

Capstone Financial Group, Inc

Form ADV Part 2A – Disclosure Brochure

Effective: March 18, 2020

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Capstone Financial Group, Inc. (“CFG” or the “Advisor”). If you have any questions about the contents of this Disclosure Brochure, please contact the Advisor at (405) 848-4646.

CFG is a registered investment advisor with U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about CFG to assist you in determining whether to retain the Advisor.

Additional information about CFG and its Advisory Persons is available on the SEC’s website at www.adviserinfo.sec.gov by searching with the Advisor firm name or CRD# 299819.

Capstone Financial Group, Inc.
13919 Quail Pointe Drive
Oklahoma City, OK 73134
Phone: (405) 848-4646 * Fax: (405) 608-0839
www.capfinancial.com

Item 2 – Material Changes

Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about the Advisory Personnel of CFG. For convenience, the Advisor has combined these documents into a single disclosure document.

CFG believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide you with complete and accurate information at all times. CFG encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor.

Material Changes

The following material changes have been made to this Disclosure Brochure since the last filing and distribution to Clients:

- The Advisor has revised its Advisory Services to now offer wealth management and retirement plan services, please see Items 4 and 5 for more information.

Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching with the Advisor's firm name or CRD# 299819. You may also request a copy of this Disclosure Brochure at any time, by contacting the Advisor at (405) 848-4646.

Capstone Financial Group, Inc.

13919 Quail Pointe Drive, Oklahoma City, OK 73134
Phone: (405) 848-4646 * Fax: (405) 608-0839
www.capfinancial.com

Item 3 – Table of Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Advisory Services	4
A. Firm Information	4
B. Advisory Services Offered	4
C. Client Account Management	5
D. Wrap Fee Programs	6
E. Assets Under Management	6
Item 5 – Fees and Compensation.....	6
A. Fees for Advisory Services.....	6
B. Fee Billing.....	6
C. Other Fees and Expenses.....	7
D. Advance Payment of Fees and Termination	7
E. Compensation for Sales of Securities	7
Item 6 – Performance-Based Fees and Side-By-Side Management	8
Item 7 – Types of Clients	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	8
A. Methods of Analysis	8
B. Risk of Loss	9
Item 9 – Disciplinary Information	10
Item 10 – Other Financial Industry Activities and Affiliations	10
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	10
A. Code of Ethics	10
B. Personal Trading with Material Interest	11
C. Personal Trading in Same Securities as Clients	11
D. Personal Trading at Same Time as Client.....	11
Item 12 – Brokerage Practices	11
A. Recommendation of Custodian[s]	11
B. Aggregating and Allocating Trades	12
Item 13 – Review of Accounts	12
A. Frequency of Reviews	12
B. Causes for Reviews.....	12
C. Review Reports	12
Item 14 – Client Referrals and Other Compensation.....	12
A. Compensation Received by CFG	12
B. Client Referrals from Solicitors	13
Item 15 – Custody	13
Item 16 – Investment Discretion.....	13
Item 17 – Voting Client Securities	13
Item 18 – Financial Information	13
Privacy Policy	15
Form ADV Part 2B – Brochure Supplement.....	17

Item 4 – Advisory Services

A. Firm Information

Capstone Financial Group, Inc. (“CFG” or the “Advisor”) is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The Advisor is organized as a Corporation under the laws of the State of Oklahoma. CFG was founded in September 1995 and launched as a registered investment advisor in March 2019. CFG is owned and operated by Michael P. Dunham (President and Chief Compliance Officer). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by CFG.

B. Advisory Services Offered

CFG offers investment advisory services to individuals, high net worth individuals, corporations, pensions and profit-sharing plans (each referred to as a “Client”).

The Advisor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. CFG’s fiduciary commitment is further described in the Advisor’s Code of Ethics. For more information regarding the Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Wealth Management Services

CFG provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and related advisory services. CFG works closely with each Client to identify their investment goals and objectives, risk tolerance and financial situation in order to create a portfolio strategy. CFG will then construct an investment portfolio, primarily consisting of individual stocks, bonds, mutual funds, and exchange-trade funds (“ETFs”) to achieve the Client’s investment goals. The Advisor may retain certain types of investments based on a Client’s legacy portfolio construction.

