

# **TCFG Investment Advisors, LLC**

## **Form ADV Part 2A Appendix 1 - Wrap Fee Brochure**

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This brochure provides information about the qualifications and business practices of TCFG Investment Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at 949-365-5830. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities' authority.

TCFG Investment Advisors, LLC is a registered investment adviser with the SEC. Registration of an Investment Adviser does not imply any level of skill or training. TCFG has Investment Adviser Representatives ("IARs" or "Advisors") who provide you with investment related financial services. As you engage the Firm's Advisors, you will be provided with investment related information through oral and written communications, which will assist you in determining if you would like to hire or retain the Advisor.

Additional information about TCFG Investment Advisors, LLC is also available on the SEC's Web site at <https://adviserinfo.sec.gov/>. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 166606.

## ITEM 2 MATERIAL CHANGES

On an annual basis, this item will be used to provide clients with a summary of all material changes made to the Wrap Fee Brochure since the last annual update. TCFG Investment Advisors, LLC ("TCFG Investment Advisors" or "Firm") will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of its business' fiscal year-end.

Further, TCFG Investment Advisors will provide clients with a new Wrap Fee Brochure as necessary based on changes or new information, at any time, without charge. Currently, TCFG Investment Advisors, LLC's Brochure may be requested by contacting Rick Roberts, President, by phone at 949-365-5830 or via email at: [rroberts@tcfgwealth.com](mailto:rroberts@tcfgwealth.com)

Additional information about TCFG Investment Advisors, LLC is also available via the SEC's Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's Web site also provides information about any persons affiliated with TCFG Investment Advisors, LLC who are registered, or are required to be registered, as investment adviser representatives of TCFG Investment Advisors, LLC.

Since the Firm's last Disclosure Document, Form ADV Part 2A, which was dated June 13, 2020, the Firm has the following material changes.

- Updates to Item 4, 5, 10 and 12 to clarify that the Firm charges markups on most transactions and other fees charged by the custodian.

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## **ITEM 4 SERVICES, FEES AND COMPENSATION**

TCFG Investment Advisors, LLC ("TCFG" or the "Firm") is an investment adviser registered with the SEC. The Firm was incorporated in Delaware in December 2012 and its principal place of business is located in Laguna Niguel, California. The Firm's principal owner is the Certus Financial Group, LLC ("Certus"), which owns 75% or more of the Firm. Rick Roberts is the Firm's President and Chief Compliance Officer and has held such positions since December 2013. Mr. Roberts owns 60.65% of Certus. All other owners are minority owners.

TCFG is a national firm, offering a variety of advisory services through its Investment Advisor Representatives, ("IAR" or "Advisor") registered with the Firm. The services to be provided are further discussed in this brochure and each Advisor will contract with, and arrange for specific services to be provided on a client-by-client basis. The Firm offers investment advisory services through both Wrap fee accounts where the client pays one advisory fee that covers portfolio management services and transaction costs and non-Wrap fee accounts where clients pay an advisory fee plus transaction fees for each transaction. This brochure discusses the Wrap fee accounts. For information on the non-Wrap fee accounts, please see the Firm's form ADV 2A.

TCFG does not offer particular Wrap fee programs but rather manages some client portfolios by offering its management services in a bundled manner i.e., the advisory fee covers commissions and certain transaction fees that are paid by the clients in a non-Wrap fee account.

### **SERVICES**

#### **INDIVIDUAL PORTFOLIO MANAGEMENT**

TCFG, through its investment advisor representatives ("Advisors"), provides Clients continuous asset management based on individual needs. Advisors use various resources offered by the Firm to provide such services. Recommendations made to Clients will be made after discussing the goals and objectives of affected account(s), taking into consideration such factors as time horizons, risk tolerance, liquidity needs, prior investment history, and other factors.

Client accounts are managed on a discretionary or non-discretionary basis. Accounts managed on a discretionary basis do not require express permission from the Client before trading in the Account. Prior to exercising discretion over a Client's account, the Client must execute a Discretionary Account Agreement which allows the Advisor to trade the account without prior authorization from the Client.

