

## **ITEM 1 – COVER PAGE**



**COLORADO WEALTH GROUP, LLC  
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### **PART 2A – FIRM BROCHURE**

**October 4, 2023**

**[WWW.COLORADOWEALTHGROUP.COM](http://WWW.COLORADOWEALTHGROUP.COM)**

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

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

## ITEM 2 – MATERIAL CHANGES

### SUMMARY OF MATERIAL CHANGES

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

No material changes have occurred since the Firm’s filing made on March 6, 2023.

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

We encourage you to read this document in its entirety.

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## ITEM 4 – ADVISORY BUSINESS

This Disclosure document is being offered to you by Colorado Wealth Group, LLC (“CWG” or “Firm”) about the investment advisory services we provide. It discloses information about our services and the way those services are made available to you, the client.

Our Firm became a registered investment adviser in August 2020. This Firm is owned by Steven Harp, CEO, and Jacob Ray. Jacob Ray is the Chief Compliance Officer.

We are committed to helping clients build, manage and preserve their wealth. Our Firm provides services that help clients to achieve their stated financial goals. We will offer an initial complimentary meeting upon our discretion; however, investment advisory services are initiated only after you and CWG execute an Investment Management Agreement.

### INVESTMENT AND WEALTH MANAGEMENT AND SUPERVISION SERVICES

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

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

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

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

Clients may engage us to advise on certain investment products that are not maintained at our Firm’s recommended custodian, such as variable life insurance, annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). Where appropriate, we provide advice about any type of held away account that is part of a client portfolio.

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

## USE OF SUB-ADVISORS

We provide investment advice, recommendations and utilize the investment strategies of Outside Investment Managers (“Managers”) through a sub-adviser relationship. Selected Managers are evaluated by us for use in a client’s account. Factors we will consider in recommending a particular sub-advisor include, but are not limited to, the client’s stated investment objectives, management style, independence, stature of the custodian utilized by the sub-advisor, performance, philosophy, financial strength, continuation of management, client service, reporting, commitment to a particular investment mandate, fees, trading efficiency, and research.

Managers selected by us may offer multiple strategies. Our Firm will monitor Managers to ensure that it adheres to the philosophy and investment style for which it was selected and to ensure that its performance, portfolio strategies, and management remain aligned with the client’s overall investment goals and objectives. We will retain discretionary authority to hire and fire the Manager. Our ongoing review includes, but is not limited to, assessment of the Manager’s disclosure brochure, performance information, materials, personnel turnover, and regulatory events.

When we engage a Manager to invest a separately managed account (“SMA”), the SMA will be traded by either the Manager (externally-traded) or by our Firm (internally-traded). In both cases, all research, investment selections and portfolio decisions are the responsibility of the Manager, not by our Firm. Performance reporting may be provided by the Manager.

Through our Discretionary Investment Management Agreement, the Client grants CWG authority to utilize a sub-advisor. Our Firm, in conjunction with the Manager, will continue to provide advisory services to the Client for the ongoing monitoring, review, and reporting of the overall account performance.

Third-party managed programs generally have account minimum requirements that will vary from investment advisor to investment advisor. A complete description of the Manager’s services, fee schedules and account minimums will be disclosed in the Manager’s Form ADV or similar Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and account is established.

## FINANCIAL PLANNING

Through the financial planning process, our team strives to engage our clients in conversations around the client’s goals, objectives, priorities, vision, and legacy – both for the near term as well as for future generations. With the unique goals and circumstances of each client in mind, our team will offer financial planning ideas and strategies to address the client’s holistic financial picture, including estate, income tax, charitable, cash flow, wealth transfer, and client legacy objectives. Our team partners with our client’s other advisors (CPAs, Enrolled Agents, Estate Attorneys, Insurance Brokers, etc.) to ensure a coordinated effort of all parties toward the client’s stated goals. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, guidance to outside assets, and periodic updates.

Our specific services in preparing your plan may include:

- Review and clarification of your financial goals
- Assessment of your overall financial position including cash flow, balance sheet, investment strategy, risk management, and estate planning
- Creation of a unique plan for each goal you have, including personal and business real estate, education, retirement or financial independence, charitable giving, estate planning, business succession, and other personal goals

- Development of a goal-oriented investment plan, with input from various advisors to our clients around tax suggestions, asset allocation, expenses, risk, and liquidity factors for each goal. This includes IRA and qualified plans, taxable, and trust accounts that require special attention
- Design of a risk management plan including risk tolerance, risk avoidance, mitigation, and transfer, including liquidity as well as various insurance and possible company benefits
- Crafting and implementation of, in conjunction with your estate and/or corporate attorneys as tax adviser, an estate plan to provide for you and/or your heirs in the event of an incapacity or death

A written evaluation of each client's initial situation or Financial Plan is provided to the client. An annual review will be provided by the Adviser, if indicated by the Client and Adviser per the Agreement. We offer an optional semi-annual follow-up and review of the Financial Plan for an additional fee. This is agreed to between the Client and CWG using a separate Agreement.

