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**FORM ADV PART 2A APPENDIX 1 – WRAP FEE PROGRAM BROCHURE**  
**JANUARY 15, 2021**

This brochure provides information about the qualifications and business practices of Colorado Wealth Group, LLC ("CWG"). If you have any questions about the contents of this brochure, please contact us at (720) 729-2500. 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. CWG is a Registered Investment Adviser. Registration as an Investment Adviser with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Colorado Wealth Group, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as an IARD number. The IARD number for CWG is IARD #310024.

## ITEM 2 – MATERIAL CHANGES

### *Summary of Material Changes*

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The following changes have occurred since the Firm’s initial registration on August 1, 2020

- Our Firm moved from registration with the SEC to registration with various States.
- Item 4 Services, Fees and Compensation: Language has been amended to reflect our total advisory fees range from 1.15 – 1.45% for our Alpha Strategy Portfolio.
- Item 9 Client Referrals and Other Compensation: Language was added to reflect the solicitor arrangement between our Firm and Mass Mutual Trust Company.

Currently, a free copy of our Brochure may be requested by contacting Jacob Ray, Chief Compliance Officer of CWG at (720) 729-2500. The Brochure is also available on our web site at [www.coloradowealthgroup.com](http://www.coloradowealthgroup.com).

We encourage you to read this document in its entirety.

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## ITEM 4 – SERVICES, FEES & COMPENSATION

We offer a wrap fee program as described in this Wrap Fee Program Brochure. A wrap fee program is generally considered any arrangement under which clients receive investment advisory services and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts. All our investment management clients will be offered the wrap fee program structure that includes, as a single fee, the securities transaction costs for trading in Client accounts along with the investment advisory fees earned by our firm. Our firm receives a portion of the wrap fee for the services rendered. While traditional Wrap Fee Programs are often rigid, pre-packaged investment programs, our firm customizes its investment strategies individually for its Clients. Prior to receiving services through the Program, clients are required to enter into a written agreement with our firm setting forth the relevant terms and conditions of the investment advisory relationship (the “Agreement”).

### OUR WRAP ADVISORY SERVICES

We manage advisory accounts on a discretionary basis only. Once we have determined a profile and investment plan with a client, we will execute the day-to-day transactions without seeking prior client consent but within the expected investment guidelines. We primarily allocate client assets among individual stocks, bonds, exchange traded funds (“ETFs”), options, mutual funds and other public securities or investments. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client’s individual needs, stated goals and objectives.

During personal discussions with clients, we determine the client’s objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review a client’s prior investment history, as well as family composition and background. Based on client needs, we develop a client’s personal profile and investment plan. We then create and manage the client’s investments based on that policy and plan. It is the client’s obligation to notify us immediately if circumstances have changed with respect to their goals.

With our discretionary relationship, we will make changes to the portfolio, as we deem appropriate, to meet client financial objectives. We trade these portfolios based on the combination of our market views and client objectives, using our investment process. We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. Clients have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities. Clients have the ability to place certain restrictions on the investments we select for your account, if circumstances warrant.

Once we determine the needs of the client and the client’s investment objectives, risk tolerance, and time horizons, we select from one of the following strategies:

- **The Alpha Strategy:** Alpha is a measurement of an investment’s active return as compared to a relevant market or benchmark. An investment’s excess return as compared to the benchmark’s return is its investment Alpha. The Alpha strategy is our custom, unified managed account approach where we employ outside managers who specialize in a distinct, concentrated, stock-centric approach, to seek risk-adjusted returns in excess of their benchmarks. The portfolio design process employs

a layered approach to generate a diversified portfolio, whereby macroeconomic themes are combined with company-specific fundamental and technical analyses to form buy/sell decisions and determine the timing of entry and exit points. In addition to a nucleus of individual equities, we deploy ETFs and/or Mutual Funds, with holdings including master limited partnerships, real estate investment trusts, preferred stock, and international stocks, are often used to enhance total return, potential yield and provide diversification.

Within our Alpha strategy, we utilize Envestnet's Private Wealth Management Program ("Program"). We will compile pertinent financial and demographic information to develop an investment program that will meet your goals and objectives. Utilizing the Envestnet platform tools, your assets will be allocated among the different options in the Program and determine the suitability of the asset allocation and investment options, based on your needs and objectives, investment time horizon, risk tolerance and any other pertinent factors. Envestnet provide an extensive range of investment advisory services through their platform. We will primarily be utilizing the Unified Management Account ("UMA") program. For those clients selecting the UMA program, you are offered access to an actively managed investment portfolio chosen from a roster of independent asset managers from a variety of disciplines. Unlike a mutual fund, where the funds are commingled, a separately managed account is a portfolio of individually owned securities that can be tailored to fit your investing preferences.