Whether accounts are managed on a discretionary or non-discretionary basis, the Client can impose restrictions on investing in certain securities, types of securities, or industry sectors. These restrictions must be provided in writing.

TCFG has a fiduciary duty to provide services consistent with the Client's best interests. As part of its investment advisory services the Advisors will review Client portfolios at least annually to determine if any changes are necessary based upon various factors including, but not limited to, investment performance, style drift, account additions/withdrawals, and/or a change in the Client's investment objectives.

The investment recommendations are not limited to any specific product or service offered by a broker-dealer or other investment advisor or insurance company and can include advice regarding any security.

### **MODEL PORTFOLIO MANAGEMENT**

The Firm through its Advisors may provide portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal and may be used as a single allocation or combined with other models to meet the client's needs. In addition to a wide variety of asset classes making up the model, various management styles may be deployed within the portfolio to affect the intent of the model. Each model will be discussed with the client to determine the appropriateness of the allocation and any restrictions the client wishes to place on the types of investments to be held in the account(s).

Model portfolios are managed on a discretionary basis only. Changes to the portfolios are guided by each Client's stated objectives, any post implementation changes to the stated objectives, and tax considerations. In all cases, however, the portfolio will at a minimum be reviewed with the Client annually.

Investments selected within the portfolio makeup are not limited to a specific product or service and may be a combination of investment vehicles.

To ensure that the initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, it is incumbent on the client to inform the Advisor of any changes in information the Advisor relied upon when recommending the allocation. Additionally, so as to be as informed as possible, the Advisor will:

- send periodic written reminders to clients requesting any updated information regarding changes in the client's financial situation and investment objectives;

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

## **FEES AND COMPENSATION**

The annual fees for Management Services are based upon a percentage of assets under management, including allocations to cash, and are determined on a client by client basis. Overall factors to be considered in calculating the fee will include the type and amount of assets to be managed and the complexity of the client's circumstances. Each Advisor may set the fees for management, however, under no circumstance will fees charged be greater than 2.50% of the account value for wrap fee accounts only. The specific Fee charged to a client will be stated in the signed Asset Management Agreement related to the client's account(s). The Firm does not charge performance-based fees that are based on a share of capital gains or capital appreciation of the assets of a client.

The annualized fee for management services will be charged quarterly in advance as a percentage of assets under management. Fees will be assessed on the first day after the end of each calendar quarter, based on the value of the account assets under supervision as of the close of business on the last business day of that quarter.

Clients may authorize the custodian to directly debit fees from their account held at the custodian and to pay us. Management fees are prorated for each contribution and withdrawal made during the applicable calendar quarter (with the exception of small inconsequential contributions and withdrawals). Clients will be provided with a quarterly statement reflecting deduction of the advisory fees.

The Advisory Fee includes payment for: (i) investment advisory services provided by the Firm pursuant to this Agreement; (ii) brokerage commissions, transaction fees (iii) administrative services such as computing, charging and collection of account fees, including the Advisory Fee for services provided under this Agreement, (iv) administrative services to include, but not limited to, the processing of deposits and withdrawals from the Account pursuant to the Client's instruction; and (v) the issuance of monthly and/or quarterly account statements.

Since the Firm does not charge Clients fees based on trading activity, the Firm may have an incentive to limit trading activities in Client account(s) because the Firm is charged for executing trades. In addition, the amount of compensation received by the Firm may be more than what the Firm would receive if the Client paid separately (“unbundled”) for investment advice, brokerage, and other services. Therefore, the Firm may have a financial incentive to recommend the wrap fee program over other programs or services. The Firm monitors all Client accounts to ensure that the Firm’s fiduciary duty is met for all Clients.

By participating in a wrap fee program, Clients will probably end up paying more than they would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to the Client by the executing broker. Clients could also invest in debt and equities directly (or through a brokerage account), without the Firm’s services. In that case, Clients would not receive the services provided by the Firm which are designed, among other things, to assist in determining which funds are appropriate for the portfolio and the Client’s Account.