Client should be aware a conflict exists between the interests of the investment adviser and the interests of the client. The client is under no obligation to act upon the investment adviser's recommendation, and if the client elects to act on any of the recommendations, the client is under no obligation to affect the transaction through the investment adviser.

## **RETIREMENT PLAN SERVICES**

For employer-sponsored retirement plans with participant-directed investments, our Firm provides its advisory services as an investment adviser as defined under Section 3(21) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

When serving as an ERISA 3(21) investment adviser, the Plan Sponsor and our Firm share fiduciary responsibility. The Plan Sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Plan Sponsor Investment Management Agreement between our Firm and the Plan Sponsor. Under the 3(21) agreement, our Firm provides the following services to the Plan Sponsor:

- Screen investments and make recommendations.
- Monitor the investments and suggests replacement investments when appropriate.
- Provide a quarterly monitoring report.
- Assist the plan sponsor in developing an Investment Policy Statement ("IPS").
- Recommend QDIA alternatives.
- Recommend non-discretionary model portfolios.

We can also be engaged to provide Plan Consulting Services. Plan Consulting Services include financial education to Plan participants, benchmarking the Plan services, education to fiduciary committee members, and monitoring the service provider. The scope of education provided to participants will not constitute "investment advice" within the meaning of ERISA and participant education will relate to general principles for investing and information about the investment options currently in the Plan. We may also participate in initial enrollment meetings and periodic workshops and enrollment meetings for new participants.

## **DISCLOSURE REGARDING ROLLOVER RECOMMENDATIONS**

A client or prospect leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) rollover to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax

consequences). Our Firm may recommend an investor roll over plan assets to an IRA for which our Firm provides investment advisory services. As a result, our Firm and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave their plan assets with their previous employer or roll over the assets to a plan sponsored by a new employer will generally result in no compensation to our Firm. Our Firm therefore has an economic incentive to encourage a client to roll plan assets into an IRA that our Firm will manage, which presents a conflict of interest. To mitigate the conflict of interest, there are various factors that our Firm will consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus those of our Firm, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. All rollover recommendations are also reviewed by our Firm's Chief Compliance Officer in a best effort to determine that the recommendation to a client was reasonable or that the client has determined to make the rollover after being provided ample information about their options. No client is under any obligation to roll over plan assets to an IRA advised by our Firm or to engage our Firm to monitor and/or advise on the account while maintained with the client's employer. Our Firm's Chief Compliance Officer remains available to address any questions that a client or prospective client has regarding this disclosure.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

## **FINANCIAL INSTITUTION CONSULTING SERVICES**

Our Firm has an agreement with Mutual Securities, Inc. ("Mutual Securities") to provide investment consulting services to certain brokerage customers of Mutual Securities. Mutual Securities will pay compensation to our Firm for providing investment consulting services to its brokerage customers. This consulting arrangement does not include assuming discretionary authority over brokerage accounts or the monitoring of securities. These consulting services offered to financial institution clients may include a general review of client investments holdings, which may or may not result in a CWG's investment adviser representative making specific securities recommendations or offering general investment advice.

This relationship presents a conflict of interest. The conflict is mitigated by the brokerage customer(s) consenting to receive investment consulting services from our Firm and the brokerage customer(s) executing a written advisory agreement directly with CWG. Further, no other additional compensation will be paid by Mutual Securities to our Firm in connection with the investment consulting services. Our Firm will not hold itself out to the public as engaging in brokerage activities. Mutual Securities and CWG are separate and unrelated entities.

## **CONSULTING SERVICES**

We also provide clients investment advice on a more-limited basis on one-or-more isolated areas of concern such as divorce planning, estate planning, real estate, retirement planning, or any other specific topic. Additionally, we provide advice on non-securities matters about the rendering of estate planning, insurance, real estate, and/or annuity advice or any other business advisory or consulting services for equity or debt investments in privately held businesses. In these cases, you will be required to select your own investment managers, custodian and/or insurance companies for the implementation of consulting recommendations. If your needs include brokerage and/or other financial services, we will

recommend the use of one of several investment managers, brokers, banks, custodians, insurance companies or other financial professionals ("Firms"). You must independently evaluate these Firms before opening an account or transacting business and have the right to effect business through any Firm you choose. You have the right to choose whether to follow the consulting advice that we provide.