CFG will select, recommend and/or retain mutual funds on a fund by fund basis. Due to specific custodial and/or mutual fund company constraints, material tax consideration, and/or systematic investment plans, CFG will select, recommend and/or retain a mutual fund share class that does not have trading costs, but do have higher internal expense ratios than institutional share classes. CFG will seek to select the lowest cost share class available that is in the best interest of each Client and will ensure the selection aligns with the Client’s financial objectives and stated investment guidelines.

CFG’s investment approach is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. CFG will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

CFG evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. CFG may recommend, on occasion, redistributing investment allocations to diversify the portfolio. CFG may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement. CFG may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client’s risk tolerance.

At no time will CFG accept or maintain custody of a Client’s funds or securities, except for the limited authority as outline in Item 15 – Custody. All Client assets will be managed within their designated account[s] at the Custodian, pursuant to the Client investment advisory agreement. Please see Item 12 – Brokerage Practices.

Financial Planning Services

CFG will typically provide a variety of financial planning and consulting services to Clients, pursuant to a written financial planning agreement. Services are offered in several areas of a Client's financial situation, depending on their goals and objectives.

Generally, such financial planning services involve preparing a formal financial plan or rendering a specific financial consultation based on the Client's financial goals and objectives. This planning or consulting may encompass one or more areas of need, including but not limited to, investment planning, retirement planning, personal savings, education savings, insurance needs and other areas of a Client's financial situation.

A financial plan developed for, or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs.

CFG may also refer Clients to an accountant, attorney or other specialists, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of the Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six (6) months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations poses a conflict between the interests of the Advisor and the interests of the Client. For example, the Advisor has an incentive to recommend that Clients engage the Advisor for investment management services or to increase the level of investment assets with the Advisor, as it would increase the amount of advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to implement the transaction through the Advisor.

Retirement Plan Advisory Services

CFG provides retirement plan advisory services on behalf of the retirement plans (each a "Plan") and the company (the "Plan Sponsor"). The Advisor's retirement plan advisory services are designed to assist the Plan Sponsor in meeting its fiduciary obligations to the Plan and its Plan Participants. Each engagement is customized to the needs of the Plan and Plan Sponsor. Services generally include:

- Vendor Analysis
- Plan Participant Enrollment and Education Tracking
- Investment Policy Statement ("IPS") Design and Monitoring
- Investment Management Services (ERISA 3(38))
- Performance Reporting
- Ongoing Investment Recommendation and Assistance
- ERISA 404(c) Assistance

These services are provided by CFG serving in the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of CFG's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Advisor reasonably expects under the engagement.

C. Client Account Management

Prior to engaging CFG to provide investment advisory services, each Client is required to enter into a written agreement with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

Capstone Financial Group, Inc.

13919 Quail Pointe Drive, Oklahoma City, OK 73134
Phone: (405) 848-4646 * Fax: (405) 608-0839
www.capfinancial.com

- Establishing an Investment Strategy – CFG, in connection with the Client, will develop a strategy that seeks to achieve the Client's goals and objectives.
- Asset Allocation – CFG will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction – CFG will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – CFG will provide investment management and ongoing oversight of the Client's investment portfolio.

D. Wrap Fee Programs

CFG does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by CFG.

E. Assets Under Management

As of December 31, 2019 CFG manages \$180,267,811 in Client assets, all of which are managed on a discretionary basis. Clients may request more current information at any time by contacting the Advisor.

Item 5 – Fees and Compensation

The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into a written agreement with the Advisor.

A. Fees for Advisory Services

Wealth Management Services

Investment advisory fees are paid monthly, in arrears, pursuant to the terms of the agreement. Investment advisory fees are based on the market value of assets under management at the end of the calendar month. Investment advisory fees range from 0.25% to 1.00% annually based on several factors, including: the complexity of the services to be provided, the level of assets to be managed, and the overall relationship with the Advisor. Relationships with multiple objectives, specific reporting requirements, portfolio restrictions and other complexities may be charged a higher fee.

The investment advisory fee in the first month of service is prorated from the inception date of the account[s] to the end of the first month. Fees may be negotiable at the sole discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with Advisor. All securities held in accounts managed by CFG will be independently valued by the designated Custodian. CFG will not have the authority or responsibility to value portfolio securities.

The Advisor's fee is exclusive of, and in addition to, brokerage fees, transaction fees, and other related costs and expenses, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs.