Envestnet will assist CWG in identifying individual asset managers and investment vehicles that correspond to the proposed asset classes and styles Envestnet or CWG may independently identify asset managers Envestnet retain the independent asset managers for portfolio management services in connection with the UMA program through separate agreements entered into between Envestnet and these independent managers on terms and conditions that Envestnet deems appropriate.

You may impose restrictions on investing in certain securities or types of securities. This must be done in writing and be signed by you, CWG, and the separate account manager if applicable. Agreements may not be assigned without client consent.

Under these arrangements, our Firm takes actions on behalf of the client to hire or fire money managers used in the implementation of a client's investment plan and execution of the Advisory Agreement with our Firm. Therefore, the Firm has the discretionary authority to hire or fire the manager or to allocate assets among managers without obtaining the Client's consent.

- **The Beta Strategy:** The term investment Beta refers to a measurement of the volatility of a portfolio, stock, or security as compared to a benchmark or an entire market. We named this strategy after the term Beta as the strategy will have a stronger correlation to the benchmark and market as a whole, similar to an "indexing" strategy but with dynamic allocation and active trading. It is, however, still very possible for the Beta strategy to generate Alpha due to these attributes.

We utilize outside manager models which specialize in an actively traded ETF asset allocation approach, while seeking to minimize cost, tax liability, and overall portfolio volatility. The portfolio design process employs an approach to generate a diversified

portfolio, whereby macroeconomic themes are forecasted and combined with technical analyses to form buy/sell decisions and determine the timing of entry and exit points. The portfolio consists of both active, passive and “strategic beta” ETFs designed to gain exposure to various asset classes. The Beta is not a buy-and-hold approach like true passive indexing; however, we utilize the efficiencies of ETFs to blend the best qualities of both active and passive investing.

Clients have a direct and beneficial interest in their securities, rather than an undivided interest in a pool of securities. We have limited authority to direct the Custodian to deduct our investment advisory fees from your accounts, but only with the appropriate written authorization from clients.

Where appropriate, we provide advice about any type of legacy position held in client portfolios. Typically, these are assets that are ineligible to be custodied at our primary custodian. Clients will engage us to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance, annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans).

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account’s performance. This could result in capital losses in your account.

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#### **RELATIVE COST OF THE PROGRAM**

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. Clients do not pay brokerage commissions, markups or transaction charges for execution of transactions in addition to the advisory fee. Our firm will pay the Custodian for each trade or transaction. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we incur the fees for executed trades when the transaction based option is selected. In order to mitigate this conflict of interest, we will fulfill our fiduciary duty by always acting in the client’s best interest.

Our Firm charges an advisory fee as compensation for providing Investment Management services on client accounts. These services include advisory services, investment supervision, and other account-maintenance activities. Our custodian charges custodial fees, redemption fees, retirement plan and administrative fees or commissions. Financial planning services by our Firm are included in advisory fees outlined below. See Additional Fees and Expenses below for additional details.

A calendar monthly investment management fee is billed in advance based on the average daily balance of your account during the previous calendar month. Only the initial billing will be billed in arrears and prorated for the time your assets are under our Firm’s management. The relevant fee and billing method are defined and agreed to by the Firm and the client in the executed Investment Advisory Agreement. This fee will be debited directly from your investment account.

To calculate the billing, our Firm uses actual number of days in the year and actual number of days in the month. The calculation formula used for billing purposes is as follows:

**$$[(\text{Average Daily Balance} \times \text{Advisory Fee Rate}) / \text{Actual Days in Year}] \times \text{Number of Days in Month} = \text{Monthly Advisory Fee.}$$**

Our Firm will obtain written authorization from the client to deduct advisory fees from the account held with the qualified custodian. The custodian for the individual client's account will provide clients with an account statement at least monthly. Upon request, clients can receive a prepared written report detailing their current positions, asset allocation, and year-to-date performance provided by our Firm. You are urged to compare the reports provided by CWG against the account statements you receive directly from your account custodian. Each time a fee is directly deducted from a client account, the investment adviser concurrently:

- Sends the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account; and
- Sends the client an invoice or statement itemizing the fee. Itemization includes the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the time period covered by the fee.