## ASSETS

As of December 31, 2022, our Firm manages \$115,925,606 on a discretionary basis and \$3,045,420 on a non-discretionary basis.

## ITEM 5 – FEE AND COMPENSATION

### INVESTMENT MANAGEMENT FEES AND COMPENSATION

Our Firm charges a fee as compensation for providing Investment Management services on your account. These services include advisory services, trade entry, investment supervision, and other account maintenance activities. Cash and cash equivalents and any margin debt balances are included in the calculation of advisory fees, unless otherwise noted and agreed to in the executed Agreement. Our recommended Custodian charges transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for details.

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

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

#### Tiered Advisory Fee Schedule

Household Assets up to \$1,000,000	1.20%
On the next \$1,000,000.01 - \$2,000,000	1.10%
On the next \$2,000,000.01 - \$4,000,000	0.90%
On the next \$4,000,000.01 - \$6,000,000	0.70%
On the next \$6,000,000.01 - \$8,000,000	0.50%
On all assets above \$8,000,000.01	0.30%

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

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



services.

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

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

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

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

## **FEES FOR SUB-ADVISORY RELATIONSHIPS**

As discussed in Item 4 above, there are occasions where a Manager acts in a sub-advisor capacity to our Firm. Under this arrangement, the Manager invests the assets based upon the parameters provided by our Firm. Depending on the agreement with the Manager, the total advisory fee will be collected by the custodian and the portion of the advisory fee is sent to the Manager and our Firm. The total fee includes our Firm's portion of the investment advisory fee plus the Manager's fee. The fee billed is defined in the relevant Discretionary Investment Management Agreement as well as in the individual Form ADV Filing of the respective Manager.

The Manager's relationship may be terminated at our Firm's discretion. We may at any time terminate the relationship with a Manager. We will notify you of instances where we have terminated a relationship with any Manager(s) you are investing with. Factors involved in the termination of a Manager may include a failure to adhere to their stated management style or your objectives, a material change in the professional staff of the sub-advisor, unexplained poor performance, unexplained inconsistency of account performance, or our decision to no longer include the Manager on our approved list.

Managers generally do not have any direct contact with our clients. They provide services directly to us and we are solely responsible for client accounts. Upon entering into an agreement for advisory services with us, clients authorize us to use these Managers to service their account, including executing trades, billing and the deduction of fees from client accounts. Clients agree to allow us to share non-public, personal information with these unrelated third-party service providers for the purpose of administering and managing the clients' accounts.

## **FINANCIAL PLANNING FEES**

Fees for financial planning services will vary based on the extent and complexity of your individual or family circumstances, your financial situation, agreed upon deliverables, and whether or not you intend to implement any recommendations through CWG. Fees for financial plans are generally a fixed fee and will not exceed \$25,000. The Firm minimum is \$4,000. We offer a Financial Plan Maintenance Program ("FPMP") for clients who elect to have a semi-annual follow-up for accountability and long-term plan accuracy. These on-going maintenance fees are negotiable. If you choose to participate in the FPMP, on-going financial planning service fees are set forth in Exhibit B of the *Financial Planning Client Agreement*.

Those participating in the FPMP will be billed semi-annually. The FPMP can be terminated at any point by either CWG or the client.

Your billing method is agreed to in advance of performing services and is agreed to and acknowledged in the Financial Planning Agreement executed by you and our Firm. Fifty percent (50%) of the Financial Planning Fee is collected upon signing the Financial Planning agreement and the other fifty percent is due upon delivery of the Plan to you. Fees can be paid via check to CWG or can be invoiced and processed through a third- party nonaffiliated service, AdvicePay. Clients will be asked to set up their bank account or credit card at AdvicePay to enable credit card or ACH payments. While AdvicePay allows firms like CWG to receive payments directly from the client's credit card or bank account, it does not give CWG access to the bank account itself, nor to any of the client's credit card or bank account information. CWG is not able to initiate any additional payments via AdvicePay as agreed upon and outlined in the Agreement.

You may terminate the Financial Planning Agreement by providing us with written notice. In the event you terminate your Financial Planning Agreement before your Plan is delivered, we will bill you for the time spent in preparing your Plan based on an hourly rate not to exceed \$500/hr. We will not require prepayment of more than \$1,200 in fees per client, six (6) or more months in advance of providing any services.

