

# TCFG Investment Advisors, LLC

## Client Brochure

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This Client Brochure (“Brochure”) provides information about the qualifications and business practices of TCFG Investment Advisors, LLC (“TCFG Investment Advisors” or “TCFG” or “Firm” or “Investment Advisor”). 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.

The Firm is an SEC registered investment advisor that has Investment Advisor Representatives (“IARs” or “Advisors”) who provide you with investment related financial services. Registration as an investment advisor does not imply any specific level of skill or training. 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 is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by entering the name of our Firm or a unique identifying number known as a CRD number. Our Firm's CRD number is 166606.

## ITEM 2: MATERIAL CHANGES

This section provides Clients with a summary of any material changes made to the Brochure since the last update. The Firm will notify Clients of any material changes to this and subsequent Brochures within 120 days of its fiscal year-end.

Further, the Firm will provide Clients with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, TCFG's Brochure may be requested by contacting Rick Roberts, President and Chief Executive Officer, by phone at (949) 365-5830 or via email at [rroberts@certus-financial-group.com](mailto:rroberts@certus-financial-group.com).

Since the Firm's last annual updating amendment Disclosure Document, Form ADV Part 2A, which was dated March 31, 2022, there were no material changes to the business.

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## **ITEM 4: ADVISORY BUSINESS**

TCFG Investment Advisors is an investment advisor 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 Executive Officer and has held such positions since December 2013. Mr. Roberts owns 67.67% of Certus. All other owners are minority owners.

TCFG is a national firm offering a variety of investment advisory services through its Advisors registered with the Firm. Services provided are discussed further in this Brochure, and each Advisor contracts with and arranges specific services tailored to the needs of the individual Client.

### **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's Advisors can provide portfolio management services to Clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal and can 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 can be deployed within the portfolio. Each model will be discussed with the Client to determine the appropriateness of allocations 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.

Clients are responsible to notify their Advisor when any changes occur to their financial situation, investment objectives or risk tolerance. The Client understands that the Advisor will rely upon the information provided to them and will not verify this information. The Advisor cannot provide recommendations that are in the Client's best interests without being provided accurate information.

In an effort to remain as informed as possible, the Advisor will:

- send periodic written reminders to each Client requesting updated information regarding changes in financial situation and investment objectives;
- contact each Client at least annually to verify whether there have been changes in financial situation, investment objectives, and/or determine whether a Client wishes to impose investment restrictions or modify existing restrictions;
- be reasonably available to consult with the Client; and
- maintain Client suitability information in Clients' respective files.

## FINANCIAL PLANNING

The Firm, through its Advisors, provides financial planning services. Financial planning consists of an evaluation of a Client's current and future financial needs using currently known variables to predict future cash flows, asset values, withdrawal plans, and other needs or expectations. Through the financial planning process and analysis, the Advisor considers the Client's entire financial and life situation. Clients purchasing this service receive a written report designed to assist in achieving financial goals and objectives.

In general, the financial plan will address any or all of the following areas.

- **PERSONAL:** A review of family records, budgeting, personal liability, estate information, and financial goals.
- **TAX & CASH FLOW:** An analysis of the Client's income tax, spending, and planning for past, current, and future years as well as illustration of the impact of various investments on the Client's current income tax and future tax liability. (Please note the Advisors are not tax professionals and Clients should consult their own tax accountants prior to making a decision regarding taxes.
- **INVESTMENTS:** An analysis of investment alternatives and their effect on the Client's portfolio.

- **INSURANCE:** As permitted by regulation and licensure of the Advisor, the Advisor can provide an analysis of existing policies to ensure proper life, health, disability, long-term care, liability, home, and automobile insurance coverage.
- **RETIREMENT:** An analysis of current strategies and investment plans to help the Client achieve retirement goals.
- **DEATH & DISABILITY:** A review of the Client's cash needs at death, income needs of surviving dependents, estate planning, and disability income.
- **ESTATE:** Assist the Client in assessing and developing long-term strategies including, as appropriate, living trusts, wills, estate tax review, powers of attorney, asset protection plans, nursing homes, and Medicaid. Advisors, however, cannot provide legal or tax advice to any Client.

