



## **Cape Investment Advisory, Inc.**

Cape Investment Advisory Wrap Fee Program  
Part 2A Appendix 1 of Form ADV: Wrap Fee Disclosure Brochure

1600 Pennsylvania Ave.  
McDonough, GA 30253  
(678) 583-1120

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**This wrap fee program brochure provides information about the qualifications and business practices of Cape Investment Advisory, Inc. If you have any questions about the contents of this brochure, please contact us at (678) 583-1120. The information contained 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 Cape Investment Advisory also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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## ITEM 4: SERVICES, FEES, AND COMPENSATION

### CAPE INVESTMENT ADVISORY WRAP PROGRAM

CIA (“Sponsor”) offers a wrap-fee program to independent investment advisor (“Advisor”) clients who use “Sponsor” as an RIA and an approved custodian (broker/dealer) for their managed assets. The program, known as the Cape Investment Advisory Wrap Program, is presented by Sponsor and Advisor to the client.

CIA Investment Advisory Representatives (“IAR”) act as portfolio manager to the Cape Investment Advisory Wrap Program. Advisor works with clients to identify their investment goals and objectives as well as risk tolerance in order to create an initial portfolio allocation designed to complement the client’s financial situation and personal circumstances. Accounts are managed based on the individual needs of the client.

The process begins through personal discussions between the IAR or Advisor and the client to establish investment goals and gather information pertaining to the client’s financial situation, objectives, time horizon and risk tolerance. This information becomes the basis for determining and constructing the investment plan/asset allocation plan which the IAR and/or Advisor believe best meets the client’s long term stated goals.

The investment plan contains assets in classes that CIA believes (based on historical data) will have attractive combinations of return, risk and correlation. In addition, CIA offers clients the opportunity to use services offered by third party money managers.

Product recommendations under this platform may include but are not limited to, equities, corporate debt securities, municipals bonds, mutual funds, government securities, options, and alternative investments. Restrictions and guidelines imposed by clients effect the composition and performance of portfolios. For this reason, performance of portfolios within the same investment objective may differ.

Advisory client assets are held and processed at an approved custodian (broker/dealer) Cape Securities (“Trade PMR”), Hilltop Securities (HTS), Charles Schwab or TD Ameritrade.

### FEES

Clients in CIA Wrap Program pay an all-inclusive fee. This fee is administered by CIA, which retains a portion of the fee for RIA Platform administration and sub-management services (if applicable). CIA remits a portion of the Client fee to the Advisor and Sub-Manager (if applicable). Fees charged are calculated as an annual percentage of assets based on the market value of the account at the end of the quarter. Fees are billed on a monthly or calendar quarter basis forward or in arrears and based on the number of days managed for that period. The level of the fee will vary with the amount of assets under advisement in the program and the particular investment styles and investment alternatives chosen or recommended. Clients may receive comparable services from other sources for fees that are lower or higher than those charged by CIA and its Advisor. Also, fees may be lower or higher if purchased separately.

CIA requires a minimum account of \$25,000 for clients seeking investment management services; however, at the sole discretion of management, the minimum account value requirement may be waived.

Below is the schedule of fees charged by CIA in connection with the Cape Investment Advisory Wrap Program. The fee charged is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client. All fees are negotiable at the discretion of CIA management.

The annual fees are negotiable and based on assets under management as follows:

#### ***Wrap Fee Option***

Wrap fee structures allow you to pay an all-inclusive fee which includes:

1. investment management fees shared by our firm, your advisory representatives, and, in some instances, the broker dealer of advisory representatives who are also registered as representatives of the broker-dealer;
2. execution and clearing costs;
3. transaction costs – if applicable – which may be paid to purchase and sell securities in your account; and custody fees.