## **RETIREMENT PLAN SERVICES**

For Retirement Plan Advisory Services compensation, we charge an advisory fee as negotiated with the Plan Sponsor and as disclosed in the Employer Sponsored Retirement Plans Consulting Agreement ("Plan Sponsor Agreement"). We will bill an advisory fee ranging from 0.10%-0.50% on your 401(k) plan, or build in a markup with the service provider, a flat advisory fee which we will collect periodically depending on the service provider. The compensation method is explained and agreed upon in advance before any services are rendered and detailed in the Agreement.

Typically, the periodicity of these transactions is monthly, every 6 weeks, or quarterly. This fee is generally negotiable, but terms and advisory fee is agreed to in advance and acknowledged by the Plan Sponsor through the Plan Sponsor Agreement. Either party may terminate your management agreement at any time with written notice.

## **FINANCIAL INSTITUTION CONSULTING SERVICES**

Our Firm receives a consulting fee based on a percentage of assets under management from those brokerage customers who have provided written consent to the broker/dealer to receive the investment consulting service from our Firm and have entered into a written advisory contract with us. The consulting fee is calculated from the assets under management as of the end of a calendar quarter period multiplied by the annualized rate of 0.52%. The initial fee is paid only after the completion of one full calendar quarter period following the date of the executed agreement with the broker/dealer.

## **CONSULTING SERVICES**

Consulting services fees are hourly and reflect all time spent by Consultant gathering and compiling Client information, conferring with Client, and/or any other activities directly associated with carrying out Consultant's obligations under this Agreement. The fees are negotiable. Clients should note that similar advisory services may or may not be available from other registered (or unregistered) investment advisers for similar or lower fees. Maximum hourly fee is \$500 per hour. A client engaging in an hourly fee agreement will be provided an approximate time allocation needed to complete the project. Half of this amount will be billed up front as a retainer. Upon completion of the project, a detailed record of time

spent by each party assigned to the project will be provided and final payment is required. Payment shall be made to Colorado Wealth Group, LLC

## **ADMINISTRATIVE SERVICES**

We have contracted with an unaffiliated Firm Advyzon Technologies (“Advyzon”) to utilize their technology platform which supports data reconciliation, performance reporting, fee calculation, client relationship maintenance, at least quarterly performance evaluations, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Advyzon Technologies will have access to client accounts, but Advyzon will not serve as an investment adviser to our clients. CWG and Advyzon are non-affiliated companies. Advyzon charges our Firm an annual fee for each account administered by its software. Please note that the fee charged to the client will not increase due to the annual fee CWG pays to Advyzon. The annual fee for our Advyzon subscription is paid by Aptus Capital Advisors (“Aptus”), one of the Independent Managers utilized as a sub-advisor for client portfolios.

Our receipt of benefits like the one described above raises a conflict of interest. In providing additional benefits to us, Aptus most likely considers the amount and profitability to their firm for the Client accounts maintained with Aptus. Aptus has the right to terminate the additional benefit, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the benefits from Aptus, we may have an incentive to recommend to its Clients that the assets under management by our Firm be held at Aptus and to place transactions for Client accounts with Aptus. Our receipt of these benefits does not diminish its duty to act in the best interests of its clients.

## **ADDITIONAL FEES AND EXPENSES:**

In addition to the advisory fees paid to our Firm, you will also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges include custodial fees, charges imposed by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Neither our Firm nor any of our supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Our brokerage practices are described at length in Item 12, below.

When selecting investments for our clients’ portfolios we might choose mutual funds on your account custodian’s Non-Transaction Fee (NTF) list. This means that your account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund.

The mutual fund companies that choose to participate in your custodian’s NTF fund program pay a fee to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund including clients of our Firm. When we decide whether to choose a fund from your custodian’s NTF list or not, we consider our expected holding period of the fund, the position size and the expense ratio of the fund versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in your best interest.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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

## ITEM 7 – TYPES OF CLIENTS

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

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

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

### METHODS OF ANALYSIS

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

- **Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.
- **Quantitative Analysis:** We use mathematical ratios and other performance appraisal methods in attempt to obtain more accurate measurements of a model manager’s investment acumen, idea generation, consistency of purpose and overall ability to outperform their stated benchmark throughout a full market cycle. Additionally, we perform periodic measurements to assess the authenticity of returns. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.
- **Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client’s investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client’s goals.
- **Mutual Fund and/or ETF Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also monitor the funds or ETFs in attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client’s portfolio.
- **Model Manager Analysis:** We examine the experience, expertise, investment philosophies, and past performance of Model Managers in attempt to determine if that manager has demonstrated an ability to invest over a period

of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the Model Manager's compliance and business enterprise risks.

