

Item 1 – Cover Page

Part 2A of Form ADV: *Firm Brochure*

**CFO Capital Management**

**An investment advisory service and d/b/a for Cruice Investment Advisors, Ltd.**

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January 25, 2020

This Brochure provides information about the general qualifications, business practices and investment advisory services of Cruice Investment Advisors, Ltd. and its d/b/a investment advisor services (hereinafter collectively referred to as the **CFO**). More specifically, this Brochure provides detailed information about the investment advisory services of CFO Capital Management offered by the **CFO**.

**CFO** is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

If you have any questions about the contents of this Brochure, please contact us at (203) 221-0202. 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 the **CFO** also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Cruice Investment Advisors, Ltd. and the **CFO** investment advisory team introduced the CFO Capital Management investment advisory service in 2018 to provide current and prospective clients of the **CFO** with an additional blue-chip, third-party custodian. Pershing LLC had served as the third-party custodian for the **CFO's** long-standing financial and investment advisory service, the Cruice Financial Organization. CFO Capital Management [hereinafter referred to as CFO-CM] is a completely fee-based, discretionary investment advisory service that provides **no** commission-based, non-discretionary investment brokerage services. Because there has been one material change for the CFO Capital Management investment advisory service since our last filing on March 30, 2020, this Brochure should be reviewed in its entirety. Effective the date of this Brochure, January 19, 2021, no member of the CFO-CM or Cruice Financial Organization investment advisory team is FINRA registered in any capacity with United Planners' Financial Services of America. These changes are disclosed in Items 4, 5, 10 and 12 of this Brochure.

The **CFO** will ensure that clients can receive a summary of any materials changes to this or any subsequent Brochures within 120 days of the close of our firm's fiscal year. We may further provide other ongoing disclosure information about material changes whenever implemented, and we can also provide **CFO** clients with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our **CFO** Brochures may be requested by contacting J. S. Cruice Jr., President and Chief Compliance Officer, at (203) 221-0202 or by emailing to "jay@cruicefinancial.com". This Brochure for CFO Capital Management will also be made available on our **CFO** web site [www.cruicefinancial.com](http://www.cruicefinancial.com) [also free of charge].

Additional information about **CFO**, including about our CFO Capital Management/ CFO-CM investment advisory services, is also available through the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with **CFO** who are registered as investment adviser representatives [IARs] of CFO-CM.

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## Item 4 – Advisory Business

- I. Cruice Investment Advisors, Ltd. [**CFO**], a SEC registered investment advisor, headquartered in Westport, CT, was formed in October 1987 and is wholly owned by James S. H. Cruice, Jr.
- II. As of December 31, 2020, **CFO** managed \$180,242,792 on a discretionary basis, and \$5,046,111 on a non-discretionary basis.
- III. **CFO** has continuously provided investment planning and management advice as Cruice Investment Advisors, Ltd. since 1987. For the constant management of a client's investment account, utilizing any combination of the analytical or portfolio management services described in this Brochure, the client will pay CFO Capital Management an annual management fee as set forth in Item 5 below.
- IV. Cruice Investment Advisors, Ltd. began offering investment advisory services under the name CFO Capital Management in September of 2018. This brochure refers only to the investment advisory services and portfolio management fee information of CFO Capital Management [hereinafter referred to as CFO-CM].

## Item 5 – Portfolio Management Fees and Compensation

Our fees for portfolio management services are based upon a percentage of assets under management. Depending on the investment objective and the managing IAR, CFO annual management fees will range from 0.7% to 1.8%. Each client's portfolio management fee is negotiated individually and will be documented in CFO-CM's Investment Management Services Agreement [IMSA] that is specifically tailored to each client's portfolio needs and goals. CFO-CM does not manage investment portfolios on a non-discretionary basis; and neither CFO-CM nor any affiliated Investment Advisor Representative [IAR] will ever receive commissions from trades made for managed client accounts. For the portfolio management services provided to clients by CFO-CM and the IAR, the only source of compensation paid to CFO-CM and the IAR is from the management fees paid by the client to CFO-CM. **Please also request a copy of CFO-CM's client Investment Management Services Agreement [IMSA].**