The annual fees for the CIA Wrap Fee Program are negotiable and based on assets under management as follows:

Asset Amount	Max. Client Fee	Execution, Clearing Fee*	Investment Management Fee (TPAM or AAM)
Up to 250K	2.75%	.30	0---2.45%
\$250K --- \$500K	2.50%	.30	0---2.20%
\$500K --- \$1M	2.25%	.25	0---2.00%
\$1M --- \$2M	1.95%	.20	0---1.75%
\$2M--- \$5M	1.65%	.20	0---1.45%
Above \$5M	1.35%	.15	0---1.20%

*\*Minimum fee of \$350. Execution, custodial, and clearing fee is included in Total Annual Advisory Fee. In certain circumstances the execution, custodial, and clearing fees may be negotiable at the discretion of CIA management.*

The asset-based fee is calculated at the end of the calendar month or quarter. The fee is based upon the value of the account as calculated by the custodian. Fees for the initial quarter will be adjusted pro-rata based upon the number of calendar days in the calendar quarter that the adviser agreement goes into effect. Any deposits or withdrawal of funds or securities within a billing period exceeding \$25,000 are subject to the same billing process.

As authorized in the Advisory Agreement, the account custodian withdraws advisory fees directly from the client's account according to the custodian's policies, practices and procedures. The custodian sends the client a statement, at least quarterly, indicating all the amounts disbursed from the account, including the amount of advisory fees. It is the client's responsibility, not the custodian's, to verify the accuracy of the billing amount. Advisor does not hold customer funds or securities. CIA will not have the authority to withdraw funds or take custody of client funds or securities other than where the client has authorized the deduction of investment advisory fees via a qualified custodian.

#### OTHER ISSUES RELATING TO FEES

The cost of investment advisory services provided through the programs may be more or less than the cost of purchasing similar services separately. Among the factors impacting the relative cost of the program to a particular Client are the choice of custodian, the size of the account, the type of account (i.e., equity or fixed income), the size of the assets devoted to a particular strategy, and the Sub-Managers selected. The minimum account size varies depending on the selected investment strategy.

The program fee does not cover, and the Client will be additionally responsible and charged for:

- (i) commissions, markups, markdowns, spreads and other transactional charges on securities transactions effected through, or with, brokers and dealers other than their custodian;
- (ii) interest on debit account balances, where applicable;
- (iii) the entire public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter of dealer (including TD AMERITRADE) involved in a distribution of securities;
- (iv) bid-ask spreads;
- (v) odd lot differentials;
- (vi) exchange fees, transfer taxes and other fees required by law;
- (vii) Individual Retirement Account fees, qualified retirement plan account fees and other account maintenance fees; and
- (viii) other fees that may be assessed by custodian in its capacity as broker and custodian upon notice to the Client

#### **ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

CIA provides discretionary and nondiscretionary investment advisory, financial planning and consulting services on a fee-only basis for individuals, businesses, qualified pension and profit sharing plans, individual retirement

accounts, trusts and other entities.

## CONDITIONS FOR MANAGING ACCOUNTS

CIA generally requires a minimum relationship of \$25,000 for clients seeking investment management services. This minimum may be waived based upon a pre-existing relationship or special client circumstances at the discretion of management. CIA requires a minimum financial planning project fee of \$500.00.

### **ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION**

The factors we consider when selecting TPAMs to recommend to clients include the TPAM's:

- management style,
- performance record,
- reputation,
- pricing, and
- reporting capabilities.

TPAMs are evaluated using data and information from several sources, including the manager and independent databases. We also review the manager's Form ADV Part 2, as well as portfolio holdings reports that help demonstrate the manager's securities selection process. However, neither we nor a third party verifies the accuracy of performance information or compliance with performance standards.

In recommending a TPAM to you, we consider your financial situation, risk tolerance, investment horizon, liquidity needs, tax considerations, investment objectives, and any other issues important to your state of affairs. You should notify us promptly if there are any changes in your financial situation or investment objectives or if you wish to impose any reasonable restrictions upon the management of your account.