Our two strategies for Investment Management Services are billed as follows:

▪ **Alpha Strategy:**

CWG's investment advisory fee for the Alpha strategy is 1.00% annually, billed monthly in advance using the average daily balance of the prior month. However, an additional program fee is billed to the client each quarter from the account balance. This additional program fee is billed by Envestnet on a quarterly basis and will range from 0.15%–0.45% annually depending on the strategy, allocation, account size, etc. No portion of the program fee is shared by CWG. This means that the fee for the Alpha strategy is slightly more, yet custom investment advisory option with an all-in total client fee of 1.15%-1.45% annually. This strategy also has a program minimum of \$100,000 per account in order to achieve an ideal allocation.

▪ **Beta Strategy:**

The Beta strategy is our most cost-effective investment advisory option, with an all-in total client fee of just 1.00% annually, billed monthly in advance using the average daily balance of the prior month. This strategy does not have an account minimum. Beta strategy is often the starting point for many clients when investing with CWG.

Additional fees and expenses you may incur are brokerage commissions, principal markups and discounts, SEC fees, mutual fund/ETF internal expense ratios, mutual fund 12B-1 fees, tax withholding on certain foreign securities, postage fees, wire fees, bank charges, and other administration fees as authorized by you. ***Please refer to Section 12 for information on brokerage fees and services.***

Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account, or other reasons agreed upon by our Firm and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated. Our employees and their family related accounts may be charged a reduced fee for our services.

When applicable, and noted in Appendix of the Investment Management Agreement, legacy positions will also be excluded from the fee calculation.

Either CWG or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination, for the month in which the cancellation notice was given and any unearned fee will be refunded to you by our Firm.

Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client's death or disability, CWG will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party.

In no case are CWG fees based on, or related to, the performance of your funds or investments. Lower fees for comparable services may be available from other sources.

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## **OTHER TYPES OF FEES & EXPENSES**

In addition to the advisory fees paid to our Firm, you will also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include custodial fees, charges imposed by a mutual fund or ETF held in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Neither our Firm nor any of our supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Our brokerage practices are described at length in Item 12, below. Some of our Investment Adviser Representatives ("IARs") of the Firm are licensed Insurance agents registered with various State(s) Insurance Departments. IARs receive compensation (commissions, trails, or other compensation from the respective insurance products) as a result effecting insurance transaction for mutual client(s) of CWG. Refer to Item 10 for more information.

## **ITEM 5 – ACCOUNT REQUIREMENTS & TYPES OF CLIENTS**

We provide investment advice to individuals, high net worth individuals, foundations, employer sponsored retirement plans, charitable organizations, trusts, estates, and broker-dealers.

Our Firm maintains a \$100,000 minimum in aggregate investable assets for our investment management services. In certain instances, at the discretion of our Firm, this minimum may be waived if we determine your account can be adequately diversified at an amount less than \$100,000. However, because trading costs are typically a fixed and per transaction cost imposed by the custodian, smaller accounts will incur incrementally higher trading costs expressed as a percentage of the account balance.

## **ITEM 6 – PORTFOLIO MANAGER SELECTION & EVALUATION**

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### **PORTFOLIO MANAGER SELECTION**

Colorado Wealth Group serves as the sponsor and portfolio manager for our Wrap Fee Program.

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### **RELATED PERSONS**

Our Firm's investment adviser representatives serve as the portfolio manager for the services under this Wrap Fee Program. We only manage this wrap fee program and we do not act as portfolio manager for any third-party wrap fee programs.

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### **SUPERVISED PERSONS**

Our investment adviser representatives serve as the portfolio manager for the Wrap Fee Program described in this Wrap Fee Program Brochure. Please refer to the Items 4 and 8 of the Part 2A



Disclosure Brochure for details on the services provided by our Firm. For information related to the background of our supervised persons, please see Items 9 and 11 of the Part 2A Disclosure Brochure.

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#### **ADVISORY BUSINESS**

Refer to Item 4 of this Wrap Fee Brochure for information about our wrap fee advisory program.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

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#### **PARTICIPATION IN WRAP FEE PROGRAMS**

We offer the wrap fee program to clients who our Firm utilizes a third-party sub-advisor as well as those clients meeting the definition of a high net worth individual. Our Wrap Fee Program is managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

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#### **PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT**

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees), nor engage side by side management.