Retirement Plan Advisory Services

Fees for retirement plan advisory services are charged an annual asset-based fee of up to 1.00% and are billed in arrears, pursuant to the terms of the retirement plan advisory agreement. Retirement plan advisory fees are based on the market value of assets under management at the end of the prior month. Fees may be negotiable depending on the size and complexity of the Plan.

B. Fee Billing

Wealth Management Services

Investment advisory fees are calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the respective month end date. The amount due is calculated by applying the monthly rate (annual rate divided by 12) to the total assets under management with CFG at the end of each month. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting CFG to be paid directly from their account[s] held by the Custodian as part of the investment advisory agreement and separate account forms provided by the Custodian.

Retirement Plan Advisory Services

Retirement plan advisory fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the retirement plan advisory agreement.

C. Other Fees and Expenses

Clients may incur certain fees or charges imposed by third parties, other than CFG, in connection with investments made on behalf of the Client's account[s]. The Advisor's recommended Custodian does not charge securities transaction fees for ETF and equity trades in a Client's account, provided that the account meets the terms and conditions of the Custodian's brokerage requirements. However, the Custodian typically charges for mutual funds and other types of investments. The Client is responsible for all custody and securities execution fees charged by the Custodian. The fees charged by CFG are separate and distinct from these custody and execution fees.

In addition, all fees paid to CFG for investment advisory services are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client could invest in these products directly, without the services of CFG, but would not receive the services provided by CFG which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by CFG to fully understand the total fees to be paid. Additionally, as noted above, the Advisor will select share classes which do not have trading costs, but do have higher internal expense ratios than institutional share classes. Please refer to Item 12 – Brokerage Practices for additional information.

D. Advance Payment of Fees and Termination

Wealth Management Services

CFG is compensated for its services at the end of the month after investment advisory services are rendered. Either party may terminate the investment advisory agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the investment advisory agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Client's investment advisory agreement with the Advisor is non-transferable without the Client's prior consent.

Retirement Plan Advisory Services

CFG is compensated for its services at the end of the month after advisory services are rendered. Either party may terminate the retirement plan advisory agreement, at any time, by providing advance written notice to the other party. The Client shall be responsible for retirement plan advisory fees up to and including the effective date of termination. The Client's retirement plan advisory agreement with the Advisor is non-transferable without the Client's prior consent.

E. Compensation for Sales of Securities

CFG does not buy or sell securities to earn commissions and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

Insurance Agency Affiliations

Mr. Michael P. Dunham is also licensed as an independent insurance professional. As an independent insurance professional, Mr. Dunham will earn commission-based compensation for selling insurance products, including insurance products sold to Clients. Insurance commissions earned by Mr. Dunham are separate and in addition to advisory fees. This practice presents a conflict of interest because Mr. Dunham is providing investment advice on behalf of the Advisor and also an insurance agent. Mr. Dunham has an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on Clients needs. However, Clients are under no obligation, contractually or otherwise, to purchase insurance products through any Advisory Person affiliated with the Advisor. Please see Item 10 – Other Financial Industry Activities and Affiliations.

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

CFG does not charge performance-based fees for its investment advisory services. The fees charged by CFG are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client.

CFG does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

Item 7 – Types of Clients

CFG offers investment advisory services to individuals, high net worth individuals, corporations, pensions and profit-sharing plans. The amount of each type of Client is available on CFG's Form ADV Part 1A. CFG generally does not impose a minimum relationship size.

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

A. Methods of Analysis

CFG primarily employs fundamental, technical, and cyclical analysis methods in developing investment strategies for its Clients. Research and analysis from CFG is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

Fundamental

Fundamental analysis utilizes economic and business indicators as investment selection criteria. This criteria consists generally of ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

Technical

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the fundamentals of the company. 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 CFG will be able to accurately predict such a reoccurrence.

Capstone Financial Group, Inc.

13919 Quail Pointe Drive, Oklahoma City, OK 73134
Phone: (405) 848-4646 * Fax: (405) 608-0839
www.capfinancial.com

Cyclical

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 CFG is recommending. The risks with cyclical analysis are similar to those of technical analysis.