Our advisory representatives act as a portfolio manager for the CIA managed account program. We do not evaluate these portfolio managers in the same manner that we evaluate TPAMs as described above. You decide whether you want your advisory representative to manage your assets directly or whether your assets are managed by a third party. We do supervise your advisory representative as described in the brochure supplement we have provided to you.

CIA offers and provides a combination of the following advisory services for individuals, businesses, qualified pension and profit sharing plans, individual retirement accounts, trusts and other entities on a fee-only basis.

- Discretionary Investment Management
- Nondiscretionary investment management
- Investment monitoring services
- Financial planning services
- Retirement plan advisory services
- Financial consulting services

The process begins through personal discussions between the Investment Advisor Representative ("IAR" "or Advisor") or Independent Advisor ("Advisor") and the client to establish investment goals and gather information pertaining to the client's financial situation, objectives, time horizon and risk tolerance. This information becomes the basis for determining and constructing the investment plan/asset allocation plan which the Advisor believes best meets the client's long term stated goals. The client reserves the right to impose restrictions on investing in certain securities or types of securities so long as these restrictions are communicated to the Advisor in writing.

The investment plan will contain assets in classes that CIA believes (based on historical data) will have attractive combinations of return, risk and correlation. In addition, CIA offers clients the opportunity to use services offered by third party money managers as well as affiliate asset managers.

#### Discretionary Investment Management

We can provide discretionary portfolio management services to clients using a variety of standard and customized investment models. Each portfolio is designed to meet a particular investment objective. We can use this discretionary authority to buy and sell securities on your behalf per client agreements.

#### Nondiscretionary Investment Management

CIA provides nondiscretionary portfolio management services to clients. Investment Advisor Representatives use the client's investment objectives and risk tolerance when making recommendations to clients. Trades are entered only with the consent and approval of the client. We may also enter non-solicited trades per the client's request.

### Investment Monitoring Services

CIA offers monitoring services to both individual, institutional clients for both qualified and non-qualified accounts. We review asset allocation, the overall performance and that of the individual managers. Reviews are generally conducted on a quarterly basis. Documentation and communication of the review will be determined between advisor and client.

### Financial Planning Services

Financial planning services are provided to both individual and institutional clients. We prepare and provide a written package designed to assist the client achieve financial goals. The preparation of a plan may necessitate access to personal and company data, budgets, liabilities, assets and other relevant financial data. The financial plan may include any or all of the following per the client agreement:

- Investment planning,
- Asset protection,
- Risk management,
- Asset allocation,
- Cash flow management,
- Education planning,
- Retirement planning,
- Insurance planning,
- Long-term care and disability planning,
- Estate planning and wealth transfer
- Business succession,
- Charitable gifting,
- And tax planning.

Consultations may be general in nature or may focus on particular areas of interest, at the request of the client. Where services are limited in nature, the client should understand that Advisor will be working on a limited scope and therefore may not be able to take all factors into consideration. During the time of engagement, clients are obligated to notify Advisor promptly if the client experiences a change in financial conditions in order to provide Advisor the opportunity to make changes in advice or strategies.

CIA will offer an hourly rate for a limited plan related to a specific need such as estate planning only or college funding only.

The client may choose to implement any portion or none of the plan at their sole discretion. Advisor will not provide ongoing investment management under the Financial Planning Agreement; however, clients will be able to engage Advisor to conduct a review of investment accounts on a periodic or annual basis for the hourly rate noted above.

Neither Advisor nor its related persons practice law or accounting. It is the client's responsibility to understand the need to secure the services of other professional advisors when necessary.

### Retirement Plan Advisory Services

Investment advisory services provided to a company for their retirement plan vary depending on the scope of the agreement. The scope of the services provided would be discussed and agreed upon and typically included some or all of the following:

- Retirement Plan Committee Services
  - Preparation of Investment Policy Statement
  - Investment recommendations
  - Investment review and monitoring
  - Education services to the plan committee
- Plan Participant Services

- Participant enrollment and education
  - One-on-one participant meetings
  - Development and communication of model portfolio
- Plan Design and Construction
  - Plan design consulting
  - Plan search coordination
  - Provider review

### Consulting Services

Services may be provided that further service our clients that include but are not limited to, real estate transactions, banking services, special estate planning needs, business management, buy-out negotiations, review of individual or company benefit offerings, or insurance assessment, of life, health, property and causality. These special services will be clearly defined in a client's contract.