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#### **METHODS OF ANALYSIS**

Colorado Wealth Group may use the following methods of analysis in formulating our investment advice and/or managing client assets:

- **Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic 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.
- **Quantitative Analysis:** We use mathematical ratios and other performance appraisal methods in attempt to obtain more accurate measurements of a model manager's investment acumen, idea generation, consistency of purpose and overall ability to outperform their stated benchmark throughout a full market cycle. Additionally, we perform periodic measurements to assess the authenticity of returns. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.
- **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 in attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic

conditions. We also monitor the funds or ETFs in attempt 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.

- **Model Manager Analysis:** We examine the experience, expertise, investment philosophies, and past performance of Model Managers in attempt 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 Model Manager's compliance and business enterprise risks.

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## INVESTMENT ADVISORY STRATEGIES

We use the following strategy(s) in managing client accounts, provided that such strategy(s) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

- **The Alpha Strategy:** Alpha is a measurement of an investment's active return as compared to a relevant market or benchmark. An investment's excess return as compared to the benchmark's return is its investment Alpha.

The Alpha strategy is our custom, unified managed account approach where we employ outside managers who specialize in a distinct, concentrated, stock-centric approach, to seek risk-adjusted returns in excess of their benchmarks. The portfolio design process employs a layered approach to generate a diversified portfolio, whereby macroeconomic themes are combined with company-specific fundamental and technical analyses to form buy/sell decisions and determine the timing of entry and exit points. In addition to a nucleus of individual equities, we deploy ETFs and/or Mutual Funds, with holdings including master limited partnerships, real estate investment trusts, preferred stock, and international stocks, are often used to enhance total return, potential yield and provide diversification.

- **The Beta Strategy:** The term investment Beta refers to a measurement of the volatility of a portfolio, stock, or security as compared to a benchmark or an entire market. We named this strategy after the term Beta as the strategy will have a stronger correlation to the benchmark and market as a whole, similar to an "indexing" strategy but with dynamic allocation and active trading. It is, however, still very possible for the Beta strategy to generate Alpha due to these attributes.

We utilize outside manager models which specialize in an actively traded ETF asset allocation approach, while seeking to minimize cost, tax liability, and overall portfolio volatility. The portfolio design process employs an approach to generate a diversified portfolio, whereby macroeconomic themes are forecasted and combined with technical

analyses to form buy/sell decisions and determine the timing of entry and exit points. The portfolio consists of both active, passive and “strategic beta” ETFs designed to gain exposure to various asset classes. The Beta is not a buy-and-hold approach like true passive indexing; however, we utilize the efficiencies of ETFs to blend the best qualities of both active and passive investing.

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## RISK OF LOSS

Investing in securities involves risk of loss that clients should be prepared to bear. Stock markets and bond markets fluctuate over time and the market value of a specific stock or bond may decline due to general market conditions unrelated to the specific company or issuer. Factors that could contribute to market fluctuations include, but are not limited to, changes in real or perceived economic conditions, changes in interest rates, or changes in investor sentiment.

While Colorado Wealth Group seeks to monitor the markets for fundamental and macroeconomic pressures that affect a security’s value, long-term purchase strategies could also potentially pose risks to a client’s portfolio. A long-term purchase strategy assumes that by holding a security for an extended period, Colorado Wealth Group may not take advantage of short-term gains that may be profitable to a client. Moreover, if Colorado Wealth Group’s predictions prove incorrect and the reaction time delayed, a security may decline in value before a decision is made to sell the position.

Below is a non-exclusive list of risks applicable to Colorado Wealth Group strategies. Other risks also apply. Clients should work with Colorado Wealth Group to continually understand and determine an appropriate risk tolerance for their accounts.