The Advisor gathers the required information to formulate the financial plan through in-depth personal interviews. Information gathered includes the Client's current financial status, tax status, future goals, return objectives, and attitudes toward risk. The Advisor carefully reviews documents supplied by the Client, including a questionnaire that is completed by the Client. Should the Client choose to implement the recommendations contained in the plan, the Client will work closely with his/her attorney, accountant, insurance agent, and/or stockbroker under separate contract to implement the financial plan. The Client is under no obligation to implement the transactions through the Investment Adviser.

Typically, the financial plan is presented to the Client within 90 days, provided all information needed to prepare the financial plan has been promptly and adequately supplied.

Financial planning recommendations are not limited to any specific product or service. All recommendations are of a generic nature.

## CONSULTING SERVICES

Clients can also receive investment advice on a more focused basis. This can include advice on only an isolated area of concern such as estate planning, retirement planning, or any other specific topic such as the purchase of a house or car. Advisors can also provide specific consultation and administrative services regarding Clients' investment and financial concerns.

Consulting recommendations are not limited to any specific product or service.

## THIRD PARTY MONEY MANAGERS

Advisors can also determine that opening an account with a professional third-party money manager is in the Client's best interests.

Third party money manager programs allow Clients to obtain portfolio management services that typically require higher minimum account sizes outside of the program. The

money managers selected under these programs will have discretion to determine the securities they buy and sell within the account, subject to reasonable restrictions imposed by the Client.

Under these programs, the Advisor will:

- Assist in the identification of investment objectives;
- Recommend specific investment style and asset allocation strategies;
- Assist in the selection of appropriate money managers and review performance and progress;
- Recommend reallocation among managers or styles within the program;
- Recommend the hiring and firing of money managers.

Due to the nature of these programs, each of the independent money managers is obligated to provide the Client with a separate disclosure document. Clients should read the ADV Part 2 disclosure document of the money manager selected for complete details on the charges and fees they will incur.

#### AMOUNT OF MANAGED ASSETS

As of December 31, 2022, the Firm had assets under management of \$ 450,525,673, with \$ 447,489,698 managed on a discretionary basis and \$ 3,035,9758 on a non-discretionary basis.

### ITEM 5: FEES AND COMPENSATION

#### PORTFOLIO MANAGEMENT SERVICES AND FEES

The annual fee for management services is based upon a percentage of assets under management, including cash and are determined on a Client-by-Client basis. Each Advisor sets their own independent fee schedule, but the fee cannot exceed 2.0%. However, if a third-party money manager is used for a Client's account, Clients will incur a separate and additional fee that is charged by the third-party manager.

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.

Fees are computed as an annualized percentage of assets under management on a sliding scale.

Assets Under Management	Per Annum%
\$0 to \$249,999	2.00%
From \$250,000 to \$499,999	1.75%
From \$500,000 to \$1,000,000	1.50%
\$1,000,000 and up	1.00%

Fees will be debited from account(s) selected by the Client.

The advisory fee for management services includes payment for (i) investment advisory services provided by the Firm and Advisor pursuant to the Client Investment Management Agreement (“Agreement”) and (ii) administrative services such as computing, charging, and collecting account fees including the advisory fee for services provided under such Agreement; processing deposits and withdrawals from account(s) pursuant to Client instruction; and issuance of monthly and/or quarterly account statements. Advisory fees quoted do not include brokerage commissions, transaction fees, or other charges including but not limited to, wire fees, postage fees, and clearing fees (as described more fully below under “Other Fees”).

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.

### THIRD PARTY MONEY MANAGER FEES

When the Advisor determines it is in the Client’s best interest to use a third-party money manager, the Client will pay the Third-Party Manager’s stated advisory fee plus the advisory fee shown above for the Firm. Please review the ADV Part 2 of the Third-Party Manager to understand the fees they will charge.

### FINANCIAL PLANNING AND CONSULTING SERVICES FEES

Financial planning and consulting services fees are determined based upon the nature of services being provided and the complexity of each Client’s circumstances. Fees are set by the individual Advisor. All fees are agreed upon prior to entering into a contract with any Client.

Fees can be set as a flat fee (\$500-\$10,000) or based on an hourly (\$175-\$250/hour) charge. For hourly charged fees, the Advisor will provide an estimate of the time required to complete the plan or consulting services when meeting with the Client and before commencing work.

