



## Form CRS - Client Relationship Summary March 31, 2023

Capital Endurance Group, Inc. (referred to herein as “we,” “us,” or “our”) is registered with the Securities and Exchange Commission as an investment advisor. Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available for you to use to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisors, and investing.

### WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

Our firm provides investment advisory services to individuals and high net-worth individuals. Our primary advisory service is Comprehensive Wealth Management Services. This investment advisory service combines financial planning techniques and portfolio management services to meet your individual needs. We require a minimum investment of \$500,000 to engage us for investment advisory services. After you sign a contract, we use data regarding your financial circumstances, investment goals and objectives, tax status, and other factors to tailor our advice and design a personalized asset allocation strategy for your investment portfolios.

The contract for investment advisory services that you sign gives our firm discretionary authority to make decisions (initial and ongoing) about your investment portfolios without prior approval. Although we do not seek prior approval when using discretionary authority, we rely on the analysis of your financial circumstances, objectives, and risk tolerance to support the investment decisions. Client portfolios are generally invested in exchange-traded funds, mutual funds, fixed-income securities, and cash equivalents. Although we have discretionary authority, you may impose reasonable restrictions on our authority. Typical restrictions might include limiting investments in certain asset classes, industries, companies, or specific dollar amounts in the foregoing.

We monitor your investment portfolios continuously during our advisory relationship. We use our discretionary authority to make adjustments to the investments in your portfolios as a result of changes in economic or market conditions or other relevant factors, such as a change in your financial circumstances.

Though not a typical advisory service offering, upon request, we may also provide stand-alone limited engagement financial planning services (or financial plans on a limited case-by-case basis).

**For additional information, please review the following Brochure sections: [Advisory Services](#), [Types of Clients](#), and [Investment Discretion](#).**

**Ask your financial professional these questions about our relationships and services:**

- **Given my financial situation, should I choose an investment advisory service? Why or why not?**
- **How will you choose investments to recommend to me?**
- **What is your relevant experience, including licenses, education, and other qualifications? What do these qualifications mean?**

### WHAT FEES WILL I PAY?

**You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.**

Our firm charges an annual asset-based investment advisory fee for comprehensive wealth management services. The advisory fee is based on a percentage of the investment assets we manage for you. Since we combine financial planning with our portfolio management services, there are no separate or additional fees for financial planning services. There are only separate fees for financial planning if you engage us for stand-alone limited engagement financial planning services. Our comprehensive wealth management fees, negotiable at our sole discretion, are published in the Fees and Compensation section of our Brochure.

We bill you quarterly in advance for our investment advisory services. Quarterly in advance means at the beginning of each calendar quarter (i.e. Jan. 1, Apr. 1, Jul. 1, Oct. 1). Our advisory fee calculation is based on the value of the investment assets in your portfolio(s) on the last trading day of the previous quarter. For advisory fee calculation and billing purposes, we group investment portfolios held by members of the same household.

In addition to the advisory fees you pay us, there are additional fees and costs associated with investing. These fees include transaction costs, internal mutual fund expenses, electronic fund transfer fees, mailing fees, insufficient funds fees, wire transfer fees, and regulatory fees for securities sold, among other fees. Please feel free to inquire about additional fees and costs that impact your investment portfolios. We will provide you with a detailed listing of fees and expenses upon your request.

**For additional information, please review the following Brochure sections for details regarding costs and fees: [Advisory Services](#) and [Fees and Compensation](#).**

**Ask your financial professional this question about the impact of fees and costs on investments:**

- **Help me understand how these fees and costs might affect my investments. If I give you \$10,000, how much will go to fees and costs, and how much will be invested for me?**

## WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN ACTING AS MY INVESTMENT ADVISOR? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS DO YOU HAVE?

When we act as your investment advisor, we have a fiduciary duty to act in your best interest and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.

Our legal obligation to you requires us to act with a substantial duty of care and to operate pursuant to a commitment of loyalty which means that we are required to provide advice and recommendations that are in your best interest.

In adhering to our duty of care mandate, we must obtain detailed information regarding your financial circumstances. We must ensure our recommendations align with those financial circumstances. We are required to conduct due diligence regarding the investments we recommend to you and monitor our recommendations continually over the advisory relationship.

Our duty of loyalty to you requires our firm to provide advice that is free from self-interest and to always place your interests before our own. We must make full and fair disclosure of all material facts related to our advisory services. We are also required to avoid or disclose circumstances where our interests actually conflict, could potentially conflict, or have an appearance of conflict with your interests.

We also own a commodity pool operator that operates pursuant to a Commodity Futures Trading Commission (CFTC) exemption. Consequently, if we recommend that a client purchase investment interests offered by an affiliate, such a recommendation creates conflicts of interest due to the compensation earned by our affiliate and firm.

The way our firm makes money conflicts with your interests. We make money by charging you an asset-based investment advisory fee. The prospect of additional advisory fee revenue incentivizes us to encourage you to invest more assets with us and invest in other types of investments recommended by our firm. We earn additional advisory fees as a result of managing more investment assets on your behalf. The incentive to increase our assets under management and fee revenue creates an inherent conflict with your interests.