### Broker Dealer Affiliation Disclosure

CIA is affiliated with Cape Securities, Inc. ("CSI"), a registered broker/dealer. Therefore, it may be common for the CIA representative to also serve as the CSI registered representative for clients' accounts.

### Third Party Asset Management and Affiliate Asset Management

Advisor may recommend that clients engage certain Third Party Asset Managers ("TPAM") or Affiliate Asset Managers ("AAM") to manage all or a portion of their assets. Advisor will provide individualized advisory services to their clients through the selection of a suitable TPAM or AAM. Factors considered in the selection of a TPAM or AAM include but may not be limited to: i) the management style, performance, reputation, pricing and reporting capabilities of the AAM or TPAM; ii) the client's risk tolerance, goals and objectives, as well as investment experience; and, iii) the amount of client assets available for investment. In order to assist clients in the selection of a TPAM or AAM, the IAR will typically gather information from the client about the client's financial situation, investment objectives, and reasonable restrictions the client wants imposed on the management of the account.

Advisor will contact the client at least annually, or more often as agreed upon with each client, to review the client's financial situation and objectives, communicate information to the TPAM or AAM managing the account as warranted, and to assist the client in understanding and evaluating the services provided by the TPAM or AAM. Clients will be expected to notify their Advisor of any changes in their financial situation, investment objectives, or account restrictions.

**A complete description of the programs and services provided, the amount of total fees, the payment structure, termination provisions and other aspects of each program are detailed and disclosed in: i) the TPAM's or AAM's Form ADV Part II; ii) the program wrap brochure (if applicable) or other applicable disclosure documents; iii) the disclosure documents of the portfolio manager or managers selected; or, iv) the TPAM's or AAM's account opening documents. A copy of all relevant disclosure documents of the TPAM or AAM and of the individual portfolio manager(s) will be provided to anyone interested in these programs/managers.**

Compensation generally, consists of three elements: i) management and advisory fees shared by the TPAMs or AAMs, CIA, and its IARs; ii) transaction costs – if applicable – which may be paid to purchase and sell such securities; and iii) custody fees. Fees are assessed by the TPAM or AAM who in turn may pay a portion of the fee to CIA for services provided. The amount and timing of these fees varies depending on the TPAM or AAM.

The client may elect to participate in a wrap fee account. The account will be managed similarly to non-wrap fee accounts. The primary difference in between a wrap account and non-wrap account is in the manner that the account is billed to the client. In a wrap fee account, clients are billed one inclusive fee that includes the cost of the advisor fee, portfolio management fee, platform fee, ticket charges, postage and handling charges. In a non-wrap account, the foregoing charges are assessed as separate charges. If a client elects to participate in a wrap fee account, an additional Wrap Fee Disclosure Brochure, Part 2A Appendix I, will be provided to the client.

**Please Note: When investing in mutual funds and variable annuities, clients are strongly encouraged to review the applicable prospectus. Mutual funds and variable annuities may impose certain restrictions on the frequency, timing and dollar amount of transactions and may impose penalty fees based upon short-term**

**trading patterns. Such restrictions may impact the services provided by a TPAM or AAM.**

#### **INVESTMENT MANAGEMENT PROCESS**

CIA's Portfolio Management team uses a number of analytical tools and commercially available optimization software applications in developing its asset allocation strategies. Among the factors considered in designing these strategies are historical rates of risk and return for various asset classes, correlation across asset classes and risk premiums.