**Negotiability of Advisory Fees:** The Firm can, in its sole discretion, negotiate lower fees on a Client-by-Client basis. Client facts, circumstances, and needs are considered in determining the fee schedule. These include complexity of Client circumstances, assets to be placed under management, anticipated future additional assets; related accounts, portfolio style, account composition, and reports among other factors. The specific annual fee schedule will be identified in the contract between the Firm and each Client.

The Firm believes their fee is reasonable however, lower fees for comparable services may be available from other sources.

## OTHER COMPENSATION

Some management personnel and Advisors of the Firm are licensed as registered representatives of our affiliated broker-dealer, TCFG Wealth Management, LLC (“TCFG Wealth”) as outlined under Item 12: “Brokerage Practices” below. Acting as registered representatives of a broker-dealer, these persons can recommend and place transactions for Advisory Clients. In so doing, these individuals will earn separate compensation in the form of concessions, commissions, and/or 12b-1 fees (trail fees earned from the sale of mutual funds and/or ETFs). While Advisors may be entitled to 12b-1 fees, they will not receive these payments in advisory accounts. The Firm will receive and retain these fees for the broker-dealer. While these individuals endeavor at all times to put the interest of Clients first as part of TCFG Investment Advisors’ fiduciary duty, Clients should be aware that the receipt of additional compensation itself creates a conflict of interest and can affect the judgment of these individuals when making recommendations.

Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. Recognizing that these types of compensation create a conflict of interest when calculating the asset-based advisory fee for a Client, TCFG Investment Advisors will not include any commission-based products in the Client's asset total. Therefore, Clients will not be charged both a brokerage fee and an advisory fee on the same product. For example, if the Client has \$100,000 in assets being serviced by a TCFG Advisor and \$20,000 of those assets were comprised of a commission-based variable annuity, then the \$20,000 would not be included in the Client's asset total, resulting in the assets under management total being \$80,000 for purposes of calculating the appropriate investment advisory fee due by the Client.

### **GENERAL INFORMATION**

Additional Fees and Expenses: In addition to our advisory fees, Clients are also responsible for the fees and expenses charged by custodians, other investment advisors, and broker-dealers, including but not limited to any transaction charges imposed by a broker-dealer with which an independent investment manager effects transactions for the Client's account(s) and any platform fees charged by third party providers.

TCFG Advisors use TCFG Wealth as an introducing broker-dealer in order to access Investnet's wealth management, risk assessment, and reporting platform prior to its ultimate custodial arrangement (as described more fully in Item 12: "Brokerage Practices" below). As part of this arrangement, TCFG Wealth imposes mark-ups on certain fees such as ticket/transaction charges, federal funds wire fees, outgoing account transfer fees, insufficient funds fees, check stop payment fees, and other transaction costs assessed by the custodian. In addition, TCFG participates in the money market accounts at Pershing and Pershing shares part of the fee with TCFG. TCFG will charge a margin fee that is equal to the Pershing Base Lending Rate plus a markup of up to 1.25%. Therefore, TCFG effectively sets the margin rate for Clients and keeps the entire margin rate markup fee for the firm. Such mark-ups are meant to defray some, though not all, expenses related to running the affiliated broker-dealer. Please refer to Item 12: "Brokerage Practices" of this Brochure for additional information related to the Firm's Best Execution obligations.

TCFG Wealth Management and TCFG Investment Advisors are under common ownership. Therefore, the owners of these two entities will receive fees from both the advisory fees and the markups they charge to advisory Clients on the broker dealer side. The broker-dealer also receives a portion of the commission paid to registered representatives for all product sales through the broker-dealer. It is therefore a conflict of interest since the owners of both firms have a monetary incentive to sell both



advisory services and broker-dealer services. TCFG Investment Advisors has a fiduciary obligation to inform Clients of this conflict and must supervise Client accounts to make certain the recommendations and transactions are in the Clients' best interests.