Footnotes to the CFO-CM Schedule of Investment Management Fees (above):

**(1)** CFO-CM manages investment portfolios using four basic portfolio investment objectives: conservative appreciation; balanced growth; income & growth; and income only. These investment objectives are classified according to the target allocation of investment capital between bonds/ fixed income securities or investments for which the primary goal is "current income" and stocks or equity investments for which the primary goal is "growth". The target allocation between fixed income securities and equity investments respectively ranges from 100% fixed income securities and 0% for stock/ equity investments for the "Income Only" investment objective to as high as 100% stock/ equities and 0% bonds for the "Conservative Appreciation" investment objective.

(2) CFO-CM reserves the right to waive minimums for account size and for annual fees for those managed accounts with AUM of less than \$250,000 in total value (AUM). This (waiver) policy is most often followed for CFO-CM clients with multiple managed [family] accounts.

(3) As also reported in Section 6 of the CFO-CM IMSA, the above schedule of CFO-CM management fees does not include certain customary fees imposed by third parties other than CFO-CM in connection with transactional and custodial services made through the brokerage account. Neither CFO-CM nor its IARs receive any remuneration whatsoever from brokerage transaction fees or any other third-party custodial account servicing fees. The designated custodian may charge customary fees for providing routine custodial services. The designated custodian may have its own fee schedule for transaction services and other ancillary custodial account services, which fee schedule shall be provided to the client. Also, ancillary custodial account fees are charged for servicing items such as account transfers, wire requests, security reorganizations, custodial fees for retirement accounts, retirement account transfers or conversions, banking services, etc.

In addition to custodial fees/ costs and our CFO management fees outlined above, there are other fees and costs related to our investment advisory services and investments that you may pay directly or indirectly. Examples of the most common investment fees and costs are ETF and mutual fund fees and those fees charged by the managers of Alternative Investments such as non-tradeable REITs. Whenever possible for mutual fund investments made within our discretionary [fee] managed investment accounts, CFO will utilize institutional class shares that carry the lowest available expense ratios and without any 12b-1 expenses paid to CFO or our investment advisors.

CFO-CM collects client investment advisory fees on a quarterly basis in arrears. Investment management fees are prorated for each capital contribution and withdrawal made during the applicable calendar quarter (except for de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any earned but unpaid fees will be due and payable.

The client will always maintain full control of their account by being able to directly notify the brokerage company(s) that are holding the client's assets of any actions the client may wish to take place in his or her account. The client may - **for any reason at any time** - terminate his contract with the firm.

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

As of the effective date of this Brochure, neither CFO-CM nor any of its IARs have entered, or plan to enter, into performance fee arrangements with any clients because J. S. Cruice Jr., the CIO and CCO, believes that performance-based fee arrangements may create an incentive for CFO-CM to recommend investments or investment strategies that may be riskier or more speculative than those which would be recommended under a more traditional fee arrangement as set out in Item 5 of this Brochure. Such performance-based fee arrangements also create an incentive to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. If this CFO-CM policy were to change in the future, all appropriate disclosures as required by the SEC would be provided in a future CFO-CM Brochure.

## Item 7 – Types of Clients

**CFO-CM** provides or will provide portfolio management services for taxable accounts such as to individuals, high net worth individuals, trusts, estates, and corporations or other business entities. CFO-CM also provides or will provide portfolio management services for non-taxable [or qualified] accounts including various types of IRAs and ERISA accounts such as pension and profit-sharing plan accounts for small business owners. CFO-CM does not provide investment advice to ERISA plans, but to the individuals who may have investment accounts that may be part of ERISA plans.

## Item 8 – Methods of Research Analysis, Financial/ Investment Strategies and Risk of Loss

CFO-CM may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

CFO-CM may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Option writing, including ONLY the purchase of Puts and Calls or the sale of Calls only for client-owned securities. The sale of **uncovered** options or the writing of “naked” Puts or Calls is not permitted by CFO-CM
- Margin Transactions (on a limited basis but not for discretionary management portfolios).