## **SUB-ADVISOR SERVICES**

We seek to recommend investment strategies that will give a client a diversified portfolio consistent with the client's investment objective. We do this by analyzing the various securities, investment strategies, and third-party management firms. The goal is to identify a client's risk tolerance, and then find a sub-advisor with the maximum expected return for that level of risk.

We examine the experience, expertise, investment philosophies and past performance of independent, third party managers 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 monitor the managers' underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the managers' compliance and business enterprise risks.

A risk of investing with a third-party manager or sub-advisor who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a managers' portfolio, there is also a risk that the manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the managers' daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

## **RISK OF LOSS**

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

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

Conversely, in certain asset classes, a short-term purchase strategy poses a risk should the anticipated price swing not materialize. Colorado Wealth Group would then be 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, a short-term purchase strategy potentially involves more frequent trading than does a longer-term strategy and may result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

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

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

**Active Management Risk:** Due to its active management, a portfolio could underperform other portfolios with similar investment objectives and/or strategies.

**Allocation Risk:** A portfolio may use an asset allocation strategy in pursuit of its investment objective. There is a risk that a portfolio's allocation among asset classes or investments will cause a portfolio to lose value or cause it to underperform other portfolios with a similar investment objective and/or strategy, or that the investments themselves will not produce the returns expected.

**Cybersecurity Risk.** Cybersecurity risks include both intentional and unintentional events at CWG or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

**Liquidity Risk:** The risk that exists when a security's limited marketability prevents it from being bought or sold quickly enough to avoid or minimize a loss. This risk is particularly relevant in the bond market, although it can also be a risk when transacting in small cap securities and certain other stocks.

**Market and Timing Risk:** Prices of securities may become more volatile due to general market conditions that are not specifically related to a particular company, such as adverse economic conditions or outlooks, adverse investor sentiment, changes in the outlook for corporate earnings, or changes in interest rates.

**Sector/Region Risk:** The risk that the strategy's concentration in equities or bonds in a specific sector or industry will cause the strategy to be more exposed to the price movements in and developments affecting that sector.

**Event Risk:** The possibility that an unforeseen event will negatively affect a company or industry, and thus, increase the volatility of the security.

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

**Asset-Backed Securities Risk:** Payment of principal and interest on asset-backed securities is dependent largely on the cash flows generated by the assets backing the securities. Further, some asset backed securities may not have the benefit of any security interest in the related assets. There is also the possibility that recoveries in the underlying collateral may not be available to support the payments on these securities. Downturns in the economy could cause the value of asset backed securities to fall, thus, negatively impacting account performance.

**Call Risk:** Some bonds give the issuer the option to redeem the bond before its maturity date. If an issuer exercises this option during a time of declining interest rates, the proceeds from the bond may have to be reinvested in an investment offering a lower yield and may not benefit from an increase in value as a result of declining rates. Callable bonds also are subject to increased price fluctuations during periods of market illiquidity or rising interest

rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

**Corporate Debt Risk:** The rate of interest on a corporate debt security may be fixed, floating, variable, or may vary inversely with respect to a reference rate. Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation. They also may be subject to price volatility due to interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates rise, the value of a corporate debt security can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. A company default can reduce income and capital value of a corporate debt security. Moreover, market expectations regarding economic conditions and the likely number of corporate defaults may impact the value of these securities.

**Credit Default Risk:** The risk of loss of principal due to the borrower's failure to repay the loan or risk of liquidity from the decline in the borrower's financial strength.

**Duration Risk:** The risk associated with the sensitivity of a bond's price to a change in interest rates. The higher a bond's (or portfolio's) duration, the greater its sensitivity to interest rate changes.

**Government Securities Risk:** Not all U.S. government securities are backed by the full faith and credit of the U.S. government. It is possible that the U.S. government would not provide financial support to certain of its agencies or instrumentalities if it is not required to do so by law. If a U.S. government agency or instrumentality defaults and the U.S. government does not stand behind the obligation, returns could be negatively impacted. The U.S. government guarantees payment of principal and timely payment of interest on certain U.S. government securities.

**Interest Rate Risk:** Prices of fixed income securities tend to move inversely with changes in interest rates. As interest rates rise, bond prices typically fall and vice versa. The longer the effective maturity and duration of a strategy's portfolio, the more the performance of the investment is likely to react to interest rates.