In some cases, CIA will use Sub-managers to construct a model portfolio that Advisor will use to invest Client assets. In some cases, Sub-Managers construct a model portfolio that CIA will use to invest Client assets. CIA may recommend investments in certain mutual funds or alternative investments, such as hedge funds and private equity funds, depending on an individual Client's investment objectives and available assets for investment.

The CIA Wrap Program is intended to comply with Rule 3a-4 under the Investment Company Act of 1940. Each Client's account is managed on the basis of the Client's individual financial situation. Each Client has the opportunity to select the account's investment objective and impose reasonable restrictions on the management of the assets in the account. In addition, Clients will be contacted annually and notified quarterly by their Advisor, in order to confirm the accuracy of this information.

#### **TYPES OF INVESTMENTS**

CIA selects and monitors the investment managers who make investment decisions. Through the Wrap Program, CIA evaluates Sub-Managers specializing in each of the asset categories listed, including equities (both domestic and foreign), ETF corporate debt, commercial paper, certificates of deposit, municipal securities, mutual funds, government securities, options and futures. CIA will recommend an asset allocation (and Sub-Managers within an asset category) based upon the Client's needs and objectives. In some cases, Sub-Managers will supply CIA with a model portfolio and CIA will invest Client assets accordingly.

#### **PROXY VOTING & CLASS ACTION SUITS**

Client agrees that Advisor or Sub-Manager, as applicable, will not vote or advise you how to vote proxies for securities held in your account. The Custodian should promptly send you all proxies and related shareholder communications for the securities held in your account. If you are a plan fiduciary in the case of an account subject to the provisions of the Employee Retirement Income Security Act of 1974 ["ERISA"], you expressly retain the authority and responsibility for the voting of proxies. We are expressly precluded from rendering any advice or taking any action with respect to the voting of proxies.

In addition, CIA will not take any action or render any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits. CIA will, however, forward to Client any information received by CIA regarding class action legal matters involving any security held in the account.

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

CIA does not use Performance-Based Fees and Side-by-Side Management. Therefore, Item 6 is not applicable to CIA's business model.

#### **ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Portfolio Managers may be provided with full disclosure of all client information that CIA has in its files. This information is updated as the client informs CIA of any changes to such information and may be given to Portfolio Managers accordingly.

#### **ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS**

CIA places no restrictions on Client contact with portfolio managers, but neither guarantees that Portfolio Managers are willing to make contact with clients.



## ITEM 9: ADDITIONAL INFORMATION

### DISCIPLINARY ACTIONS

CIA has no Disciplinary Actions. But certain IAR's have actions that are required to be disclosed, including:

- Assault on a Peace Officer, a third-degree felony, which was dismissed at the hearing.
- Two instances of inaccurately completing insurance applications:
  - o failure to disclose a felony conviction when a minor – Insurance license was issued with a twelve month probationary period and payment of a \$150 fine;
  - o submission of two insurance applications with different responses – the inaccurate application was denied and the accurate one was issued.
- Failure to supervise while a control person at an unaffiliated broker-dealer which resulted in being prohibited from serving in a Principal capacity at any broker-dealer for six months; and
- A Civil Court order to repay credit card debt to the card issuer.

Please review your IAR's Form CRS that documents these situations and feel free to ask your IAR to discuss their background.

### BROKERAGE SERVICES

Client authorizes Sponsor's custodians as the broker of Client's choice ("Broker") for the Accounts to provide trade execution services as indicated in the Client Investment Advisory Agreement and Fee Disclosure. Broker will also be appointed to serve as custodian of the client assets. Services provided by Broker in this capacity are provided pursuant to a separate agreement between Client and Broker. Client acknowledges that by directing brokerage, Client may not receive best execution on transactions for the Accounts. Sub-Managers will have the authority to effect transactions for the Accounts with or through another broker, dealer, or bank if Advisor or Sub-Manager believes that "best execution" of transactions may be obtained through such other broker, dealer, or bank, including any broker/dealer that is affiliated with Advisor, Sponsor or Sub-Manager. Client acknowledges that it may be responsible for additional fees for portfolio transactions executed away from Sponsor's custodian. Client agrees to furnish any such broker, dealer or bank such authorizations as any of them or Advisor may request to implement the provisions of the Agreement.