Risks that apply to both fixed income and equity strategies include, but are not limited to, the following:

- **Active Management Risk:** Due to its active management, a portfolio could underperform other portfolios with similar investment objectives and/or strategies.
- **Allocation Risk:** A portfolio may use an asset allocation strategy in pursuit of its investment objective. There is a risk that a portfolio’s allocation among asset classes or investments will cause a portfolio to lose value or cause it to underperform other portfolios with a similar investment objective and/or strategy, or that the investments themselves will not produce the returns expected.
- **Cybersecurity Risk.** Cybersecurity risks include both intentional and unintentional events at CWG or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm’s ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients’ information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

- **Market and Timing Risk:** Prices of securities may become more volatile due to general market conditions that are not specifically related to a particular company, such as adverse economic conditions or outlooks, adverse investor sentiment, changes in the outlook for corporate earnings, or changes in interest rates.
- **Sector/Region Risk:** The risk that the strategy's concentration in equities or bonds in a specific sector or industry will cause the strategy to be more exposed to the price movements in and developments affecting that sector.
- **Event Risk:** The possibility that an unforeseen event will negatively affect a company or industry, and thus, increase the volatility of the security.

Risks associated with our fixed income strategies include, but are not limited to, the following:

- **Asset-Backed Securities Risk:** Payment of principal and interest on asset-backed securities is dependent largely on the cash flows generated by the assets backing the securities. Further, some asset backed securities may not have the benefit of any security interest in the related assets. There is also the possibility that recoveries in the underlying collateral may not be available to support the payments on these securities. Downturns in the economy could cause the value of asset backed securities to fall, thus, negatively impacting account performance.
- **Corporate Debt Risk:** The rate of interest on a corporate debt security may be fixed, floating, variable, or may vary inversely with respect to a reference rate. Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation. They also may be subject to price volatility due to interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates rise, the value of a corporate debt security can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. A company default can reduce income and capital value of a corporate debt security. Moreover, market expectations regarding economic conditions and the likely number of corporate defaults may impact the value of these securities.
- **Credit Default Risk:** The risk of loss of principal due to the borrower's failure to repay the loan or risk of liquidity from the decline in the borrower's financial strength.
- **Duration Risk:** The risk associated with the sensitivity of a bond's price to a change in interest rates. The higher a bond's (or portfolio's) duration, the greater its sensitivity to interest rate changes.
- **Government Securities Risk:** Not all U.S. government securities are backed by the full faith and credit of the U.S. government. It is possible that the U.S. government would not provide financial support to certain of its agencies or instrumentalities if it is not required to do so by law. If a U.S. government agency or instrumentality defaults and the U.S. government does not stand behind the obligation, returns could be negatively impacted. The U.S. government guarantees payment of principal and timely payment of interest on certain U.S. government securities.
- **Interest Rate Risk:** Prices of fixed income securities tend to move inversely with changes in interest rates. As interest rates rise, bond prices typically fall and vice versa. The longer the effective maturity and duration of a strategy's portfolio, the more the performance of the investment is likely to react to interest rates.
- **Municipal Bond Risk:** Investments in municipal bonds are affected by the municipal market as a whole and the various factors in the particular cities, states or regions in which the strategy invests. Issues such as legislative changes, litigation, business and political

conditions relating to a particular municipal project, municipality, state or territory, and fiscal challenges can impact the value of municipal bonds. These matters can also impact the ability of the issuer to make payments. Also, the amount of public information available about municipal bonds is generally less than that for corporate equities or bonds. Additionally, supply and demand imbalances in the municipal bond market can cause deterioration in liquidity and lack of price transparency.

- **Performance of Underlying Managers:** We select the mutual funds and ETFs in the asset allocation portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.
- **Prepayment Risk:** Similar to call risk, this risk is associated with the early unscheduled repayment of principal on a fixed income security. When principal is returned early, future interest payments will not be paid. The proceeds from the repayment may be reinvested in securities at a lower, prevailing rate.
- **Reinvestment Risk:** The risk that future cash flows, either coupons or the final return of principal, and dividends will need to be reinvested in lower-yielding securities.
- **Securities Lending Risk:** Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.
- **State Risk:** Portfolios with state or region-specific customizations will be more sensitive to the events that affect that state's economy and stability. Portfolios with a higher concentration of bonds in a state or region may have higher credit risk exposure, especially if the percentage of assets dedicated to the state is invested in fewer issuers.
- **Tax Liability Risk:** The risk that the distributions of municipal securities become taxable to the investor due to noncompliant conduct by the municipal bond issuer or changes to federal and state laws. These adverse actions would likely negatively impact the prices of the securities.