**Municipal Bond Risk:** Investments in municipal bonds are affected by the municipal market as a whole and the various factors in the particular cities, states or regions in which the strategy invests. Issues such as legislative changes, litigation, business and political conditions relating to a particular municipal project, municipality, state or territory, and fiscal challenges can impact the value of municipal bonds. These matters can also impact the ability of the issuer to make payments. Also, the amount of public information available about municipal bonds is generally less than that for corporate equities or bonds. Additionally, supply and demand imbalances in the municipal bond market can cause deterioration in liquidity and lack of price transparency.

**Performance of Underlying Managers:** We select the mutual funds and ETFs in the asset allocation portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.

**Prepayment Risk:** Similar to call risk, this risk is associated with the early unscheduled repayment of principal on a fixed income security. When principal is returned early, future interest payments will not be paid. The proceeds from the repayment may be reinvested in securities at a lower, prevailing rate.

**Reinvestment Risk:** The risk that future cash flows, either coupons or the final return of principal, will need to be reinvested in lower-yielding securities.

**Securities Lending Risk:** Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

**State Risk:** Portfolios with state or region-specific customizations will be more sensitive to the events that affect that state's economy and stability. Portfolios with a higher concentration of bonds in a state or region may have higher credit risk exposure, especially if the percentage of assets dedicated to the state is invested in fewer issuers.

**Tax Liability Risk:** The risk that the distributions of municipal securities become taxable to the investor due to noncompliant conduct by the municipal bond issuer or changes to federal and state laws. These adverse actions would likely negatively impact the prices of the securities.

**Valuation Risk:** The lack of an active trading market and/or volatile market conditions can make it difficult to obtain an accurate price for a fixed income security. There are uncertainties associated with pricing a security without a reliable market quotation, and the resulting value may be very different than the value of what the security would have been if readily available market quotations had been available.

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

**Capitalization Risk:** Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services. Their stocks have historically been more volatile than the stocks of larger, more established companies.

**Exchange-Traded Fund ("ETF") and Mutual Fund Risk:** Investments in ETFs and mutual funds have unique characteristics, including, but not limited to, the ETF or mutual fund's expense structure. Investors of ETFs and mutual funds held within Colorado Wealth Group client accounts bear both their Colorado Wealth Group portfolio's advisory expenses and, indirectly, the ETF's or mutual fund's expenses. Because the expenses and costs of an underlying ETF or mutual fund are shared by its investors, redemptions by other investors in the ETF or mutual fund could result in decreased economies of scale and increased operating expenses for such ETF or mutual fund. Additionally, the ETF or mutual fund may not achieve its investment objective. Actively managed ETFs or mutual funds may experience significant drift from their stated benchmark.

**Foreign Securities Risk:** Investments in or exposure to foreign securities involve certain risks not associated with investments in or exposure to securities of U.S. companies. Foreign securities subject a portfolio to the risks associated with investing in the particular country of an issuer, including the political, regulatory, economic, social, diplomatic and other conditions or events (including, for example, military confrontations, war and terrorism), occurring in the country or region, as well as risks associated with less developed custody and settlement practices. Foreign securities may be more volatile and less liquid than securities of U.S. companies, and are subject to the risks associated with potential imposition of economic and other sanctions against a particular foreign country, its nationals or industries or businesses within the country. In addition, foreign governments may impose



withholding or other taxes on income, capital gains or proceeds from the disposition of foreign securities, which could reduce a portfolio's return on such securities.

**Frequent Trading Risk:** A portfolio manager may actively and frequently trade investments in a portfolio to carry out its investment strategies. Frequent trading of investments increases the possibility that a portfolio, as relevant, will realize taxable capital gains (including short-term capital gains, which are generally taxable at higher rates than long-term capital gains for U.S. federal income tax purposes), which could reduce a portfolio's after-tax return. Frequent trading can also mean higher brokerage and other transaction costs, which could reduce a portfolio's return. The trading costs and tax effects associated with portfolio turnover can adversely affect its performance.

**Issuer Risk:** The risk that an issuer of a security may perform poorly, and therefore, the value of its securities may decline. Poor performance may be caused by poor management decisions, competitive pressures, breakthroughs in technology, reliance on suppliers, labor problems or shortages, corporate restructurings, fraudulent disclosures, natural disasters or other events, conditions or factors.

**Market Risk:** When the stock market strongly favors a particular style of equity investing, some or all of Colorado Wealth Group's equity strategies could underperform. The performance of clients' accounts could suffer when Colorado Wealth Group's particular investment style(s) are out of favor. For example, Colorado Wealth Group's large cap equity strategies could underperform when the market favors smaller capitalization stocks. Colorado Wealth Group's strategies with exposure to small/mid cap stocks could underperform when the market favors larger cap stocks. Additionally, growth securities could underperform when the market favors value securities.