Flat fees are sometimes calculated as a percentage of assets under management on an annual basis (0.20% - 0.50%). The Advisor will often request a retainer to commence work; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. The balance is due upon completion of the plan or services and can be paid directly or deducted from the Client’s investment account(s) if appropriate.



Financial Planning Fee: The Firm reserves the discretion to reduce or waive the fee if a financial planning Client chooses to engage the Firm for management services.

## OTHER FEES

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 that the investment adviser uses to effect transactions for the Client's account(s) and any platform fees charged by third party providers.

TCFG Advisors uses TCFG Wealth as an introducing broker-dealer in order to access Envestnet'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 fees including but not limited to ticket/transaction charges, federal funds wire fees, outgoing account transfer fees, insufficient funds fees, check stop payment fees, IRA maintenance fees, and other transaction costs assessed by the custodian.

In addition, TCFG Wealth sets the mark ups charged by the Custodian, Pershing, in connection with advisory accounts held at Pershing. TCFG Wealth determines the fee that the Custodian charges the clients and receives that mark up as additional compensation from the Custodian. As part of this arrangement, TCFG Wealth imposes mark-ups on certain fees including but not limited to ticket/transaction charges, federal funds wire fees, outgoing account transfer fees, insufficient funds fees, check stop payment fees, IRA maintenance fees, and other transaction costs assessed by the custodian.

Fees are negotiable at the broker dealer's discretion.

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.

## 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

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 can be cancelled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination any pre-paid, 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.

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs often are charged various program fees in addition to the advisory fee charged by the Firm. Such fees will include investment advisory fees of the independent Advisors, which will be charged as part of a wrap fee arrangement. In a wrap fee arrangement, Clients pay a single fee for advisory, brokerage, and custodial

services. Clients' portfolio transactions will be executed without commission charges in a wrap fee arrangement. There is also an additional 9.5 basis point fee charged for all Clients who participate in the wrap fee program. In evaluating such an arrangement, the Client should consider that, depending upon the level of the wrap fee charged by the broker-dealer the amount of portfolio activity in the Client's account and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. The Advisor will review with Clients any separate program fees that are charged. The Firm will not act as a sponsor or portfolio manager for any wrap fee programs.

The Advisor will evaluate whether a wrap fee program is in the best interests of the Client.

ERISA Accounts: The Firm will 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, 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.

Advisory Fees in General: Clients should note that similar advisory services may be available from other investment advisors for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances will the Firm require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

## **ITEM 6: 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 a Client's assets. The Firm does not provide side-by-side management.

## **ITEM 7: TYPES OF CLIENTS**

TCFG Investment Advisors 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
- Corporations or other businesses not listed above.

TCFG Investment Advisors reserves the right to accept or decline a potential Client for any reason in its sole discretion.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **METHODS OF ANALYSIS**

Advisors will use one or more of 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 tries to predict how long the trend should 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 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 can 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 share price or earnings per share and predict changes to that data.

A risk in using quantitative analysis is that the models used can 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 predicts changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment can prove to be

incorrect.

Asset Allocation. Rather than focusing primarily on securities selection, the Advisor attempts 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 (or does participate in sharp decreases) 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. The Advisor looks 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. The Advisor additionally looks at 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. Lastly, the Advisor monitors 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 can 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 can deviate from the stated investment mandate or strategy of the mutual fund or ETF, which could make the holding(s) less suitable for the Client's portfolio.

Risks for All Forms of Analysis. Securities analysis methods rely on the assumption that the companies whose securities an Advisor purchases and sells, the rating agencies that review these securities, and other publicly available sources of information about these securities are providing accurate and unbiased data. While alert to indications that data can be incorrect, there is always a risk that analysis can be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

The Advisor can (but is not required to) use the following strategy(ies) in managing Client accounts provided it is appropriate to the needs of the Client and consistent with the Client's investment objectives, risk tolerance, time horizons, and other considerations.

Long-term purchases. Securities are purchased with the idea of holding them in the Client's account for a year or longer. Typically, this strategy is employed when:

- there is the belief that the securities are currently undervalued; and/or
- there is a desire for 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, the Client may not take advantage of short-term gains that could be profitable. Moreover, if predictions are incorrect, a security can decline sharply in value before making the decision to sell.