Risks associated with our equity strategies include, but are not limited to, the following:

- **Capitalization Risk:** Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services. Their stocks have historically been more volatile than the stocks of larger, more established companies.
- **Exchange-Traded Fund ("ETF") and Mutual Fund Risk:** Investments in ETFs and mutual funds have unique characteristics, including, but not limited to, the ETF or mutual fund's expense structure. Investors of ETFs and mutual funds held within Colorado Wealth Group client accounts bear both their Colorado Wealth Group portfolio's advisory expenses and, indirectly, the ETF's or mutual fund's expenses. Because the expenses and costs of an underlying ETF or mutual fund are shared by its investors, redemptions by other investors in the ETF or mutual fund could result in decreased economies of scale and increased operating expenses for such ETF or mutual fund. Additionally, the ETF or mutual fund may not achieve its investment objective. Actively managed ETFs or mutual funds may experience significant drift from their stated benchmark. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."
- **Foreign Securities Risk:** Investments in or exposure to foreign securities involve certain risks not associated with investments in or exposure to securities of U.S. companies. Foreign securities subject a portfolio to the risks associated with investing in the particular

country of an issuer, including the political, regulatory, economic, social, diplomatic and other conditions or events (including, for example, military confrontations, war and terrorism), occurring in the country or region, as well as risks associated with less developed custody and settlement practices. Foreign securities may be more volatile and less liquid than securities of U.S. companies, and are subject to the risks associated with potential imposition of economic and other sanctions against a particular foreign country, its nationals or industries or businesses within the country. In addition, foreign governments may impose withholding or other taxes on income, capital gains or proceeds from the disposition of foreign securities, which could reduce a portfolio's return on such securities. International Equity Market Risks

Changes in the value of foreign currencies compared to the US dollar may affect (positively or negatively) the value of the investments in the portfolios. Such currency movements may occur separately from, and/or in response to, events that do not otherwise affect the value of the security in the issuer's home country. Also, the value of the portfolios may be influenced by currency exchange control regulations. The currencies of emerging market countries may experience significant declines against the US dollar, and devaluation may occur subsequent to investments in these currencies by the portfolios.

- **Issuer Risk:** The risk that an issuer of a security may perform poorly, and therefore, the value of its securities may decline. Poor performance may be caused by poor management decisions, competitive pressures, breakthroughs in technology, reliance on suppliers, labor problems or shortages, corporate restructurings, fraudulent disclosures, natural disasters or other events, conditions or factors.
- **Market Risk:** When the stock market strongly favors a particular style of equity investing, some or all of Colorado Wealth Group's equity strategies could underperform. The performance of clients' accounts could suffer when Colorado Wealth Group's particular investment style(s) are out of favor. For example, Colorado Wealth Group's large cap equity strategies could underperform when the market favors smaller capitalization stocks. Colorado Wealth Group's strategies with exposure to small/mid cap stocks could underperform when the market favors larger cap stocks. Additionally, growth securities could underperform when the market favors value securities.
- **Sector Risk:** At times, a portfolio may have a significant portion of its assets invested in securities of companies conducting business in a related group of industries within an economic sector. Companies in the same economic sector may be similarly affected by economic, regulatory, political or market events or conditions, which make a portfolio more vulnerable to unfavorable developments in that economic sector than portfolios that invest more broadly. Generally, the more a portfolio diversifies its investments, the more it spreads risk and potentially reduces the risks of loss and volatility.

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## VOTING CLIENT SECURITIES

We will not vote proxies on your behalf. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not act with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. You can contact our office with questions about a particular solicitation by phone at (720) 729-2500.

## ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGER(S)

Our Firm is required to describe the type and frequency of the information it communicates to external managers that may be involved in managing its Clients' investment portfolios. Colorado Wealth Group, LLC serves as the sole portfolio manager under this Wrap Fee Program and, as such, we have no information to disclose regarding this Item.

## ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGER(S)

Our Firm does not place restrictions on the client's ability to contact and consult their financial advisor. As the portfolio manager, clients are free to contact us at any time.

## ITEM 9 – ADDITIONAL INFORMATION

All the information disclosed in Item 9 is for Wrap Fee Clients.

### DISCIPLINARY INFORMATION

We do not have any legal, financial or other "disciplinary" item to report. No management persons listed on Schedule A/B of the ADV Part 1 have been subject to any criminal or civil actions, administrative proceedings, or self-regulatory organization (SRO) proceedings.

### FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

**Insurance:** Some of our Investment Adviser Representatives ("IARs") of the Firm are licensed Insurance agents registered with various State(s) Insurance Departments. IARs receives compensation (commissions, trails, or other compensation from the respective insurance products) as a result effecting insurance transaction for mutual client(s) of CWG. Commissions generated by insurance sales do not offset advisory fees. Our Firm has an incentive to recommend insurance products and this incentive creates a conflict of interest between your interests and our Firm. We mitigate this conflict by disclosing to clients they have the right to decide whether to engage the Insurance services offered through our IARs. Further, clients should note they have the right to decide whether to act on the recommendations and the right to choose any professional to execute the advice for any insurance products through any licensed insurance agent not affiliated with our Firm. We recognize the fiduciary responsibility to place the client's interests first and have established policies in this regard to mitigate any conflicts of interest.

**Other Affiliations:** Our Firm nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Our Firm does not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Neither our Firm nor any of our management persons have an arrangement with any related persons (e.g. broker-dealer, municipal securities dealer, or government securities dealer or broker, investment company or other pooled investment vehicle including a mutual fund, closed-end investment company, unit investment trust), other investment adviser or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, and/or sponsor or syndicator of limited partnerships.

Clients should be aware that the ability to receive additional compensation by our Firm and its management persons or employees creates conflicts of interest that impair the objectivity of the Firm and these individuals when making advisory recommendations. Our Firm endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment advisor; we take the following steps, among others to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and our employees to earn compensation from advisory clients in addition to the Firm's advisory fees;
- we disclose to clients that they have the right to decide to purchase recommended investment products from our employees;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives, and risk tolerance;
- the Firm conducts regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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## **BROKERAGE PRACTICES**

We generally recommend that clients utilize the custody and brokerage services of TD Ameritrade Institutional, a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member ("Custodian" or "TDA") for investment management accounts. We may recommend that you establish accounts with TDA to maintain custody of your assets and to effect trades for your accounts. Some of the services and other benefits provided by TDA benefit us and may not benefit you or your account. Our recommendation/requirement that you place assets with TDA may be based in part on benefits they provide us, and not solely on the nature, cost or quality of custody and execution services provided by TDA.

We are independently owned and operated and not affiliated with TDA. They provide us with access to their institutional trading and custody services. These services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors.

You have the right to not act upon any recommendations, and if you elect to act upon any recommendations, you have the right to not place the transactions through any broker/dealer we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions. Not all advisers require their clients to direct brokerage. CWG may be unable to achieve most favorable execution of client transactions and that directing brokerage may cost clients more money.



We place trades for your account subject to our duty to seek best execution and other fiduciary duties. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions. TDA's execution quality may be different than other broker-dealers.

TDA generally does not charge separately for custody but are compensated by account holders through 12b-1 fees and ticket charges.

TDA makes available to us other products and services that benefit us but may not benefit your accounts in every case. Some of these other products and services assist us in managing and administering your accounts. These include software and technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from your account, and assist with back-office functions, record-keeping and reporting.

Many of these services generally may be used to service all or a substantial number of our accounts. TDA also make available to us other services intended to help us manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the Custodian may make available, arrange and/or pay for these services rendered to us by third parties. The Custodian may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us.

While as a fiduciary, we endeavor to act in your best interest, our recommendation that you maintain your assets in accounts at our recommended Custodian may be based in part on the benefit to us or the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the Custodian, which may create a conflict of interest. IARs endeavor at all times to act in the best interest of our clients first as a part of their fiduciary duty.

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order 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, we 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.

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## **AGGREGATION AND ALLOCATION OF TRANSACTIONS**

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client Investment Advisory Agreement. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day. We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

- Our policy for the aggregation of transactions shall be fully disclosed separately to our existing clients (if any) and the broker/dealer(s) through which such transactions will be placed.
- We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Investment Advisory Agreement with you for which trades are being aggregated.
- No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction.
- We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients.
- If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
- Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
- We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
- Individual advice and treatment will be accorded to each advisory client.

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#### **BROKERAGE FOR CLIENT REFERRALS**

Our Firm does not receive client referrals from any Custodian or third party in exchange for using that broker-dealer or third party.

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#### **TRADE ERRORS**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the Firm. If the error is caused by the Custodian, the Custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

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#### **DIRECTED BROKERAGE**

We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker dealer. Additionally, we do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

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## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING**

Our Firm and persons associated with us are allowed to invest for their own accounts, or to have a financial investment in the same securities or other investments that we recommend or acquire for your account and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, and the prohibition against the use of inside information.