In addition to the considerable amount of independent research from companies such as Ned Davis Research, Morningstar, Thomson Reuters, Bloomberg, and Standard & Poor’s as well as research and analysis from other companies that CFO-CM may purchase and/ or review on an ongoing basis. Our **CFO** portfolio management team may also consult with other organizations who are specialists in mutual funds, annuities, ETFs or alternative investments.

### **Please Note the Following about Investment Risk:**

As directed by the client, a CFO-CM IAR will review, analyze, recommend, and develop an investment plan or plans for the portfolio management of the client’s assets. The subsequent portfolio management actions by the IAR and CFO-CM shall be directed toward achieving the client’s investment objectives within the risk tolerance limitations as defined by the client’s Risk Assessment Profile [RAP] and by other documentation collected and prepared as part of the CFO-CM client engagement process.

The IAR/ CFO-CM team is interested in helping clients to get where they want to be in three to five years and then three to five years after that. We aim for real growth - measured in relative terms against inflation - through the consistent compounding of positive returns over time rather than the expectation of overnight results. Our approach stresses the importance of sound asset allocation strategies that protect current investment capital while building wealth for higher levels of long-term prosperity.

With the best of CFO-CM portfolio management efforts notwithstanding, the client understands and accepts that investment decisions made for the client's managed account(s) by the IAR/ CFO-CM investment team are subject to various market, currency, economic, (geo-) political, pandemic and business risks that are not controllable by the IAR or CFO-CM, and that investment decisions may not all be profitable, particularly in the short-term. The client understands that investments, excepting some forms of cash equivalents, whether in mutual funds, exchange traded funds, stocks, bonds, or other securities all entail some degree of the risk for loss. The client further understands that asset category allocation – or diversification - can often mean that some investment purchase/ sale decisions made by CFO-CM / IAR may result in profits and others in losses. Collectively therefore, the client understands, and accepts, that the IAR/ CFO-CM team cannot guarantee that a client's investment objectives will be realized in the short-term, or most critically over any one to three-year or short-term time horizon, and that positive portfolio performance in the past does not provide any guarantee of equal or better investment results in the future.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of CFO-CM or the integrity of CFO-CM's management team. As no client complaints have ever been filed against management persons, there are no disclosures to report under this Item that are required for CFO-CM. However, please also request a copy of the latest version of the *CFO-CM Form ADV Part 2B*, or you may also go on the SEC's website [at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)] to review any CFO-CM disclosure document or for any other relevant information regarding the individual IARs of CFO-CM.

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

**Certain IARs are registered as insurance agents and/or brokers and, as such, may receive separate and typical compensation for purchasing insurance products for clients. No client is obligated to use these individuals to purchase insurance products. Any such compensation is separate and distinct from the advisory fees charged by CF Org. and CFO.**

For clients with substantial portfolios of \$10 million or more, and according to the specific client investment management needs, an IAR of CFO-CM may also recommend outside Registered Investment Advisors as co-managers in addition to CFO-CM. These outside investment advisors will normally have minimum investment levels in excess of \$1 million or more. In such cases, CFO-CM / IARs may receive a share of the routine and

customary management fees generated from the ongoing management of such accounts by the outside Registered Investment Advisors. All such fees paid to CFO-CM or its IARs are fully disclosed to the client and are part of, and **not** in addition to, the normal management fee compensation paid by a client to any such outside Investment Advisor. **As of the effective date of this brochure, no such relationships exist for any CFO IAR.**

## **Item 11 – Code of Ethics**

CFO-CM has adopted the ***CFO Family Code of Ethics*** for all the personnel that are affiliated with **CFO's** advisory operations/ services and therefore also supervised by **CFO**. The ***CFO Family Code of Ethics*** describes **CFO's** high standards of business conduct, starting with the firm's fiduciary duty to its clients. The ***CFO Family Code of Ethics*** [also referred to as "Our Code"] includes provisions relating to the [1] confidentiality of client information, [2] a prohibition on insider trading, [3] a prohibition of rumor mongering, [4] requirements for the reporting of most all gifts and business entertainment items, [5] restrictions on the acceptance of any significant gifts and [6] trading procedures governing the securities and personal accounts for all **CFO** employees or affiliated persons of **CFO** [also referred to as the ***CFO Family***].