**Mutual Fund Fees:** All fees paid to the Firm or the Advisor for services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a Client will pay an initial or deferred sales charge. A Client could invest in a mutual fund directly without the Firm's services. In that case, the Client would not receive the services provided by the Firm, which are designed, among other things, to assist the Client in determining which funds are appropriate to their specific financial condition and objectives. Accordingly, the Client should review both the fees charged by the funds as well as the Firm's fees to fully understand the total amount of fees they are responsible for paying and, thereby, evaluate the advisory services being provided.

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination, any prepaid, unearned fees will be pro-rated for the time lapsed and promptly refunded to the client. If fees have been earned but not paid, they will be due upon termination of the agreement.

***ERISA Accounts:*** The Firm may be deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, the Firm will be subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, the Firm may only charge fees for investment advice about products for which the Firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset advisory fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

TCFG Investment Advisors, LLC provides advisory services to the following types of

clients:

- Individuals (other than high net worth individuals);
- High net worth individuals;
- Profit sharing plans (other than plan participants);
- Charitable organizations; and
- Corporations or other businesses not listed above.

The Firm has a \$25,000 minimum account value policy for management services for clients in a Wrap fee program. In order for clients to meet this policy, the Firm may consider the aggregate total of all client related accounts (also known as “householding”). TCFG reserves the right to accept or decline a potential client for any reason in its sole discretion. Prior to engaging TCFG to provide any of the investment advisory services described in this Brochure, the client will be required to enter into the Agreement with TCFG setting forth the terms and conditions under which TCFG shall render its services.

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

The Firm does not utilize outside portfolio managers for its Wrap fee accounts. Each advisor who offers a Wrap fee account to his/her clients serves as the portfolio manager for these client accounts managed in the Wrap fee program. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our related person portfolio managers are not subject to the same selection and review as outside portfolio managers. This is because we have chosen not to utilize outside portfolio managers. The portfolio manager/advisor’s background information can be found in the advisor’s Form ADV Part 2B that was provided at the time the accounts were opened. The performance of the accounts is reviewed during the Firm’s normal review of its clients’ accounts.

### **WRAP FEE PROGRAMS**

TCFG manages its Wrap fee accounts in the same manner as it does its non-Wrap fee accounts. The main difference occurs in the manner fees and related charges are assessed.

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

The Firm does not charge performance-based fees that are based on a share of capital gains or capital appreciation of the assets of a client.

## METHODS OF ANALYSIS

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

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

As with other types of analysis, the predictive nature of charting analysis can vary greatly; models and rules are often modified and updated as new patterns and behaviors develop. Past performance is not an indicator of future returns.

***Fundamental Analysis.*** The Advisor attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Technical Analysis.*** Analyzes past market movements and applies that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

***Cyclical Analysis.*** In this type of technical analysis, the Advisor measures the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Looking at market cycles in conjunction with other investment strategies can be useful when making investment decisions. However, market cycles are not always predictable. Each financial investment strategy has benefits and risks. Not every investment decision will be profitable, and there can be no guarantee of any level of performance.

***Quantitative Analysis.*** Uses mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis.** Subjectively evaluates non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk is using qualitative analysis is that our subjective judgment may prove 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 an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an 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.

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

## INVESTMENT STRATEGIES

The Advisor may, but is not required to, use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases.*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- we believe the securities to be currently undervalued; and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

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

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

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

***Trading.*** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

***Short Sales.*** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

**Margin Transactions.** We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a "margin call", and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

**Option Writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

Two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

## INVESTMENT RISKS

All securities, to varying degrees, contain risks inherent to the investments utilized. Securities used by the Firm's investment strategies may be subject to the following principal investment risks due to the variety of investments utilized in each strategy:

**Credit Risks** – The risk that the portfolio could lose money if the issuer or guarantor of a fixed-income security, or the counter-party to a derivative contract, is unable or unwilling to meet its financial obligations.

**Counter-Party Risks** – A portfolio may incur a loss if the other party to an investment contract, such as a derivative, fails to fulfill its contractual obligation.