Client instructs Broker to accept instructions from CIA and Sub-Managers to whom Advisor has delegated investment discretion by providing notice to the Broker substantially in the form of the Broker/custodian application. Client authorizes CIA to open broker/dealer credit accounts at applicable executing brokers, and Client authorizes CIA as attorney-in-fact to give instructions to an appropriate broker. All transactions effected by Sub-Managers for Client's Accounts shall be cleared and settled with the Broker. Sub-Managers may execute transactions through brokers, dealers and banks that have certain arrangements with Advisor, Sponsor and/or Sub-Managers pursuant to which Advisor, Sponsor or Sub-Managers receive credit (toward acquisition of research products and services) for brokerage placed with such firms by Advisor or Sub-Managers.

When CIA or a Sub-Manager deems a transaction to be in the best interests of the Client, as well as other clients of CIA, Advisor or Sub-Manager, to the extent permitted by applicable law and regulation, Sponsor or Sub-Manager is permitted to aggregate multiple client orders to obtain what Sponsor, or Sub-Manager believes will be the most favorable price and/or lower execution costs at the time of execution.

Neither Advisor, Sponsor nor any Sub-Manager will be responsible for any action or inaction taken by any third-party broker, dealer or bank, or any loss incurred by reason of any action or inaction of any broker, dealer or bank.

Client authorizes Sponsor or Sub-Managers to instruct all brokers, dealers, and banks that effect transactions for or with the Accounts to forward confirmations of transactions for Client's Accounts to the Sub-Managers, Platform Manager or Advisor.

### INVESTMENT OR BROKERAGE DISCRETION

Clients who participate in Wrap programs may or may not grant discretionary trading authority to CIA.

## REPORTS AND REVIEW OF ACCOUNTS

CIA provides a periodic statement, no less than quarterly, to all Advisors participating in RIA Advisor Services Platform. Advisors are responsible for providing these or similar statements to the Client and reviewing them with the Client at least annually and as market conditions warrant. It is recommended to clients that consistent periodic reviews be made to continually update client information and investment strategies as conditions warrant. The reviews focus on consistency of portfolio investments with investment objectives and risk tolerances. Other factors that may trigger a review include, but are not limited to, changes in market and economic conditions, known changes in the client's financial situation and large deposits and/or withdrawals from the account.

Clients receive confirmations on all transactions, as well as monthly (or quarterly if there is no account activity) statements from the custodian, which outline the clients' current positions and current market value.

## TERMINATION

Client has the right to cancel this Agreement within five business days of the later of Advisor's, Sponsor's or Sub Manager's acceptance by giving written notice of such cancellation to Advisor. In such event, any Fees paid by Client shall be refunded to Client, but Client shall be responsible for any transactions executed prior to Advisor's receipt of the written cancellation notice. Thereafter, either party may cancel this Agreement at any time, for any reason, upon receipt of 30 days' prior written notice. Clients will receive a pro-rated refund of any pre-paid quarterly Program Fee, based upon the number of days remaining in the quarter after the termination date.

## BUSINESS AFFILIATIONS AND CONFLICTS OF INTEREST

Both CIA and CSI are owned directly by James R. Webb. CSI is a general securities broker/dealer registered with the SEC, FINRA, and various state regulatory agencies. In this capacity, CSI executes trades (as agent) for a commission in mutual funds, equities, ETF's, bonds, options, variable annuities, and other investment products on behalf of clients who may or may not have an Advisory Agreement with CIA. Key principals of CIA also function as officers and/or registered principals of CSI. This relationship may create a conflict of interest, as IARs of CIA may also be receiving a commission as a registered representative of CSI for effecting securities transactions which they may have recommended to Advisory Clients. Advisory Clients are under no obligation to effect securities transactions through CSI.