All supervised employees and affiliated persons of CFO-CM must acknowledge the terms of the ***CFO Family Code of Ethics*** annually or whenever amended. **CFO-CM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting CFO-CM, or the CCO/ CIO, J. S. Cruice Jr., directly at (203) 221-0202 (656-0033) or jay@cruicefinancial.com.**

## **Item 12 – Brokerage Practices**

The ***CFO Family*** of investment advisory services, including CFO-CM, does not have any soft-dollar arrangements and do not receive any soft-dollar benefits.

CFO-CM does not request or accept the discretionary authority to determine the custodian to be used for client accounts. TD Ameritrade [Institutional] has been selected as the CFO designated custodian based on considerable research by the CFO advisory team for the overall cost-effectiveness of the trading and custodial services provided by TD Ameritrade [Institutional]. This means that CFO-CM will not survey or shop the brokerage marketplace for best execution on a transaction-by-transaction basis. Clients must direct CFO-CM advisors as to the custodian to be used for all client securities transactions. In directing the use of a particular broker-dealer or custodian, the client should understand that **CFO** will not have authority to negotiate commissions among various brokers, and best execution may not be achieved, resulting in potentially higher transaction costs for clients.

Clients may direct **CFO** to place trades through another broker/ custodian than TD Ameritrade [Institutional]. However, **CFO** reserves the right to decline acceptance of any client account for which the client attempts to direct the use of a certain broker/ custodian if **CFO** believes that this choice would hinder **CFO's** fiduciary duty to the client and/or **CFO's** ability to best service the account.



## Trade Aggregation

Typically, we aggregate client trades when doing so is advantageous to our clients. Mostly, we will batch client transactions to obtain better and more uniform pricing across client accounts. If we determine that aggregation of trades in a certain situation will be beneficial to our clients, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed from each client account on any given day. Clients should carefully review the disclosure documents of selected third-party managers and/or program sponsor(s) for detailed information about their best execution, aggregation and allocation practices.

## **Item 13 – Review of Accounts**

As also outlined in “Item 5” above, CFO-CM manages discretionary investment portfolios according to six basic investment (risk/ return) objective classifications. Using a combination of basic performance data and a system of technical analysis, the **CFO** management team monitors on a continuous basis all portfolio investments, including ETFs and mutual funds, that are purchased by **CFO** for discretionary management accounts to determine if such funds/managers and individual securities are performing according to objectives. In accounts where individual fixed income securities are purchased, those purchases are most always made on a yield-to-maturity basis and are therefore reviewed only quarterly. In addition to the ongoing monitoring of individual securities, each **CFO** investment objective is reviewed at least weekly and all accounts are reviewed, at a minimum, of once per month. Any account will be reviewed at any time at the request of the client.

**CFO** has always supported and promoted a system of third-party validation of assets and transactions. **CFO** clients receive monthly statements from the brokerage houses where the client's assets are held in custody in the client's name. Clients will also receive customary periodic statements from any investment, such as fixed or variable annuities, that is not kept as a position within the client's brokerage account. All account statements are in the form of those that such custodians/ broker-dealers and other investment companies normally send to clients on a transaction, monthly, quarterly, or annual basis. In addition, **CFO** will also provide a quarterly consolidated statement that will report the values of all investments managed by **CFO** on behalf of the client. The **CFO** quarterly reports are significantly more informative **about quarterly/ period account performance** than the customary brokerage or investment company statements.

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

Whenever a CFO advisor recommends that a client utilize an outside investment advisor other than **CFO**, full disclosure about any such Investment Advisor will be provided pursuant to Rule 206(4)-1 of the Investment Advisors Act of 1940.

