

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

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This brochure provides information about the qualifications and business practices of CRF Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at 317-844-8077 or [curt@crfgroup.net](mailto:curt@crfgroup.net). 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.

Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

Additional information about CRF Financial Group is also 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 CRD number is 127388.

## **Item 2      Material Changes**

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure is our disclosure document prepared according to the SEC's requirements and rules. 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.

Since the time of our last amendment in January 2020, we have made changes to this brochure to improve clarity and readability and to more accurately reflect our business practices.

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## **Item 4      Advisory Business**

CRF Financial Group ("CRF", "firm", "we/us/our") is a corporation organized in the state of Indiana and an SEC-registered investment adviser with its principal place of business located in Indiana. CRF Financial Group, Inc. was incorporated on July 7, 2003.

Curt R. Fritsch is the firm's principal shareholder (i.e., those individuals and/or entities controlling 25% or more of this company).

CRF offers the following advisory services to our clients:

### **INVESTMENT ADVISORY SERVICES**

CRF offers portfolio management and investment advisory services to the HoosierFund ("fund", "fund's", "the fund"), a local government investment pool, whose participants are limited to Indiana state, local, government or quasi-governmental entities. The HoosierFund is a quasi-governmental entity created and structured in accordance with Indiana Statute IC 36-1-7-1 and managed pursuant to Indiana Code 5-13.

These services are provided on a non-discretionary basis. Investments conform to Indiana Code 5-13, and include short-term, high quality fixed income securities, U.S. Treasury and Agency securities, repurchase agreements, bank deposits and certificates of deposit.

### **ADMINISTRATIVE AND TRANSFER AGENCY SERVICES**

CRF provides administrative services to the HoosierFund, a local government investment pool, whose participants are limited to Indiana state, local, government or quasi-governmental entities. Services provided include maintenance of participant records, transactions, account balances and money movements made in accordance with client requests. CRF contracts with US Bank to provide transfer agency services.

### **FUND ACCOUNTING SERVICES**

CRF contracts with US Bank to provide fund accounting for the HoosierFund, which includes the daily accounting of assets, income earned and expenses to derive an NAV and daily dividend rate to be paid to HoosierFund participants. US Bank also provides various year-end annual reports in preparation for the annual audit.

As of 5/27/2020, CRF had non-discretionary assets under management in the amount of \$123,815,000.

## **Item 5      Fees and Compensation**

Account fees are calculated based on the current day's shares outstanding. To calculate the account fees, the current day's shares outstanding are multiplied by the applicable management fee and is then

divided by 365 days (366 days in leap years) to equal the daily accrual. For weekend days and holidays, the shares outstanding for the previous business day will be utilized for the calculation of the fees.

Account fees cover portfolio management, fund accounting costs, administrative, marketing and transfer agency services and some auxiliary expenses, which may include but are not limited to, legal, audit, and board expenses.

CRF charges a maximum management fee of .50% for the above services which is generally paid bi-monthly to CRF by the custodian. The fee schedule is set forth in the Interlocal Agreement, which all parties sign.

CRF does not accept pre-payment of fees or any compensation for the sale of securities or other investment products.

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

CRF does not charge performance-based fees.

## **Item 7 Types of Clients**

CRF provides advisory services to the HoosierFund, a local government investment pool, whose participants are limited to Indiana state, local, government and quasi-governmental entities.

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic, financial and other qualitative and quantitative factors.

***Technical Analysis.*** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the entities whose securities we recommend clients 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**

CRF manages the HoosierFund, a local government investment pool, whose participants are limited to Indiana state, local, government and quasi-governmental entities. The overall objectives of the

HoosierFund are to preserve capital while providing current income and daily liquidity and maintaining a \$1 net asset value. All investments must conform to Indiana Code 5-13. As such, short-term, high quality fixed income securities, U.S. Treasury and Agency securities, repurchase agreements, bank deposits and certificates of deposit are utilized due to their minimal credit and volatility risk.

### **MATERIAL RISKS INVOLVED**

**Market Risk:** Investing involves risks, including loss of principal, which clients should be prepared to bear. The value of securities and other investments may move up or down, sometimes rapidly and unpredictably. CRF's investment recommendations are subject to certain risks, and such decisions may not always be profitable. CRF does not guarantee returns or performance, and past performance is not a guarantee of future results.

The following is a summary of common risks associated with investing in fixed-income securities:

**Interest Rate Risk:** A bond's price and yield are inversely related; therefore it can decrease in value if interest rates rise. Generally, debt securities with longer maturities are more sensitive to interest rate changes than those with shorter maturities. In addition, short-term and long-term interest rates do not necessarily move in the same direction or by the same amount. Interest rate risk may change a bond's value due to a change in the absolute level in interest rates, the spread between two rates or a shift in the yield curve. The actual degree of a bond's sensitivity to changes in interest rates depend on various characteristics of the investment such as coupon and maturity. CRF utilizes short-term, high quality fixed income securities, U.S. Treasury and Agency securities, repurchase agreements, bank deposits and certificates of deposit due to reduce this risk with the objective of maintaining a constant \$1.00 net asset value in the HoosierFund.