As noted above, CFG generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. CFG will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, CFG may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

B. Risk of Loss

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. CFG will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. The following are some of the risks associated with certain components of the Advisor's investment approach:

Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

ETF Risks

The performance of ETFs are subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

Bond Risks

Bonds are subject to specific risks, including the following: (1) interest rate risks, i.e. the risk that bond prices will fall if interest rates rise, and vice versa, the risk depends on two things, the bond's time to maturity, and the coupon rate of the bond. (2) re-investment risk, i.e. the risk that any profit gained must be reinvested at a lower

Capstone Financial Group, Inc.

13919 Quail Pointe Drive, Oklahoma City, OK 73134

Phone: (405) 848-4646 * Fax: (405) 608-0839

www.capfinancial.com

rate than was previously being earned, (3) inflation risk, i.e. the risk that the cost of living and inflation increase at a rate that exceeds the income investment thereby decreasing the investor's rate of return, (4) credit default risk, i.e. the risk associated with purchasing a debt instrument which includes the possibility of the company defaulting on its repayment obligation, (5) rating downgrades, i.e. the risk associated with a rating agency's downgrade of the company's rating which impacts the investor's confidence in the company's ability to repay its debt and (6) Liquidity Risks, i.e. the risk that a bond may not be sold as quickly as there is no readily available market for the bond.

Mutual Fund Risks

The performance of mutual funds are subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.

Item 9 – Disciplinary Information

Securities laws require an advisor to disclose any instances where the Advisor or its Advisory Persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices.

In 2010, Mr. Dunham entered into an Acceptance, Waiver and Consent (AWC) with FINRA. Without admitting or denying findings, Mr. Dunham consented to a \$10,000 fine and a 20-day suspension from associating with any Member firm from to May 3, 2010 through May 28, 2010. Additional details may be found on the IAPD by searching with Michael P. Dunham or using his individual CRD#1214230.

Item 10 – Other Financial Industry Activities and Affiliations

Insurance Agency Affiliations

As noted in Item 5, Mr. Dunham is also a licensed insurance professional. Implementations of insurance recommendations are separate and apart from Mr. Dunham's role with CFG. As an insurance professional, Mr. Dunham will receive customary commissions and other related revenues from the various insurance companies whose products are sold. Mr. Dunham is not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This practice presents a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by Mr. Dunham or the Advisor.

Capstone Retirement Services, LLC

Mr. Dunham is a 50% owner of Capstone Retirement Services, LLC ("CRS"). CRS offers third party administrator ("TPA") services. This presents a conflict as Mr. Dunham may benefit from additional revenues generated from CRS. Clients of CFG are not obligated to engage CRS for TPA or related services.

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

A. Code of Ethics

CFG has implemented a Code of Ethics (the "Code") that defines the Advisor's fiduciary commitment to each Client. This Code applies to all persons associated with CFG ("Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor's duties to the Client. CFG and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of CFG's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general

principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code, please contact the Advisor at (405) 848-4646.

B. Personal Trading with Material Interest

CFG allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. CFG does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. CFG does not have a material interest in any securities traded in Client accounts.

C. Personal Trading in Same Securities as Clients

CFG allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through policies and procedures. As noted above, the Advisor adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by CFG requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO") or delegate. CFG has also adopted written policies and procedures to detect the misuse of material, non-public information.

D. Personal Trading at Same Time as Client

While CFG allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterward. **At no time will CFG, or any Supervised Person of CFG, transact in any security to the detriment of any Client.**

Item 12 – Brokerage Practices

A. Recommendation of Custodian[s]

CFG does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize CFG to direct trades to this Custodian as agreed in the investment advisory agreement. Further, CFG does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Where CFG does not exercise discretion over the selection of the Custodian, it may recommend the Custodian[s] to Clients for custody and execution services. Clients are not obligated to use the recommended Custodian and will not incur any extra fee or cost associated with using a custodian not recommended by CFG. However, the Advisor may be limited in the services it can provide if the recommended Custodian is not engaged. CFG may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and location of the Custodian's offices. CFG will generally recommend that Clients establish their account[s] at Charles Schwab & Co., Inc ("Schwab"), a FINRA-registered broker-dealer and member SIPC. Schwab will serve as the Client's "qualified custodian". CFG maintains an institutional relationship with Schwab, whereby the Advisor receives economic benefits from Schwab. Please see Item 14 below.

Following are additional details regarding the brokerage practices of the Advisor:

1. Soft Dollars - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with the broker/dealers/custodians in exchange for research and other services. **CFG does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, the Advisor receives certain economic benefits from the Custodian. Please see Item 14 below.**

2. Brokerage Referrals - CFG does not receive any compensation from any third party in connection with the recommendation for establishing an account.

3. Directed Brokerage - All Clients are serviced on a “directed brokerage basis”, where CFG will place trades within the established account[s] at the custodian designated by the Client. Further, all Client accounts are traded within their respective account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor’s own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client’s account[s]). CFG will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated Custodian. The Advisor may not be able to aggregate orders to reduce transaction costs in a Client directed brokerage account.

B. Aggregating and Allocating Trades

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker-dealer/custodian. CFG will execute its transactions through the Custodian as authorized by the Client.

CFG may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts in the same trading day. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Client accounts.

Item 13 – Review of Accounts

A. Frequency of Reviews

Securities in Client accounts are monitored on a regular and continuous basis by Michael P. Dunham, President and Chief Compliance Officer of CFG. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the Client.

B. Causes for Reviews

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client’s request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client’s financial situation, and/or large deposits or withdrawals in the Client’s account[s]. The Client is encouraged to notify CFG if changes occur in the Client’s personal financial situation that might adversely affect the Client’s investment plan. Additional reviews may be triggered by material market, economic or political events.

C. Review Reports

The Client will receive brokerage statements no less than quarterly from Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian’s website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client’s account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

Item 14 – Client Referrals and Other Compensation

A. Compensation Received by CFG

CFG is a fee-based advisory firm that is compensated solely by its Clients and not from any investment product. CFG does not receive commissions or other compensation from product sponsors, broker-dealers or any un-related third party. CFG may refer Clients to various unaffiliated, non-advisory professionals (e.g. attorneys, accountants,

estate planners) to provide certain financial services necessary to meet the goals of its Clients. Likewise, CFG may receive non-compensated referrals of new Clients from various third-parties.

B. Client Referrals from Solicitors

CFG does not engage paid solicitors for Client referrals.

Item 15 – Custody

CFG does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor's fees. All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct CFG to utilize that Custodian for the Client's security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by CFG to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices.

Item 16 – Investment Discretion

CFG generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by CFG. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment advisory agreement containing all applicable limitations to such authority. All discretionary trades made by CFG will be in accordance with each Client's investment objectives and goals.

Item 17 – Voting Client Securities

CFG accepts proxy-voting responsibility for securities held in Client accounts when provided by the Client. The advisory agreement between CFG and the Client will generally specify whether or not CFG has the authority to vote proxies on behalf of a particular Client.

Proxy Voting Policy and Procedures

CFG shall vote proxies in the best interest of its Clients and shall not subrogate the Client interest to its own. CFG monitors corporate actions through the Custodian. CFG receives notice of upcoming proxy votes, meeting and record dates and other information on upcoming corporate actions by companies in which CFG Clients are shareholders. Clients may request a copy of CFG's proxy voting records, free of charge, by contacting CFG.

Conflicts of Interest in the Voting Process

On occasion, a conflict of interest may exist between the Advisor and the client regarding the outcome of certain proxy votes. In such cases, the Advisor is committed to resolving the conflict in the best interest of the clients before we vote the proxy in question.

Client Direction of Voting

Although most of our Clients for whom we vote proxies authorize us to vote in accordance with our proxy voting policy, a Client may request that we vote its proxies in accordance with a different policy. We try to accommodate such requests. In addition, a Client may direct us to vote its securities in a particular way on a particular proposal and we will seek to do so, assuming timely receipt of the instruction.

Item 18 – Financial Information

Neither CFG, nor its management, have any adverse financial situations that would reasonably impair the ability of CFG to meet all obligations to its Clients. Neither CFG, nor any of its Advisory Persons, has been subject to a bankruptcy or financial compromise. CFG is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.

Privacy Policy

Effective: March 18, 2020

Our Commitment to You

Capstone Financial Group, Inc. ("CFG" or the "Advisor") is committed to safeguarding the use of personal information of our Clients (also referred to as "you" and "your") that we obtain as your Investment Advisor, as described here in our Privacy Policy ("Policy").

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. CFG (also referred to as "we", "our" and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

CFG does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

Why you need to know?

Registered Investment Advisors ("RIAs") must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

What information do we collect from you?