Short-term Purchases. When utilizing this strategy, securities are purchased with the idea of selling them within a relatively short time (typically a year or less). This is done in an attempt to take advantage of conditions that an Advisor believes will soon result in a price swing in the securities purchased. A short-term purchase strategy poses risks should the anticipated price swing not materialize; there is then the circumstance of possibly 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. Securities are purchased with the idea of selling them very quickly (typically within 30 days or less). This is done in an attempt to take advantage of predictions of brief price swings.

Short Sales. An Advisor can borrow shares of a stock for a Client's 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, the Advisor buys the same stock and returns the shares to the original owner. Advisors engage in short selling based on the determination that the stock will go down in price after the shares have been borrowed. If correct and the stock price goes down since the purchase of shares from the original owner, the Client account realizes the profit.

Margin Transactions. Advisors will purchase stocks for a Client portfolio with money borrowed from the Client's brokerage account. This allows purchase of more stock than would be possible with the Client's available cash and allows for the stock purchase 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 a Client account minus what is owed to the broker falls below a certain level, the broker will issue a "margin call", and the Client will be required to sell the position in the security purchased on margin or add more cash to the account. In some circumstances, the Client will lose more money than originally invested.

Option Writing. Options can be used 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 the right to buy an asset at a certain price within a specific period of

time. An Advisor will buy a call if it is determined that the stock will increase substantially before the option expires.

- A put gives the Client, the holder, the right to sell an asset at a certain price within a specific period of time. An Advisor will buy a put if it has been determined that the price of the stock will fall before the option expires.

Options are used to speculate on the possibility of a sharp price swing. Options are additionally used to "hedge" a purchase of the underlying security; in other words, an Advisor can use an option purchase to limit the potential upside and downside of a security purchased for a Client portfolio.

An Advisor uses "covered calls", in which he/she sells an option on a security the Client owns. In this strategy, the Client receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the Client at an agreed upon price.

An Advisor uses a "spreading strategy", in which he/she purchases two or more option contracts (for example, a call option that the Client buys and a call option that the Client sells) for the same underlying security. This effectively puts the Client on both sides of the market but with the ability to vary price, time, and other factors.

Options are very time sensitive investments. An options contract is for a short period - generally a few months. The buyer of an option could lose his or her entire investment even with a correct prediction about the direction and magnitude of a particular price change if the price change does not occur in the relevant time period (i.e., before the option expires).

Securities used by the Firm's investment strategies will be subject to the following principal investment risks due to the variety of investments used in each strategy.

Credit Risks. This is the risk that the portfolio could lose money if the issuer or guarantor of a fixed-income security is unable or unwilling to meet its financial obligations.

Counter-Party Risks. A portfolio can 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 on principal when due, and changes in market interest rates can 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 can be subject to greater fluctuations in value than an investment in the underlying securities. Options

and other derivatives are subject to counter-party risk and 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 can expose Clients to losses in excess of the value of their accounts.

Emerging-Markets Risks. 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, 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 can 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 can 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 can rapidly or unpredictably decline due to factors affecting securities markets generally or particular industries.

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

Regulatory Risk. The risk that changes in government regulations can 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. Real estate investments can carry a great deal of risk due to changes in interest rates, the lending market, economic policy, supply and demand, and illiquidity.

## **ITEM 9: DISCIPLINARY INFORMATION**

The Firm is 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

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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 are often 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. The owners of both firms do receive the compensation for fees and markups.

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.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

The Firm has adopted a Code of Ethics (“Code”), which sets forth high ethical standards of business conduct required of Advisors and employees including compliance with applicable federal securities laws.

The Firm and its personnel owe a duty of loyalty, fairness, and good faith toward Clients and have an obligation to adhere not only to the specific provisions of the Code of Ethics but the general principles that guide the Code of Ethics.

The 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, the Code of Ethics requires prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. The Code additionally provides for oversight, enforcement, and recordkeeping provisions.

The Firm’s Code of Ethics further includes its policy prohibiting the use of material non-public information. All Advisors and personnel are reminded that such information cannot be used in a personal or professional capacity (including Client trading information).

A copy of the Code of Ethics is available to advisory Clients and prospective Clients. Clients can request a copy by calling the Firm at the number provided in Item 1: “Cover Page” of this Brochure.