The Code of Ethics is designed to protect our clients by establishing standards of conduct, educating personnel regarding the Firm's expectations and laws governing their conduct, reminding personnel that they are in a position of trust and must act with complete propriety at all times, protecting the reputation of CWG, safeguarding against the violation of the securities laws, and establishing procedures for personnel to follow so that we may determine whether their personnel are complying with the Firm's ethical principles.

We have established the following restrictions in order to ensure our Firm's fiduciary responsibilities:

- No supervised employee of CWG shall prefer his or her own interest to that of the advisory client. Trades for supervised employees are traded alongside client accounts.
- We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of CWG.
- We emphasize the unrestricted right of the client to decline implementation of any advice rendered, except in situations where we are managing the client's account(s)
- We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- Any supervised employee not in compliance of the above may be subject to termination.

None of our associated persons may affect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the Firm's procedures which prohibit personal trading of employees from front-running or benefiting accounts for firm's trading with clients.

You may request a complete copy of our Code by contacting us at the address, telephone, or email on the cover page of this Part 2; ATTN: Jacob Ray, Chief Compliance Officer.

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## **REVIEW OF ACCOUNTS**

Our Investment Adviser Representatives will monitor client accounts on a regular basis and perform annual reviews with each client. All accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance, and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax, or financial status. Geopolitical and macroeconomic specific events may also trigger reviews.

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## **STATEMENTS AND REPORTS**

The custodian for the individual client's account will provide clients with an account statement at least monthly. In addition, our firm will send an invoice to the client on a quarterly basis. Upon request, clients can receive a Colorado Wealth Group prepared written report detailing their current positions, asset allocation, and year-to-date performance. You are urged to compare the reports and invoices provided by our Firm against the account statements you receive directly from your account custodian.

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#### **CLIENT REFERRALS & OTHER COMPENSATION**

As disclosed under Item 12 Brokerage Practices, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to you for custody and brokerage services. There is no direct link between our 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 any other independent Investment Advisors participating in the program. 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 advisor 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 some of our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, 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 clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by our Firm or our related persons in and of itself creates a conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

Our Firm also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include TD Ameritrade paying Advyzon. TD Ameritrade provides the Additional Services to our Firm in its sole discretion and at its own expense. Our Firm does not pay any fees to TD Ameritrade for the Additional Services.

Other than what is disclosed above, our Firm's receipt of Additional Services raises conflicts of interest. In providing Additional Services to our Firm, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our Firm's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with our Firm, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, our Firm may have an incentive to recommend to its Clients that the assets under management by our Firm be held in custody with TD Ameritrade and to place transactions for Client accounts with TD

Ameritrade. Our Firm's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

For certain accounts that require additional Trustee services, our Firm refers clients to Mass Mutual Trust Company, ("MMTC"). Our Firm has entered into a written referral agreement with MMTC, a federally chartered savings association. CWG, from time to time, may refer clients to MMTC that may result in establishing accounts and entering into relationships with MMTC. In such circumstances, MMTC agrees to pay CWG a referral fee equal to a portion of fees received by MMTC from the referred client. The fee to be paid to CWG will be borne entirely by MMTC and there will be no additional fee, cost or expense to the referred client resulting from the referral agreement. CWG makes disclosure of such referral arrangement, if any, to the client before entering into an advisory agreement. All referral agreements are governed by applicable state statutes.

CWG only refers clients to MMTC as we believe they are competent and qualified in their field, but it is ultimately the client's responsibility to evaluate the MMTC, and it is solely the client's decision whether to engage a recommended firm. Clients always have the right to purchase any products or services through these professionals, and CWG has no control over the services provided by another firm. Clients who chose to engage these professionals will sign a separate agreement with the other firm. Fees charged by MMTC are separate from and in addition to fees charged by CWG.

Our Firm does not pay compensation to any unaffiliated party for client referrals outside of the scope of relationships described in Item 10

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**SOFT DOLLARS**

Our Firm does not accept any direct soft dollars.

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**DIRECTED BROKERAGE**

Neither we nor any of our Firm's related persons have discretionary authority in making the determination of the brokers 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. We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker dealer. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

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**FINANCIAL INFORMATION**

We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

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**ITEM 10 – REQUIREMENTS FOR STATE REGISTERED ADVISORS**

No individual from our firm has a relationship with any issuer of securities.