## **Item 15 – Custody of Investment Accounts**

All brokerage transactions for CFO-CM are cleared through TD Ameritrade [Institutional] as the independent, third-party custodian. TD Ameritrade's Institutional custodial services currently support over 4,500 independent registered investment advisors (RIAs) with over \$700 Billion in total client assets under management. TD Ameritrade is also a member of the Securities Investor Protection Corporation (SIPC). Through SIPC, the investment securities in CFO client brokerage accounts are protected up to \$500,000, with a

cash limit of \$250,000. [For more details, please also visit [sipc.org](http://sipc.org)]. Additionally, TD Ameritrade provides each client [up to] \$149.5 million worth of protection for securities and \$2 million of protection for cash through supplemental coverage provided by London insurers. [Source: TD Ameritrade [Institutional] Brochure: “TD Ameritrade and you”.]

TD Ameritrade [Institutional] will maintain custody of all CFO-CM account assets and perform such custodial functions that will include crediting of interest and dividends on account assets and crediting of principal on called or matured securities in the account, together with other custodial functions customarily performed with respect to securities brokerage accounts. Either by electronic transmission through on-line account access or by hard copy/ paper forms sent via USPS, TD Ameritrade [Institutional], as the custodian, will provide or make available to the client a confirmation of each purchase and sale transaction. All such confirmations for the client’s brokerage transaction will also be made available to CFO-CM / IAR. For each month in which activity occurs in the client’s account, TD Ameritrade [Institutional] will also forward or make available the monthly client account statements to the client, CFO-CM, and the IAR. CFO-CM urges you to carefully review all such statements and/or reports. CFO-CM will also provide a written, quarterly report summarizing the activity and investment performance of every managed account. For the investment services provided, CFO-CM is authorized by its clients to debit advisory fees from each client designated managed account on a quarterly basis in arrears.

**No IAR or administrative personnel of the *CFO* family of investment advisory services, including CFO-CM, ever have the operational capability to remove or transfer funds from a client’s account for any reason whatsoever without the expressed written authorization of the client.**

That policy notwithstanding, our *CFO* family of investment advisory services, including CFO-CM, are deemed to have constructive custody of client funds because the clients of *CFO* discretionary managed accounts grant authorization to *CFO* to directly debit their account management fees from their custodian’s brokerage accounts. For the investment services provided, CFO-CM is authorized to debit its advisory fees from each client designated managed account on a quarterly basis in arrears.

Additionally, *CFO* may be deemed to have custody if a client were to create a Standing Letter of Authorization (“SLOA”) with our firm. A SLOA may authorize the firm to transfer funds between accounts defined within the SLOA. Custody is defined as any legal or actual ability by our firm to access client funds or securities. The *CFO* investment advisory team urges all our management clients to carefully review their monthly brokerage account statements received from their custodian. Should clients have any questions whatsoever, they should notify their CFO-CM team and/or their custodian as soon as possible.

## **Item 16 – Investment Discretion**

At the outset of the investment advisory relationship, CFO-CM and the IAR always receive discretionary authority from the client to manage the client’s account(s). Discretionary authority is granted by the client at the time that he or she signs the CFO-CM Investment Management Services Agreement [IMSA]. In all cases, however, such discretion for any client account is to be exercised in a manner that is consistent with the client’s investment objectives and risk tolerance as developed, and agreed to, during the CFO-CM client

engagement process and also summarized in the client's Risk Assessment Profile [RAP]. The scope of this discretionary authority permits the IAR to execute transactions in the managed account without the prior consent of the client but in accordance with the client's RAP. However, CFO-CM investment discretion does not include the ability to trade away from the designated custodian, and therefore all trades will be executed through TD Ameritrade [Institutional]. **Also, it is important to reiterate that the limited discretionary authority given to CFO-CM and its advisors excludes disbursements or removing funds from the managed account at any time without the expressed direction of the client.**

### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, CFO-CM will not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for all securities maintained in a client's portfolio(s). However, at the request of any individual client, CFO-CM / IAR may provide advice to the client regarding the client's voting of specific proxies.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about CFO-CM's financial condition. CFO-CM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.