**Currency Risks** – The risk that foreign currencies will decline in value relative to the US dollar and affect a portfolio's investments in foreign (non-US) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-US) currencies.

**Debt Securities Risks** – The issuer of a debt security may fail to pay interest or principal when due, and changes in market interest rates may reduce the value of debt securities or reduce the portfolio's returns.

**Derivatives Risks** – The use of derivatives such as futures, options and swap agreements can lead to losses, including those magnified by leverage, particularly when derivatives are used to enhance return rather than offset risk. Options and derivatives may be subject to greater fluctuations in value than an investment in the underlying securities. Options and other derivatives may be subject to counterparty risk and may also be illiquid and more difficult to value. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks. Options and derivatives may expose clients to losses in excess of the value of their accounts.

**Emerging-Markets Risk** – Foreign investment risks are typically greater for securities in emerging markets, which can be more vulnerable to recessions, currency volatility, inflation and market failure.

**Equity Risks** – The risk that the value of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.

**ETF Risks** – The risk of an investment in an ETF, including the possible loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF may not replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.

**Foreign Investment Risk** – Foreign investments face the potential of heightened illiquidity, greater price volatility and adverse effects of political, regulatory, tax, currency, economic or other macroeconomic developments.

**High-Yield Securities Risk** – High-yield securities have a much greater risk of default or of not returning principal and tend to be more volatile than higher-rated securities of similar maturity.

**Interest-Rate Risk** – The risk that fixed income securities will decline in value because of an increase in interest rates.

**Issuer Risk** – The value of a security may decline because of adverse events or circumstances that directly relate to conditions at the issuer or any entity providing it credit or liquidity support.

**Issuer Non-Diversification Risk** – The risks of focusing investments in a small number of issuers, industries, or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.

**Leverage Risk** – The risk that certain portfolio transactions may give rise to leverage, causing the portfolio to be more volatile than if it had not been leveraged.

**Liquidity Risk** – A security may not be able to be sold at the time desired or without adversely affecting the price.

**Market Risk** – The market price of securities held by a portfolio may rapidly or unpredictably decline due to factors affecting securities markets generally or particular industries.



**Mortgage- and Asset-Backed Securities Risk** – These securities may decline in value when defaults on the underlying mortgage or assets occur and may exhibit additional volatility in periods of changing interest rates. When interest rates decline, the prepayment of mortgages or assets underlying such securities may require the reinvestment of money at lower prevailing interest rates, resulting in reduced returns.

**Regulatory Risk** – The risk that changes in government regulations may adversely affect the value of a security. An insufficiently regulated industry or market might also permit inappropriate practices that adversely affect an investment.

**Short Sale Risk** – The risk of entering into short sales includes the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to a portfolio.

**Private Securities Risk** – Private securities contain the risks of their respective public securities, but these risks can be magnified due to their illiquidity and lack of public knowledge on the business. These securities are inherently riskier.

**Real Estate Risk** – The real estate market has experienced some large swings recently. Due to changes in interest rates, the lending market, economic policy, and supply and demand, in addition to illiquidity, real estate investments can carry a great deal of risk.

#### **VOTING CLIENT SECURITIES**

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

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

Since the client's advisor serves as the portfolio manager for the Wrap fee account, the Advisor has access to all client information.

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

Since the client's advisor serves as the portfolio manager for the Wrap fee account, the Firm places no restrictions on the clients' ability to contact their advisor.

## **ITEM 9 ADDITIONAL INFORMATION**

### **DISCIPLINARY INFORMATION**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. The Firm does not have any disciplinary information to disclose.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

#### ***Firm Registrations:***

In addition to the Firm being a registered investment advisor, the Firm's parent company also owns a FINRA member broker-dealer, TCFG Wealth Management, LLC ("TCFG Wealth"). The adviser and the broker-dealer are therefore affiliated entities. Certain personnel and Advisors of the Firm are separately licensed as registered representatives of TCFG Wealth Management, LLC. While the Firm and these individuals endeavor at all times to put the interest of Clients first as part of our fiduciary duty, Clients should be aware that the ability to receive additional compensation presents a conflict of interest and can affect the judgment of these individuals when making recommendations. Clients are educated about their choices and, under most scenarios, are given the option of whether to open a brokerage account or an advisory account. The Firm does not charge a management fee for any assets held in a brokerage account.

As discussed above, Firm Clients will pay certain fees (such as transaction fees and service fees among others) to TCFG Wealth (the broker-dealer) if the Client or Advisor is using its services, and those fees may be higher than such fees if that Client had used the services of another broker-dealer (or went directly to a broker-dealer or custodian). See the Item 12: "Brokerage Practices" for more details. TCFG Wealth does not share any fees it receives with the Firm at any time. However, the fact that TCFG Wealth charges mark-ups on these accounts creates a conflict of interest because those mark-ups constitute additional revenue to an affiliate of TCFG.

Management personnel or Advisors of the Firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product

transactions on behalf of advisory Clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the Client.

Some management personnel or Advisors of the Firm are also be licensed real estate agents or real estate brokers. As such, they can earn separate, yet typical, compensation for the sale or rental of real estate properties.

Clients should be aware that the receipt of additional compensation creates a conflict of interest that can impair the objectivity of the Firm and these individuals when making advisory recommendations. The Firm endeavors at all times to put the interest of its Clients first as part of its fiduciary duty as a registered investment advisor. The Firm takes the following steps to address this conflict.

- Discloses to Clients the existence of all material conflicts of interest, including the potential for the Firm and Advisors to earn compensation from advisory Clients in addition to the Firm's advisory fees.
- Discloses to Clients that they are not obligated to purchase recommended investment products from Advisors or affiliated companies.
- Collects, maintains, and documents accurate, complete, and relevant Client background information including the Client's financial goals, objectives, and risk tolerance.
- Conducts regular reviews of each Client account to verify that all recommendations made to a Client are in the best interests of the Client pursuant to the Client's needs and circumstances.
- Requires that Advisors seek prior approval of any outside employment activity to ensure that any conflicts of interests in such activities are properly addressed.
- Monitors periodically these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm.
- Educates Advisors regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for investment advice provided to Clients.

## **CODE OF ETHICS, PARTICIPATION/ INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Our Firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

TCFG and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code of Ethics.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

TCFG's Code of Ethics further includes the Firm's policy prohibiting the use of material non- public information. All employees are reminded that such information may not be used in a personal or professional capacity (including client trading information).

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by calling us at the number written on the cover of this brochure.

TCFG and individuals associated with our Firm are prohibited from engaging in principal transactions and agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our Firm and/or individuals associated with our Firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our Firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of

advisory accounts.

As disclosed in the preceding section of this Brochure, related persons of our Firm are separately registered as registered representatives of a broker-dealer.

### **REVIEW OF ACCOUNTS**

Rick Roberts or his designee monitors the client's holdings in accordance with the investment objectives as established by the client. Clients may be provided periodic reports from the Firm or the Advisor in addition to the account statements the client receives from the custodian of the account. Clients should always review these account statements as these statements are true and accurate statements of the client's holdings and account values.

While reviews can occur at different stages depending on the nature and terms of the specific engagement, the Advisor will review all accounts at least annually

### **CLIENT REFERRALS AND OTHER COMPENSATION**

TCFG does not receive any economic benefits for providing investment advice to its clients other than the fees paid by the clients. The Firm does not directly or indirectly compensate any person who is not its supervised person for client referrals.

The Firm may receive indirect economic benefit from investment related product vendors who voluntarily elect to provide financial sponsorship support for business conference events where the Firm may be involved.

### **DISCRETION**

As an advisory firm that may have discretionary authority for client's accounts, or is deemed to have custody of client accounts as a result of its debiting fees directly from client accounts, the Firm is also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. The Firm has no additional financial circumstances to report.

### **FINANCIAL INFORMATION**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

TCFG Investment Advisors, LLC has not been the subject of a bankruptcy petition at any time during the past 10 years.