective. The process also includes evaluation of the account's performance against benchmarks of similar investment objectives. Changes in an account holder's personal, tax, or financial status may trigger additional reviews as well as macroeconomic and company specific events.

*Reviewers:* At a minimum, your IAR will be reviewing your accounts.

### **Reports**

As part of our investment supervisory services, investment reports are provided to clients on a periodic basis typically after the end of every calendar quarter. In addition to quarterly reports, we also offer clients access to performance and appraisal reports. The nature of the report will be to review the portfolio detail and investment performance of the accounts under supervision.

Unless otherwise agreed upon, we will provide you with transaction confirmation notices and regular account statements directly from the broker-dealer or custodian for your accounts. This will provide you with information on your current account holdings, transactions and fees paid to us.

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

### **Client Referrals**

We do not have any arrangement under which we, or a related person, directly or indirectly compensate any person, who is not our supervised person, or receive compensation from another for client referrals.

### **Other Compensation**

We do not receive an economic benefit from a non-client for providing investment advice or other advisory services to our clients. However, our IARs may occasionally receive compensation from firms in which the client implements non-security transactions. In their capacities as registered representatives of CG Capital Markets, LLC, our IARs may also receive commissions or fees from CG Capital Markets, LLC or payments from certain mutual funds distributed pursuant to a 12b-1 distribution plan or other such plans as compensation for administrative services, representing a separate

financial interest. As such, a conflict of interest may exist with respect to recommendations to buy or sell such securities. In all cases, transactions are effected in the best interests of the client.

Refer to Items 5, 10, and 12 for additional details of our compensation structure as well as any other compensation our IARs may receive.

## **Item 15 – Custody**

We do not have custody of client funds or securities; however, upon written consent from you, we may have the authority to deduct the advisory fees directly from your account. The custodian will send to you, at least quarterly, an account statement identifying the amount of funds and each security in the account at the end of period and setting forth all transactions in the account during that period including the amount of advisory fees paid directly to us. You should carefully review those account statements you receive from the broker-dealer, bank or other qualified custodian. You should contact us directly if you believe that there may be an error in your statement.

## **Item 16 – Investment Discretion**

We do accept discretionary authority to manage securities accounts on your behalf. Specifically, we do have discretionary authority, when granted in the client investment advisory agreement, to determine which securities to buy or sell on your behalf, determine the amount of securities to be bought or sold on your behalf, the broker or dealer in which to execute such securities transactions, and determine what transaction fee rate shall be paid on your behalf.

In managing an investment portfolio, we act in a manner in keeping with what we understand and believe to be in your best interest. In making these buy and sell decisions, we follow general guidelines established by you which may include instructions to have CGCM refrain from purchasing certain securities. Any restrictions must be submitted to us in writing.

## **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

### **Proxy Voting**

We do not have, nor will we accept authorization to vote client securities. We will not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to you. You will receive their proxies or other solicitations directly from their custodian or a transfer agent. You should contact their custodian or a transfer agent with questions about a particular solicitation.

### **Class Actions**

From time to time, securities held in your portfolio may be the subject of class action litigation. The decision regarding whether to file a proof of claim in a class action settlement is a question involving legal judgment. We do not instruct or give advice to you on whether or not to participate as a member of class action lawsuits and will not automatically file claims on your behalf. If you request additional assistance, we will provide any transaction information pertaining to your account that may be helpful and/or needed in order for you or your custodian to file a proof of claim in a class action.

## **Item 18 – Financial Information**

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you given that we do not have custody of client funds or securities, or require or solicit prepayment of fees more than \$500 per client and six months or more in advance. In addition, we are not currently, nor at any time in the past ten years been the subject of a bankruptcy petition.

## **Item 19 – Requirements for State-Registered Advisers**

Each of our principal executive officer and management person that will provide their formal education and business background including any business in which they are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business in a separate disclosure, the Form ADV Part 2B Supplement.

We do not, nor do any of our supervised persons receive performance-based fees compensation for advisory services.

We do not, nor any of our management persons, have material facts regarding any legal, financial or other “disciplinary” item to report.

We do not, or any of our management persons, have any relationship or arrangement with any issuer of securities that is not listed in Item 10 of this Brochure.