**Issuer Risk/Credit Risk/Default Risk:** The issuer, guarantor or insurer of a fixed income security or the counterparty to a contract may be unable or unwilling to make timely principal and interest payments or to otherwise honor its obligations. Additionally, securities could lose value due to a loss of confidence in the ability of the issuer, grantor, insurer or counterparty to pay back debt, which can be affected by the issuer's management, ratings downgrade, financial leverage or reduced demand. The longer the maturity and lower the credit quality of an instrument, the more likely its value will decline as a result of a loss of confidence. CRF focuses on an issuer's financial condition to gauge its ability to make payments of interest and principal in a timely manner. Credit risk is also gauged by quality ratings organizations such as Moody's, Standard & Poor's and Fitch.

**Liquidity Risk:** The degree to which an investment can be sold at or near its fair market value. Liquidity can change without notice and without apparent reason. Illiquid investments may be difficult to value, and the sale of those for which no market exists or are thinly traded may be possible only at substantial discounts. CRF endeavors to reduce liquidity risk by evaluating the size of a bond's market, the frequency of trades, ease of valuation and issue size.

**Municipal Project-Specific Risk:** The risk of the portfolio being more sensitive to adverse economic, business or political developments if it is substantially invested in municipal bonds of similar projects (e.g. housing, transportation, utilities), industrial development bonds, or in bonds from issuers in a single state.

The market value of bonds will generally fluctuate inversely with interest rates and other market conditions prior to maturity and will equal par value at maturity. Interest rates for bonds may be fixed at the time of issuance; payment of principal and interest may be guaranteed by the issuer and, in the case of U.S. Treasury obligations, backed by the full faith and credit of the U.S. The market value of U.S. Treasury bonds will generally fluctuate more than U.S. Treasury bills, since U.S. Treasury bonds have longer maturities. U.S. Treasury Inflation Protected/Inflation Linked Bonds carry a minimal risk of losing share price value, but the default risk is low, as it is dependent on the U.S. Treasury defaulting on its obligations.

CRF generally seeks investments that do not involve significant or unusual risk beyond the scope of the domestic high-grade fixed income universe. CRF believes that the common risks involved with investing in fixed income securities as outlined above can be mitigated by prudent diversification of portfolio holdings.

## **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.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

CRF is registered as a Municipal Advisor. However, neither CRF nor its employees receive commissions or additional compensation as a result.

Neither our firm nor any of our related persons are engaged in other financial industry activities and have no other industry affiliations.

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

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

CRF 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.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. 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.

CRF's Code of Ethics further includes the firm's policy prohibiting the use 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.

CRF and individuals associated with our firm are prohibited from engaging in principal transactions and agency cross transactions.

CRF does not recommend the buying or selling of any security in which CRF or a related person has a material financial interest, nor do CRF or its related persons generally buy or sell securities recommended to the HoosierFund. CRF will monitor the personal trades of its related persons for conflicts of interest.

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 [curt@crfgroup.net](mailto:curt@crfgroup.net), or by calling us at 317-844-8077.

## **Item 12 Brokerage Practices**

As a fiduciary, CRF has an obligation to use its best efforts to seek to obtain the best available price and most favorable execution, given the circumstances, with respect to all portfolio transactions. This process is commonly referred to as "best execution." As part of our best execution process, CRF evaluates broker-dealers on a variety of criteria, including, but not limited to: (1) capital strength and stability, (2) execution capabilities, (3) trading expertise in fixed income securities, (4) inventory of fixed income securities, (5) liquidity, (6) any transaction costs, and (7) reliable and accurate communications and settlement capabilities. From the evaluation, CRF selects the qualifying brokers to be used for client transaction execution. To help ensure our firm is meeting our best execution obligations, CRF performs a periodic review of our trading practices and executions.

All trades are placed on behalf of our client, the HoosierFund; therefore, we do not aggregate or allocate orders or investment opportunities between the accounts of multiple clients.

CRF has engaged US Bank as custodian for the safekeeping of client assets. US Bank was chosen based on its relatively low fees and ability to perform required duties. The choice of custodian will be periodically reviewed by CRF.

CRF prohibits soft dollar arrangements and has never entered into such an arrangement. However, during the course of doing business, we may receive research, including unsolicited research from broker-dealers. This information is often the same material that is made available to all of their clients and publicly available on the internet. CRF has adopted written policies and procedures regarding trading brokerage selection and performs periodic reviews of all trading practices to ensure all transactions are executed in the client's best interest.

## **Item 13 Review of Accounts**

**REVIEWS:** CRF continually reviews and monitors the HoosierFund's holdings in accordance with its investment objectives.



**REPORTS:** As described above in Item 4: Advisory Business, we provide administrative services to the HoosierFund. Acting in that capacity, we have engaged US Bank to provide custody, fund accounting and transfer agency services. US Bank sends statements to all HoosierFund participants monthly.

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

CRF does not engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

CRF does not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15 Custody**

US Bank has physical custody of all HoosierFund assets and sends monthly statements to fund participants. Because of its activities as investment adviser to the HoosierFund, CRF is deemed to have custody over fund assets. An independent public accountant is engaged to perform annual audits of the fund's assets and the audited financial statements are distributed to HoosierFund investors.

## **Item 16 Investment Discretion**

As previously disclosed in Item 4 of this brochure, our firm manages client assets only on a non-discretionary basis.

## **Item 17 Voting Client Securities**

As a matter of firm policy, CRF will not ask for or accept voting authority for client securities. Further, the types of securities we recommended are non-equity securities, which usually do not have voting rights.

## **Item 18 Financial Information**

As an advisory firm that is deemed to have custody, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. CRF has no such financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

CRF has not been the subject of a bankruptcy petition at any time during the past ten years.