**Sector Risk:** At times, a portfolio may have a significant portion of its assets invested in securities of companies conducting business in a related group of industries within an economic sector. Companies in the same economic sector may be similarly affected by economic, regulatory, political or market events or conditions, which make a portfolio more vulnerable to unfavorable developments in that economic sector than portfolios that invest more broadly. Generally, the more a portfolio diversifies its investments, the more it spreads risk and potentially reduces the risks of loss and volatility.

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## ITEM 9 – DISCIPLINARY INFORMATION

No management persons listed on Schedule A/B of the ADV Part 1 have been subject to any criminal or civil actions, administrative proceedings, or self-regulatory organization (SRO) proceedings.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### INSURANCE

Some of our Investment Adviser Representatives ("IARs") of the Firm are licensed Insurance agents registered with various

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

## **SUB ADVISOR RELATIONSHIPS**

Advisor has entered into arrangements with various independent Registered Investment Advisors to offer sub-advisory services. Please refer to Item 4 and Item 5 above for more information about the selection of sub-advisors used with our services. A conflict of interest for our firm in utilizing a sub advisor is receipt of discounts or services not available to us from other similar sub advisers. In order to minimize this conflict our firm will make our recommendations and selections of sub-advisors in the best interest of our clients. CWG will ensure that the other advisers are properly licensed and registered as investment advisers prior to recommending other advisers to clients.

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

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

Our Firm does not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities. Our Firm nor any management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither our Firm nor any of our management persons have an arrangement with any related persons (e.g. broker-dealer, municipal securities dealer, or government securities dealer or broker, investment company or other pooled investment

vehicle including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), other investment adviser or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, and/or sponsor or syndicator of limited partnerships.

#### SOLICITOR ARRANGEMENTS

CWG has solicitor agreements with unaffiliated registered individuals, where the individual is a solicitor for CWG. Such a solicitor arrangement, if any, is on a per client basis, and the client along with CWG and the unaffiliated individual executes a disclosure notifying them of the particulars of such an arrangement.

## ITEM 11 – CODE OF ETHICS

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

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

The Code of Ethics is designed to protect our clients to detect and deter misconduct, educate personnel regarding the Firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of CWG, safeguard against the violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the Firm's ethical principles.

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

- A director, officer, or employee of CWG shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No supervised employee of CWG shall prefer his or her own interest to that of the advisory client. Trades for supervised employees are traded alongside client accounts.
- We monitor all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of CWG.
- We emphasize the unrestricted right of the client to decline implementation of any advice rendered, except in situations where we are granted discretionary authority of the client's account.
- We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- Any supervised employee not in observance of the above may be subject to termination.

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

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

## ITEM 12 – BROKERAGE PRACTICES

We do not maintain custody of your assets that we manage or on which we advise. Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We may recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we may recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open accounts for you, although we may assist you in doing so. Please read about potential conflicts of interest related to our recommendation of Schwab in Item 14 of this Brochure.

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors.

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

**Services that benefit you.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services that may not directly benefit you.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements).
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts.
- Provide pricing and other market data.
- Facilitate payment of our fees from our clients' accounts.
- Assist with back-office functions, recordkeeping, and client reporting.

**Services that generally benefit only us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events.
- Consulting on technology, compliance, legal, and business needs.
- Publications and conferences on practice management and business succession.
- Access to employee benefits providers, human capital consultants, and insurance providers.
- Marketing consulting and support.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment.

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

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

## **AGGREGATION AND ALLOCATION OF TRANSACTIONS**

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

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

## **BROKERAGE FOR CLIENT REFERRALS**

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

## **TRADE ERRORS**

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

## **DIRECTED BROKERAGE**

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

## ITEM 13 – REVIEW OF ACCOUNTS

### ACCOUNT REVIEWS AND REVIEWERS – INVESTMENT SUPERVISORY SERVICES

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

### STATEMENTS AND REPORTS

The custodian for the individual client's account will provide clients with an account statement at least monthly. Upon request, clients can receive a prepared written report detailing their current positions, asset allocation, and year-to-date performance provided by our Firm.

You are urged to compare the reports provided by CWG against the account statements you receive directly from your account custodian.