Please also review the following Brochure sections for details regarding our conflicts of interest: [Other Industry Activities and Affiliations](#), [Code of Ethics](#), and [Brokerage Practices](#).

Ask your financial professional this question about our conflicts of interest:

- How might your conflicts of interest affect me, and how will you address them?

## HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?

Our financial professionals are paid percentage of the revenue earned from the client assets that they manage. We do not provide direct or indirect compensation based on sales incentives, minimum asset quotas, or transaction-based sales.

## DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE A LEGAL OR DISCIPLINARY HISTORY?

NO. Neither our firm nor financial professionals have a legal or disciplinary history. Please also visit [www.Investor.gov/CRS](http://www.Investor.gov/CRS) for a free and simple search tool to research our firm and financial professionals.

Ask your financial professional this question about our disciplinary history:

- As a financial professional, do you have any disciplinary history? For what type of conduct?

For additional information about our investment advisory services, please visit our website at [www.capitalendurancegroup.com](http://www.capitalendurancegroup.com) or review the full copy of our Brochure, as attached. If you would like additional, up-to-date information or a copy of this relationship summary, please contact us at (470) 375-6663 or email Patrick M. Dailey, our chief compliance officer, at [info@capitalendurancegroup.com](mailto:info@capitalendurancegroup.com).

Ask your financial professional these questions to obtain more details about our firm, supervisory contacts, and complaints:

- Who is my primary contact person? Is he or she a representative of an investment advisor or broker-dealer? Who can I talk to if I have concerns about how this person is treating me?

**SUMMARY OF CHANGES  
CAPITAL ENDURANCE GROUP, INC.  
FORM CRS - CLIENT RELATIONSHIP SUMMARY  
MARCH 31, 2023**

We have made a few changes to the language in the last version of our Form CRS dated March 25, 2022. Regulations require that we advise you of the changes and revisions to this disclosure document. Accordingly, our changes are outlined below:

Header: WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN ACTING AS MY INVESTMENT ADVISOR? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS DO YOU HAVE?

Changes: This section has been updated to remove disclosure related to our advisory affiliate that managed a private investment fund. The private investment fund is closed; therefore, we deleted this disclosure.

Header: Additional Information

Changes: This section has been updated to include our new contact number. We have changed our main contact number from (678) 646-6776 to (470) 375-6663

We have revised other language throughout this document to ensure that our disclosures are clear and concise.

END OF FORM CRS CHANGE REPORT  
(03.25.2022 vs. 03.31.2023)

**BROCHURE**  
(Form ADV Part 2A)



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**March 31, 2023**

This brochure ("Brochure") provides you with information about the qualifications and business practices of *Capital Endurance Group, Inc.* It contains information that you should consider before becoming a client of our firm.

The information contained herein has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Registration of an Investment Adviser does not imply a certain level of skill or training. We have only filed the requisite registration documents with respective governmental entities in the appropriate jurisdictions.

If you have any questions about the contents of this Brochure, please contact us by telephone at (470) 375-6663. Additional information about Capital Endurance Group (CRD No. 284793) can be found on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by a search using the firm's CRD number.

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## **MATERIAL CHANGES**

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### **Capital Endurance Group Material Changes**

**This version of our Brochure, dated March 31, 2023, is our annual amendment. The following are material changes in our business practices since the last amendment in March of 2022:**

#### **Advisory Services**

##### ***Assets under Management***

We have updated our assets under management as required by regulations. We manage a total of \$124,517,346\* in client assets on a discretionary basis. \*Our asset values are based on calculations as of December 31, 2022.

##### ***Side-By-Side Management***

Principal Owner's Management of Affiliated Entities

Our principal owner previously managed the assets of an affiliate, Capital Endurance Fund, LP. That offering is complete, and capital contributions were returned to investors on December 31, 2022.

##### ***Other Financial Industry Activities and Affiliations***

As indicated above, Capital Endurance Group's affiliate Capital Endurance Fund is closed.

##### ***Compensation for Client Referrals***

We have updated the arrangements governing our client referral program and included disclosures regarding such agreements.

Accordingly, under our client referral program, our firm has entered into referral arrangements with certain current clients of the firm to receive compensation for the referral of prospective clients. Clients typically receive compensation in the form of advisory fee discounts as a result of such referrals.

##### **General Revisions**

We have revised some language and content to ensure that our disclosures are concise and unambiguous.

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## ADVISORY SERVICES

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### About Our Business

Capital Endurance Group, Inc. (also referred to herein as “we,” “us,” or “our”) is a wealth management firm that provides advice regarding portfolio management strategies and financial planning consultations. Our firm is a Georgia corporation that began managing our clients’ investments and providing financial expertise in 2011. We are registered pursuant to the investment advisor regulations of the U.S. Securities and Exchange Commission.

Mr. Patrick M. Dailey is the principal owner, chief compliance officer, and an investment advisor representative of our firm

### Types of Advisory Services

As a wealth management firm, we provide portfolio management strategies that incorporate goals-based financial planning solutions. A detailed explanation of our services is as follows:

#### **1. Comprehensive Wealth Management Services**

Our comprehensive wealth management services combine our discretionary portfolio management strategies and financial planning methodologies. These services incorporate the financial planning solutions outlined below. