

**Item 1: Cover Page**  
**Part 2A of Form ADV: Firm Brochure**  
**April 7, 2021**



**Capital Region Financial Group, LLC**  
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**Firm Contact:**  
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**President & Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Capital Region Financial Group, LLC. If clients have any questions about the contents of this brochure, please contact Ms. Yano by telephone at (916) 985-6000 or email at [melissa@crfg-llc.com](mailto:melissa@crfg-llc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about our firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #154990.

Please note that the use of the term "registered investment adviser" and description of Capital Region Financial Group, LLC and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

## Item 2: Material Changes

Capital Region Financial Group, LLC is required to make clients aware of information that has changed since the last annual update to the Firm Brochure ("Brochure") and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

Since our last annual amendment filing on 03/27/2020, the following changes have been made:

- As of January 1, 2021, Melissa Yano now owns Capital Region Financial Group, LLC. Our firm's previous owner, Ellwood Jones, has retired.
- Our firm has applied for registration with the California Department of Financial Protection and Innovation since our regulatory assets under management as of the most recent fiscal year end have fallen under the SEC's \$90 million threshold.

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## Item 4: Advisory Business

Our firm provides individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed under the laws of the State of California in 2000 and has been in business as an investment adviser since 2010. Our firm is wholly owned by Melissa Yano.

All material conflicts of interest under CCR Section 260.238 (k) are disclosed below regarding our firm, our representatives, or our employees, which could be reasonably expected to impair the rendering of unbiased and objective advice. To comply with CCR Section 260.238(j), we disclose that lower fees for comparable services may be available from other sources.

### INVESTMENT SUPERVISORY SERVICES ("ISS")

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#### **Model Portfolio Management:**

Our firm provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal. We manage these advisory accounts on a non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the securities mentioned above.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity, and suitability. To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
2. be reasonably available to consult with the client; and
3. maintain client suitability information in each client's file.

Our firm utilizes the sub-advisory services of a third-party investment advisory firm or individual advisor (collectively, the "Third-Party Managers") to aid in the implementation of an investment portfolio designed by our firm. Before selecting a Third-Party Manager, our firm will ensure that the chosen party is properly licensed or registered. Our firm will not offer advice on any specific securities or other investments in connection with this service. We will provide initial due diligence on Third-Party Managers and ongoing reviews of their management of client accounts. To assist in the selection of a Third-Party Manager, our firm will gather client information pertaining to financial situation, investment

objectives, and reasonable restrictions to be imposed upon the management of the account. Our firm will periodically review Third-Party Manager reports provided to the client at least annually. Our firm will contact clients from time to time to review their financial situation and objectives; communicate information to Third-Party Managers as warranted; and assist the client in understanding and evaluating the services provided by the Third-Party Manager(s). Clients will be expected to notify our firm of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

### **Pension-Consulting Services:**

We also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit-sharing and 401(k) plans, we offer these services, when appropriate, to individuals, trusts, estates, and charitable organizations, which would be incorporated into their asset management agreement. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all these services:

#### *Investment Policy Statement Preparation ("IPS"):*

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

#### *Selection of Investment Vehicles:*

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

#### *Monitoring of Investment Performance:*

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

#### *Employee communications:*

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

## **Financial Planning:**

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information, and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives. In general, the financial plan can address any or all of the following areas:

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

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion. We also provide general non-securities advice on topics that may include tax and budgetary. Typically, the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

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

CCR Section 260.235.2 requires that we disclose to our financial planning clients that a conflict of interest exists between us and our clients. The client is under no obligation to act upon the investment adviser's recommendation. If the client elects to act on our recommendations, the client is under no obligation to effect the transaction through our firm.

### **Tailoring of Advisory Services**

Our firm offers individualized investment advice to our Model Portfolio Management clients. General investment advice will be offered to our Pension Consulting and Financial Planning clients. Each Model Portfolio Management client may place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities may not be possible due to the level of difficulty this would entail in managing the account.

### **Participation in Wrap Fee Programs**

Our firm does not offer or sponsor a wrap fee program. However, our firm may recommend or select third-party investment advisers who may manage client accounts on a wrap fee basis. Clients will receive separate written disclosure documents containing information about the wrap fee program(s) from the Third-Party Manager(s), if applicable.

### **Assets Under Management:**

As of December 31, 2020, our firm manages \$70,100,00 on a non-discretionary basis.

## **Item 5: Fees & Compensation**

### **INVESTMENT SUPERVISORY SERVICES ("ISS"):**

#### **Model Portfolio Management Fees:**

<b>Assets Under Management</b>	<b>Annual Percentage of Assets Charge</b>
\$0 to \$499,999.99	1.25%
\$500,000 to \$1,499,999.99	1.00%
Over \$1,500,000	0.60%

Fees to be assessed will be outlined in the advisory agreement to be signed by the client. Annualized fees are billed on a pro-rata basis quarterly in advance or in arrears based on the value of the account(s) on the last day of the (previous) quarter, as applicable. Whether the client is billed quarterly in advance or in arrears will be dependent upon the Third-Party Manager(s) selected by our firm to assist in the management of the client account(s). Fees are generally not negotiable and will be deducted from the client account(s). Adjustments will be made for deposits and withdrawals during the quarter. Our firm does not offer direct invoicing. As part of this process, clients understand the following:

- a) Clients must provide our firm and/or the Third-Party Manager(s) with written authorization permitting direct payment of advisory fees from their account(s) maintained by a custodian who is independent of our firm;

- b) Our firm sends the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account;
- c) Our firm sends quarterly statements to the client showing the fee amount, the value of the assets upon which the fee is based, and the specific manner in which the fee is calculated, as well as disclosing that it is the client's responsibility to verify the accuracy of fee calculation, and that the custodian does not determine its accuracy; and
- d) The account custodian sends a statement to the client, at least quarterly, showing all account disbursements, including advisory fees.

Our firm utilizes the sub-advisory services of Third-Party Managers for every Model Portfolio Management engagement. As such, each Model Portfolio Management client will be charged an advisory fee by the Third-Party Manager(s) in addition to the advisory fee charged by our firm. The maximum annual fee charged by the Third-Party Manager(s) will not exceed 1.00%. Therefore, the maximum annual combined fee charged to clients by our firm and the Third-Party Manager(s) will not exceed 2.25%. Our firm will debit fees for this service as disclosed in the executed advisory agreement between the client and our firm. The Third-Party Manager(s) we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them. Third-Party Managers establish and maintain their own separate billing processes over which we have no control. They will directly bill you and describe how this works in their separate written disclosure documents.

#### **Pension Consulting Fees:**

Our firm charges a fee based on the percentage of Plan assets under management for our Pension Consulting services. The fee charged will depend on the services requested, the size of the plan, and negotiations with vendors and third-party administrator. The maximum annual fee charged for this service will not exceed 0.90%. Fee-paying arrangements will be determined on a case-by-case basis and will be detailed the signed consulting agreement.

#### **Financial Planning Fees:**

Our firm charges on an hourly or flat fee basis for financial planning services. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. All fees are agreed upon prior to signing an advisory agreement with any client. The maximum hourly fee will not exceed \$350. Flat fees generally range from \$1,500 to \$20,000. However, certain engagements, such as financial planning and/or exit planning for businesses, may exceed the disclosed maximum due to the scope and complexity of the engagement. Any fees to exceed \$20,000 will be mutually agreed upon by both parties and memorialized in the signed consulting agreement.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$500 for work that will not be completed within six months. The client will be directly invoiced for the remainder of the fee, which will be due upon completion of the plan. Clients engaged on an hourly basis will be billed quarterly in arrears based on actual hours accrued. Capital Region Financial Group, LLC reserves the right to reduce or waive the fee for financial planning services if a client chooses to engage us for our Portfolio Management Services.

Certain planning and consulting services may necessitate our firm to engage third-party professionals for their services. Clients will be charged an additional fee and will be directly billed by third-party professionals for services rendered.

***Termination of the Advisory Relationship:***

Either party may terminate the advisory agreement signed with our firm for our Model Portfolio Management service in writing at any time. For clients charged quarterly in advance, our firm will process a pro-rata refund of the unearned portion of the advisory fees charged at the beginning of the quarter upon notice of termination. For clients charged quarterly in arrears, our firm will charge pro-rata advisory fees for services rendered up to the point of termination. If advisory fees cannot be deducted, our firm will send an invoice for due advisory fees to the client.

Financial Planning clients may terminate their agreement at any time before the delivery of a financial plan by providing written notice. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm.

Either party to a Pension Consulting Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party 30 days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

***Commissionable Securities Sales:***

Our firm and representatives do not sell securities for a commission in advisory accounts.

***Wrap Fee Programs and Separately Managed Account Fees:***

Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, 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.

***Additional Fees and Expenses:***

Clients may incur transaction fees for trades executed by their chosen custodian. These transaction fees are separate from Capital Region Financial Group, LLC's advisory fees and will be disclosed by the chosen custodian. TD Ameritrade, Inc. ("TD Ameritrade") does not charge transaction fees for U.S. listed equities and exchange traded funds.

Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (e.g., fund management fees, distribution fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions). Our firm does not receive a portion of these fees.

## Item 6: Performance-Based Fees & Side-By-Side Management

Capital Region Financial Group, LLC does not charge performance-based fees.

## Item 7: Types of Clients & Account Requirements

Capital Region Financial Group, LLC has the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations; &
- Pension and Profit-Sharing Plans.

Capital Region Financial Group, LLC imposes the following requirements to open an account or otherwise engage us:

- Our firm requires a minimum account balance of \$100,000 for our Model Portfolio Management service. Generally, this minimum account balance requirement is not negotiable and would be required throughout the course of the client's relationship with our firm. However, our firm may reduce or waive this requirement at our sole discretion.
- Written financial plans are generally assessed a minimum fee of \$1,500.

## Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

### **Methods of Analysis**

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

**Charting.** In this type of technical analysis, we review charts of market and security activity to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

**Cyclical Analysis.** In this type of technical analysis, we measure the movements of a particular stock against the overall market to predict the price movement of the security.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund(s) in the client's portfolio. We also monitor the funds or ETFs to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Third-Party Money Manager Analysis.** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations, and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks. A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

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

### **Investment Strategies We Use**

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We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations: account for a year or longer. Typically, we employ this strategy when we believe the securities to be currently undervalued, and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.

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

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

### **Risk of Loss**

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Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and the account(s) could enjoy a gain, it is also possible that the stock market may decrease, and the account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the stock market, and that their assets are appropriately diversified in investments. Clients are encouraged to ask our firm any questions regarding their risk tolerance.

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

## **Item 10: Other Financial Industry Activities & Affiliations**

Our firm is not registered, nor does it have an application pending to register, as a broker-dealer, registered representative of a broker dealer, investment company or pooled investment vehicle, other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, pension consultant, real estate broker or dealer or a sponsor or syndicator of limited partnership, or an associated person of the foregoing entities.

Please see Item 4 above for more information about the selection of Third-Party Managers. Prior to recommending Third Party Managers, our firm will ensure that Third Party Manager(s) is properly licensed or registered with the respective authorities. A potential conflict of interest for our firm in utilizing a Third-Party Manager is receipt of discounts or services not available to us from other similar advisers. To minimize this conflict our firm will make our recommendations/selections in the best interest of our clients.

Melissa Yano is licensed to sell insurance products. She may receive normal commissions for the sale of these products. A conflict of interest exists as these insurance sales create an incentive to recommend products based on the compensation Ms. Yano may earn. Our clients are never under any obligation to purchase insurance products. To mitigate this potential conflict, Ms. Yano will act in the client's best interest.

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

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to always act solely in the best interest of each of our clients. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to always comply with all federal and state securities laws. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

To prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts. Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. To minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. To minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a

copy of which is available upon request. Further, our related persons will refrain from buying or selling securities that will be bought or sold in client accounts unless done so after the client execution or concurrently as a part of a block trade.

## Item 12: Brokerage Practices

### Selecting a Brokerage Firm

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While our firm does not maintain physical custody of client assets, we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts (see *Item 15 Custody*, below). Client assets must be maintained by a qualified custodian. Our firm seeks to recommend a custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. The factors considered, among others, are these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

With this in consideration, our firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (“TD Ameritrade”) member FINRA/SIPC. Our firm also recommends AssetMark, Inc. (“AssetMark”) to custody client assets. Hereinafter, TD Ameritrade and AssetMark shall be collectively referred to as the “Custodians”.

The Custodians are independent [and unaffiliated] SEC-registered broker-dealers. The Custodians offer services to independent investment advisers which includes custody of securities, trade execution, clearance and settlement of transactions. The Custodians enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The Custodians do not charge client accounts separately for custodial services. Client accounts will be charged transaction fees, commissions or other fees on trades that are executed or settle into the client’s custodial account. However, TD Ameritrade has eliminated transaction fees for U.S. listed equities and exchange traded funds. Transaction fees are negotiated with the Custodians and are generally discounted from customary retail commission rates. This benefits clients because the overall fee paid is often lower than would be otherwise.

The Custodians may make certain research and brokerage services available at no additional cost to our firm. Research products and services provided by the Custodians may include: research reports on recommendations or other information about particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by the Custodians to our firm in the performance of our investment decision-making responsibilities. The research and brokerage services qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934.

The Custodians do not make client brokerage commissions generated by client transactions available for our firm's use. The research and brokerage services are used by our firm to manage accounts. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As part of our fiduciary duty to our clients, our firm will always endeavor to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of the Custodians as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend the Custodians and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Our clients may pay a transaction fee or commission to the Custodians that is higher than another qualified broker dealer might charge to effect the same transaction where our firm determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services provided to the client as a whole.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions.

### **Soft Dollars:**

Capital Region Financial Group, LLC does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by our firm will generally be used to service all our clients but not necessarily all at any one particular time.

### **Client Brokerage Commissions:**

The Custodians do not make client brokerage commissions generated by client transactions available for our use.

**Client Transactions in Return for Soft Dollars:**

Capital Region Financial Group, LLC does not direct client transactions to a particular broker dealer in return for soft dollar benefits.

**Brokerage for Client Referrals:**

We do not receive brokerage for client referrals.

**Directed Brokerage:**

Neither our firm nor any of our firm's representatives have discretionary authority in making the determination of the brokers-dealers and/or custodians with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Our firm routinely requests that clients direct us to execute through a specified broker-dealer. Our firm recommends the use of the Custodians. Each client will be required to establish their account(s) with one of the recommended Custodians if not already done. Please note that not all advisers have this requirement.

**Special Considerations for ERISA Clients:**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, our firm will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

**Client-Directed Brokerage:**

We do not allow client-directed brokerage outside our recommendations.

**Item 13: Review of Accounts or Financial Plans****Model Portfolio Management Service:**

While the underlying securities within Model Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by our President and Chief Compliance Officer, Melissa Yano.

**Pension Consulting Services:**

Capital Region Financial Group, LLC will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. Capital Region Financial Group, LLC will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly. These accounts are reviewed by Ms. Yano. These client accounts will receive reports as contracted for at the inception of the advisory relationship.

**Financial Planning Services:**

While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless they separately engage us for a post-financial plan meeting. Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless the client engages us separately for a post-financial plan meeting or update to their initial written financial plan.

**Item 14: Client Referrals & Other Compensation****AssetMark:**

Except for the arrangements outlined in Item 12 of this brochure, we have no additional arrangements to disclose with AssetMark.

**TD Ameritrade:**

As disclosed under Item 12 of this Brochure, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our Clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we

endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade for custody and brokerage services.

### **Referral Fees:**

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with relevant state statutes and rules.

## **Item 15: Custody**

### **Deduction of Advisory Fees:**

State Securities Bureaus generally take the position that any arrangement under which a registered investment adviser is authorized or permitted to withdraw client funds or securities maintained with a custodian upon the adviser's instruction to the custodian is deemed to have custody of client funds and securities. As such, our firm has adopted the following safeguarding procedures:

- a) Clients must provide our firm with written authorization permitting direct payment of advisory fees from their account(s) maintained by a custodian who is independent of our firm;
- b) Our firm sends the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account;
- c) Our firm sends quarterly statements to the client showing the fee amount, the value of the assets upon which the fee is based, and the specific manner in which the fee is calculated as well as disclosing that it is the client's responsibility to verify the accuracy of fee calculation, and that the custodian does not determine its accuracy; and
- d) The account custodian sends a statement to the client, at least quarterly, showing all account disbursements, including advisory fees.

Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

### **Third Party Money Movement:**

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with the Custodians:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.

- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### **Item 16: Investment Discretion**

Our firm does not accept discretionary authority to manage securities accounts on behalf of clients. In accordance with CCR Section 260.237.2(f)(1), our firm will obtain client permission prior to effecting securities transactions in client accounts managed on a non-discretionary basis.

### **Item 17: Voting Client Securities**

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

Third party money managers selected or recommended by our firm may vote proxies for clients. Therefore, except in the event a third-party money manager votes proxies, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore (except for proxies that may be voted by a third-party money manager), our firm and/or the client shall instruct the qualified custodian to forward to copies of all proxies and shareholder communications relating to the client's investment assets.

## Item 18: Financial Information

Capital Region Financial Group, LLC is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$500 in fees when services cannot be rendered within 6 months.
- Our firm does not take custody of client funds or securities.
- Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- Our firm has never been the subject of a bankruptcy proceeding.

## Item 19: Requirements for State-Registered Advisers

**Melissa Yano**

**Educational Background:**

- 2008: University of Missouri, St. Louis; Bachelor of Science in Business Administration in Finance

**Business Background:**

- 01/2021 – Present Capital Region Financial Group, LLC; President & CCO
- 10/2011 – 12/2020 Capital Region Financial Group, LLC; Wealth Management Advisor

**Exams, Licenses & Other Professional Designations:**

- 2016: CA Life, Accident, & Health Insurance; License No. 0K77222
- 2011: Certified Financial Planner™, CFP®

Please see Item 10 of this Firm Brochure for any other business in which our firm is actively engaged. Our firm does not charge performance-based fees. Our firm and management persons have not been involved in any arbitration awards, found liable in any civil, self-regulatory organization or administrative proceedings, or have any relationships with issuers or securities apart from what is disclosed above.

Our firm does not have compensation arrangements connected with advisory services which are in addition to our advisory fees. Our management persons and representatives do not have a relationship or arrangement with any issuer of securities. As a fiduciary, our firm always put our Client's interest above our own. Information regarding participation of interest in client transactions can be found in our Code of Ethics as well as Item 11 of this Brochure. Clients may obtain a copy of our Code of Ethics by contacting Melissa Yano, Chief Compliance Officer at (916) 985-6000.