The Firm and its associated individuals are prohibited from engaging in principal transactions and agency cross transactions.

The Code of Ethics is designed to assure that personal securities transactions, activities, and interests of Advisors 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 Advisors to invest for their own accounts.

The Firm and/or individuals associated with the Firm can buy or sell for their personal account(s) securities identical to or different from those recommended to Clients. In addition, any related person(s) can have an interest or position in a certain security(ies), which can also be recommended to Clients.

It is the expressed policy of the Firm that no Advisor or personnel can purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing any such person(s) from benefiting from transactions placed on behalf of advisory accounts.

As disclosed in the subsequent section of this Brochure, Item 12: “Brokerage Practices”, related persons of the Firm are separately registered as registered representatives of a broker-dealer. Please refer to Item 12: “Brokerage Practices” for a detailed explanation

of these relationships and important conflict of interest disclosures.

## **ITEM 12: BROKERAGE PRACTICES**

The Firm receives no research, product, or service other than execution from a broker/dealer or third-party in connection with Client securities transactions. The Firm does not receive any “soft dollar” benefits. Consistent with obtaining best execution, brokerage transactions can be directed to a certain broker-dealer in return for investment research products and/or services that assist the Firm in its investment decision-making process. Such research generally will be used to service all of the Firm’s Clients, but brokerage commissions paid by one Client can be used to pay for research that is not used in managing that Client’s portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest. It is the policy and practice of the Firm to strive for the best price and execution that are competitive in relation to the value of the transaction (“best execution”). Although TCFG will strive to achieve the best execution possible for Client securities transactions, this does not require TCFG to solicit competitive bids, and TCFG does not have an obligation to seek the lowest available commission or transaction cost. In seeking best execution, the determinative factor is not the lowest possible cost but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer’s services including the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, the Firm will not obtain the lowest possible commission or transaction rates for the Client’s transactions. TCFG shall not be required to negotiate “execution only” commission rates. Thus, the Client will be deemed to be paying for research and related services (collectively, “soft dollars”) provided by the broker-dealer, which are included in the commission rate.

In addition, TCFG Advisors only uses the affiliated broker-dealer (TCFG Wealth) as an introducing broker-dealer that charges mark-ups on various fees, including transaction and service fees. For example, TCFG will utilize TCFG Wealth when Advisors choose to access Envestnet for wealth management, risk assessment, and as a reporting platform. Although TCFG Wealth will mark-up these various fees, and thus Clients will often pay more per transaction than if TCFG Wealth were not being used, TCFG and its Advisors will still utilize its services if it determines that paying such fees is ultimately in the best interest of these Clients because using this affiliated “middleman” allows Clients to access Envestnet services at a better price overall (TCFG’s direct contract with Envestnet costs Clients \$90 per year ). 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.

The Firm generally recommends that Clients use a broker-dealer as their custodian and broker of record. While there is no direct link between the investment advice given to Clients and TCFG’s recommendation to use a broker-dealer as their custodian, certain benefits are received by TCFG due to this arrangement. Broker-dealers make available to TCFG other products and services that benefit TCFG but will not benefit its Clients’ accounts. Some of these other products and services assist TCFG 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 allocate aggregated trade orders for multiple Client and

associated person accounts); provide research, pricing information, and other market data; facilitate payment of TCFG's fees from its Clients' accounts; and assist with back-office functions, recordkeeping, and Client reporting. Many of these services generally will be used to service all or a substantial number of TCFG's accounts, including accounts not maintained at broker-dealers. Broker-dealers also make available to TCFG other services intended to help TCFG manage and further develop its business enterprise. These services include consulting as well as publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, broker-dealers can make available, arrange, and/or pay for these types of services rendered to TCFG by independent third parties. Broker-dealers often discount or waive fees they 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 TCFG. While as a fiduciary, TCFG endeavors to act in its Clients' best interests, TCFG's recommendation that Clients maintain their assets in accounts at broker-dealers are based in part on the benefit to TCFG of 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 broker-dealers, which creates a potential conflict of interest.

For discretionary Clients, the discretionary agreement signed by Clients provides the Firm with written authority to determine the broker-dealer to use and commission costs that will be charged to these Clients for these transactions. These charges are typically detailed in the account opening paperwork the Client will execute when establishing the brokerage account.

These Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to the Firm in writing.

Advisors or the Firm will block trade where possible and when advantageous to Clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple Client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading often allows executing equity trades in a timely, more equitable manner at an average share price. The Firm or Advisor will typically aggregate trades among Clients whose accounts can be traded at a given broker. TCFG's block trading policy and procedures are as follows.

- Transactions for any Client account cannot be aggregated for execution if the practice is prohibited by or inconsistent with the Client's advisory agreement or the Firm's order allocation policy.
- The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the Client and consistent with the Client's investment objectives and with any investment guidelines or restrictions applicable to the Client's account.
- The portfolio manager must reasonably believe that the order aggregation will benefit and enable the Firm to seek best execution for each Client participating in the aggregated order. This requires a good faith judgment at the time the order is

placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in light of "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

- Prior to entry of an aggregated order, an order ticket must be completed, which identifies each Client account participating in the order and the proposed allocation of the order.
- If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating Client accounts in accordance with the initial order ticket or other statement of allocation. However, adjustments to this pro-rata allocation can be made to participating Client accounts in accordance with the initial order ticket or other statement of allocation. Furthermore, adjustments to this pro-rata allocation can be made to avoid having odd amounts of shares held in any Client account or excessive ticket charges in smaller accounts.
- Generally, each Client participating in the aggregated order must do so at the average price for all separate transactions made to fill the order and share in the commissions on a pro rata basis in proportion to the Client's participation. Under the Client's agreement with the custodian/broker, transaction costs are often based on the number of shares traded for each Client.
- If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- Client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- Funds and securities for aggregated orders are clearly identified on TCFG's records and to the broker-dealers or other intermediaries handling the transactions by the appropriate account numbers for each participating Client.
- No Client or account will be favored over another.

### **ITEM 13: REVIEW OF ACCOUNTS**

Rick Roberts or his designee monitors Client holdings in accordance with investment objectives established by the Client. Clients may be provided periodic reports from the Firm or Advisor in addition to account statements received from the custodian of the account(s). 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.

Financial planning Clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for. Consulting services Clients will not typically receive reports due to the nature of the service.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

The Firm receives economic benefit by providing investment advice and related services to its Clients. The Firm does not directly or indirectly compensate any person who is not its supervised person for referring Clients to the Firm.

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

#### **ITEM 15: CUSTODY**

The Firm generally receives written authorization in its Advisory Agreement with Clients to directly debit advisory fees from Client accounts but does not have actual custody of Client accounts including securities and cash.

As part of this billing process, the Client's custodian is advised of the amount of the fee to be deducted from that Client's account. On at least a quarterly basis, the custodian is required to send to the Client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for Clients to carefully review their custodial statements to verify the accuracy of the calculation among other things. Clients should contact the Firm directly if they believe there may be statement errors.

In addition to the periodic statements Clients receive directly from their custodians, the Firm may also send account information directly to Clients on a monthly or quarterly basis. Clients are encouraged to carefully compare the information provided to ensure that all account transactions, holdings, and values are correct and current.

#### **ITEM 16: INVESTMENT DISCRETION**

Clients authorize the Advisor to provide discretionary asset management services in their advisory agreement, in which case trades are placed in a Client's account without contacting the Client prior to each trade to obtain permission.

The Firm's discretionary authority includes the ability to do the following without contacting the Client.

- Determine the security to buy or sell.
- Determine the amount of the security to buy or sell.

- Determine when the transactions occur.

Clients can also change/amend such limitations by providing updated written instructions.

#### **ITEM 17: VOTING CLIENT SECURITIES**

As a matter of firm policy, Advisors do not vote proxies on behalf of Clients. Therefore, although the Firm provides investment advisory services relative to Client investment assets, Clients maintain exclusive responsibility for (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by the Client shall be voted and (ii) 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 their custodian where to send proxies and other shareholder communications to ensure that they receive the intended materials. The Firm does not offer consulting assistance regarding proxy issues to Clients.

#### **ITEM 18: FINANCIAL INFORMATION**

The Firm is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual obligations. The Firm has no financial circumstances to report.

Under no circumstance does the Firm require or solicit payment of fees in excess of \$1,200 per Client more than six months in advance of services rendered.

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