Cape Insurance Solutions, Inc. ("CIS") is a state licensed insurance agency which is under common ownership with CIA and is also directly owned by James R Webb. CIS sells life and fixed annuity products which may be offered to CIA clients. When doing so, this relationship may create a conflict of interest as IARs of CIA may also receive a sales-based commission as a CIS agent of the insurance product recommended. Advisory Clients are under no obligation to purchase insurance products through CIS.

American Global Wealth Management, Inc. (AGWM) is a general securities broker/dealer registered with the SEC, FINRA, and various state regulatory agencies. AGWM is owned by American Global Wealth Services, Inc. (a holding company controlled by James R. Webb). In this capacity, AGWM executes trades (as agent) for a commission in mutual funds, EFT's, equities, bonds, options, variable annuities and other investment products on behalf of clients, who may or may not have an Advisory Agreement with CIA. Key principals of CIA also function as officers and/or registered principals of AGWM. This relationship may create a conflict of interest, as IARs of CIA may also be receiving commissions as a registered representative of AGWM for effecting securities transactions which they may have recommended to Advisory Clients. Advisory Clients are under no obligation to effect securities transactions through AGWM.

GF Investment Services, Inc. ("GFIS") is a general securities broker/dealer registered with the SEC, FINRA, and various state regulatory agencies. GFIS was purchased in 2019 and is owned by CenterCore (a holding company controlled by James R. Webb). While the entity is registered as a broker/dealer, no trades are being performed and therefore no trade related conflict of interest exists. GFIS has existing liabilities, including legal matters, which must be resolved prior to making a decision on the company's future prospects.

CIA has certain arrangements with TPAMs whereby the TPAM provides CIA with remuneration for using their services which may present a conflict of interest in relation to the Client relationship. CIA addresses these conflicts of interest by only selecting qualified TPAMs that will competently manage Client assets regardless of the compensation CIA may receive. These arrangements are fully disclosed by CIA to the Client in the contract between CIA, Client, and TPAM.

CIA may recommend Clients establish brokerage accounts with Hilltop Securities, Inc. (“HTS”), Charles Schwab & Co., Inc. (“Schwab”), TD Ameritrade, Inc. (“TD”), Trade PMR, Inc. (“PMR”), or another licensed custodian or FINRA registered broker-dealer, to maintain custody of Clients’ assets and to effect trades for their accounts. Although CIA may recommend that Clients establish accounts at HTS, Schwab, TD, or PMR, it is the client’s decision to custody assets at a broker-dealer of their choice. CIA is independently owned and operated and not affiliated with HTS, Schwab, TD, or PMR..

CIA and its investment personnel may give advice and take action in the performance of their duties to the wrap program clients, which differ from advice given, or the timing and nature of action taken, with respect to other clients’ accounts. In addition, CIA Representatives have an interest in minimizing transactions in Cape Investment Advisory Wrap Program as the advisory representative pays the transaction costs paid to the custodian.

Advice offered by related persons of CIA may involve investments in mutual funds. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. These fees come from fund assets, and thus, indirectly from the client’s assets. These 12b-1 fees may be initially paid to CSI and a portion allocated to related persons who are also registered affiliates of CSI. The receipt of these funds could represent an incentive for Advisory Representatives to recommend funds with 12b-1 fees or higher fees over funds with no fees or lower fees, therefore creating a potential conflict of interest.

Advisor may recommend a broker/dealer and/or custodian. Advisor considers the full range and quality of services in placing accounts, including promptness and accuracy of execution, commission rate, operational capabilities, and the firm’s financial condition to ensure compliance with Advisor’s best execution policy. For clients assets held at Hilltop Securities, Inc. (HTS) a registered broker/dealer, the trades will be executed through HTS. For assets held at Charles Schwab a registered broker/dealer the trades will be executed through Charles Schwab. For assets held at TD Ameritrade a registered broker/dealer trades will be executed through TD Ameritrade. Neither Hilltop Securities, Charles Schwab nor TD Ameritrade are affiliated with CIA. This applies to other custodians as well.

#### PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

IARs of CIA may also be registered representatives with CSI, an affiliated broker/dealer. Clients are under no obligation to purchase or sell securities through CSI; however, if they choose to implement recommendations within a financial plan, commissions may be earned in addition to any fees paid for advisory services. Fees and commissions won’t be charged for the same services or transactions. The receipt of commissions for recommended products could represent an incentive for the IAR to recommend products that pay a commission over other products, therefore creating a conflict of interest. Additionally, if the client implements the plan through the IAR, clients may be limited to those products or services available through CSI. Commissions earned may be higher or lower at CSI than commissions earned at other broker/dealers. Employees and advisors of CIA may buy or sell securities that are also held by clients thus creating a potential conflict of interest. These individuals may not enter trades for a security in their own personal account before entering trades in client accounts.

#### CODE OF ETHICS

Our Code of Ethics holds CIA IAR’s to a high ethical standard. IARs must place the interest of the client above their own interest. Advisor will provide a copy of our Code of Ethics to any client or prospective client upon request.

#### EDUCATION & BUSINESS STANDARDS

CIA requires IARs to have a college degree or relevant experience in a business similar or related to investment management and/or planning. In addition, IARs will be registered as required by applicable state law or statute. The IARs may also be required to obtain appropriate insurance education and licensing. Additional consideration will be given to those candidates with advance industry designations (*e.g.*, CFP™, ChFC, PFS, etc.)

#### CLIENT REFFERALS AND ADDITIONAL COMPENSATION

Employees of CIA may receive commissions from the sale of insurance products and services, working with various insurance companies. Sales transactions will be completed only by licensed agents. Clients are under no obligation to purchase any insurance products and/or services through agents affiliated with CIA.

The recommended broker/dealers also makes available to CIA other products and services that benefit CIA but may not benefit its clients’ accounts. Some of these other products and services assist CIA in managing and

administering clients' accounts. These include software and other 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 CIA's fees from its clients' accounts; and assist with back-office functions, recordkeeping, client reporting and/or assist in increased client communication.

#### SOLICITATION ARRANGEMENTS

CIA is party to written agreements with certain Third-Party Asset Managers (TPAMs) under which its IARs provide personal advisory services to their clients. Such personal advisory services include: qualifying their clients for a particular TPAM as well as determining client's goals and objectives (determining risk tolerance and investment styles). In doing so, CIA may be acting as a solicitor for that TPAM. CIA and its IARs receive compensation pursuant to these agreements for introducing clients to the TPAM and for providing the aforementioned personal advisory services. This compensation is typically equal to a percentage of the investment advisory fee charged by the TPAM. Because such compensation may differ depending on the individual agreement with each TPAM, the IARs may have an incentive to recommend a particular TPAM over other TPAMs with which CIA has less favorable compensation arrangements or alternative advisory programs. Any solicitation or referral arrangements will comply with applicable laws that govern the nature of the service, fees to be paid, disclosures to clients and any necessary client consents.

CIA may enter into a solicitor agreement with a real-estate agent, mortgage broker, accountant, or other professional where the solicitor can receive a percentage of the client asset management fee. We pay these persons a percentage of the fee paid to us by client that are determines to have become clients as a result of such individual's direct or indirect efforts. These payments are a portion of the fee charges buy use and does not result in an increase in the amount of the fee paid by clients. CIA and its IARs may also be paid by other Investment Advisors for the referral of clients. Any solicitation or referral arrangements will complete with applicable laws that govern:

- The nature of the service,
- Fees to be paid,
- Disclosures to clients and
- Any necessary client consents.

#### FINANCIAL INFORMATION

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you and we have not been the subject of a bankruptcy proceeding. Additionally, CIA does not require or solicit prepayment of client fee more than six months in advance, thus a balance sheet is not required to be provided.

#### **ITEM 10: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

CIA is an SEC-Registered Investment Adviser.