Driver's license number	Date of birth
Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number[s]	Income and expenses
E-mail address[es]	Investment activity
Account information (including other institutions)	Investment experience and goals

What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

How do we protect your information?

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client's personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.

How do we share your information?

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
Servicing our Clients We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting.	Yes	No
Marketing Purposes CFG does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where CFG or the client has a formal agreement with the financial institution. We will only share information for purposes of servicing your accounts, not for marketing purposes.	No	Not Shared
Authorized Users Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent[s] or representative[s].	Yes	Yes
Information About Former Clients CFG does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.	No	Not Shared

Changes to our Privacy Policy

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise this Policy and will provide you with a revised policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

Any Questions?

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (405) 848-4646.

Form ADV Part 2B – Brochure Supplement

for

**Michael P. Dunham, CFP®
President**

Effective: March 18, 2020

This Form ADV 2B (“Brochure Supplement”) provides information about the background and qualifications of Michael P. Dunham, CFP®, (CRD# 1214230) in addition to the information contained in the Capstone Financial Group, Inc. (“CFG” or the “Advisor”, CRD# 299819) Disclosure Brochure. If you have not received a copy of the Disclosure Brochure or if you have any questions about the contents of the CFG Disclosure Brochure or this Brochure Supplement, please contact the Advisor at (405) 848-4646.

Additional information about Mr. Dunham is available on the SEC’s Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching with his full name or his Individual CRD# 1214230.

Item 2 – Educational Background and Business Experience

Michael P. Dunham, CFP®, born in 1956, is dedicated to advising Clients of CFG. Mr. Dunham earned a MBA in Finance from Oklahoma City University, in 1982. Mr. Dunham also earned a BS in Psychology from Oklahoma State University, Stillwater, Oklahoma in 1978. Additional information regarding Mr. Dunham's employment history is included below.

Employment History:

President, Capstone Financial Group, Inc.	03/2019 to Present
Investment Adviser Representative, Access Financial Resources, Inc.	12/2008 to 03/2019
Owner, Capstone Retirement Services, LLC	06/2007 to Present
Investment Advisor Representative/ Registered Representative, Linsco/Private Ledger Corp.	10/1996 to 12/2008

CERTIFIED FINANCIAL PLANNER™ ("CFP®")

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP® (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP® Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- *Education* – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP® Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP® Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- *Examination* – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- *Experience* – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- *Ethics* – Agree to be bound by CFP® Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- *Continuing Education* – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- *Ethics* – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP®

Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Item 3 – Disciplinary Information

In 2010, Mr. Dunham entered into an Acceptance, Waiver and Consent (AWC) with FINRA. Without admitting or denying findings, Mr. Dunham consented to a \$10,000 fine and a 20-day suspension from associating with any Member firm from to May 3, 2010 through May 28, 2010.

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices.

However, we do encourage you to independently view the background of Mr. Dunham on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching with his full name or his Individual CRD# 1214230.

Item 4 – Other Business Activities

Insurance Agency Affiliations

Mr. Dunham is also a licensed insurance professional. Implementations of insurance recommendations are separate and apart Mr. Dunham's role with CFG. As an insurance professional, Mr. Dunham will receive customary commissions and other related revenues from the various insurance companies whose products are sold. Mr. Dunham is not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This practice presents a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by Mr. Dunham.

Capstone Retirement Services, LLC

Mr. Dunham is a 50% owner of Capstone Retirement Services, LLC ("CRS"). CRS offers third party administrator ("TPA") services. This presents a conflict as Mr. Dunham may benefit from additional revenues generated from CRS. Clients of CFG are not obligated to engage CRS for TPA or related services.

Item 5 – Additional Compensation

Mr. Dunham has additional business activities that are detailed in Item 4 above.

Item 6 – Supervision

Mr. Dunham serves as the President and Chief Compliance Officer of CFG. Mr. Dunham can be reached at (405) 848-4646.

CFG has implemented a Code of Ethics, an internal compliance document that guides each Supervised Person in meeting their fiduciary obligations to Clients of CFG. Further, CFG is subject to regulatory oversight by various agencies. These agencies require registration by CFG and its Supervised Persons. As a registered entity, CFG is subject to examinations by regulators, which may be announced or unannounced. CFG is required to periodically update the information provided to these agencies and to provide various reports regarding the business activities and assets of the Advisor.