- **Selection and Monitoring of sub-advisors:** If you have an account with us that is managed by a third party, we typically review your account holdings monthly to ensure that your account remains within reasonable variances of the asset allocation targets and investment models in place.
- **Financial Planning Services:** Your review will be conducted by your assigned Investment Advisor. We realize that events and circumstances could change dramatically in between normal reviews. Therefore, if you experience a life event that might necessitate an early review of your Financial Plan, please let us know and we will be happy to schedule a more frequent review. Such an event might include a marriage, divorce, birth of a child, death or disability of an immediate family member, impending retirement, employment status, or you bought or sold a business. We also encourage you to ask us if you have any questions about your Financial Plan or the reports that we generate.
- **Advisory Services to ERISA Qualified Plans:** Under normal circumstances, our regular practice is to review your retirement plan quarterly and generate written reports and written suggestions of fund replacements for your review and consideration conducted by one of our Investment Adviser Representatives. These written performance reports may be generated less frequently, (semi-annually or annually) at your request.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. We benefit from the products and services provided because the cost of these services would otherwise be borne directly by us, and this creates a conflict. You should consider these conflicts of interest when selecting a custodian. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices).



## Solicitor Arrangements

CWG retains solicitors to refer clients to CWG. If a client is introduced to CWG by a solicitor, CWG pays that solicitor a referral fee in accordance with all the requirements of the Investment Advisors Act and any corresponding state securities law requirements. Any such referral fee shall be paid solely from CWG's advisory fee and shall not result in any additional charge to the client. If the client is introduced to CWG by a solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of the solicitor relationship with CWG, and shall provide each prospective client this Firm Brochure together with a copy of a written disclosure statement disclosing the terms of the solicitation arrangement between CWG and the solicitor, including the compensation to be received by the solicitor for the referral.

The Advisor may receive client referrals from Indyfin, LLC or SmartAsset ("Promoters"). The Promoters are independent of and unaffiliated with the Advisor and there is no employee relationship between them. Promoters do not supervise the Advisor and has no responsibility for the Advisor's management of client portfolios or the Advisor's other advice or services. The Advisor pays Promoters an on-going fee for each successful client referral. This fee is usually a percentage of the advisory fee that the client pays to the Advisor ("Promoters Fee"). The Advisor will not charge clients referred through Promoters any fees or costs higher than its standard fee schedule offered to its client.

As noted in Item 10, our Firm does pay compensation to an unaffiliated party for client referrals.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing-expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

## ITEM 15 - CUSTODY

We do not have physical custody, as it applies to investment advisors. Custody has been defined by regulators as having access to or control over client funds and/or securities.

### DEDUCTION OF ADVISORY FEES

Pursuant to the Advisor's Act, the investment adviser has custody of the funds and securities solely as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee. The investment adviser has obtained written authorization from the client to deduct advisory fees from the account held with the qualified custodian. The custodian for the individual client's account will provide clients with an account statement at least monthly. Upon request, clients can receive a prepared written report detailing their current positions, asset allocation, and year-to-date performance provided by our Firm. You are urged to compare the reports provided by CWG against the account statements you receive directly from your account custodian. The investment adviser notifies the Commissioner in writing that the investment adviser intends to use these safeguards.

Please refer to Item 5 for more information about the deduction of adviser fees.



We use a third-party platform, Pontera, to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials. We are not affiliated with the platform in any way and we receive no compensation from them for using their platform. Clients are not charged any additional fee for the use of Pontera. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, Adviser will review the current account allocations. When deemed necessary, Adviser will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) on the Pontera platform will be reviewed at least semiannually and allocation changes will be made as deemed necessary.

## **ITEM 16 – INVESTMENT DISCRETION**

Our Firm manages accounts on a discretionary basis and, in certain cases, on a non-discretionary basis. Prior to engaging CWG to provide investment advisory services, you will enter a written Agreement with us granting the Firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, in the case of discretionary services, you will need to execute additional documents required by the Custodian to authorize and enable CWG, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell, or exchange securities in and for your accounts. In the case of discretionary services, we are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any stocks, bonds or other securities or assets and (2) determine the amount of securities to be bought or sold, and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client. Clients will receive account statements from the qualified custodian and Clients are urged to carefully review those statements.

The limitations on investment and brokerage discretion held by CWG for you are:

- For discretionary accounts, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold.
- Any limitations on this discretionary authority shall in writing as indicated on the Investment Advisory Agreement. You may change/amend these limitations as required.

## **ITEM 17 – VOTING CLIENT SECURITIES**

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

Third party money managers selected or recommended by our Firm may vote proxies for you. Therefore, except in the event a third-party money manager votes proxies, you maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by you shall be voted, and (2) making all elections relative

to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to your investment assets. Therefore (except for proxies that may be voted by a third-party money manager), our Firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

## **ITEM 18 – FINANCIAL INFORMATION**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.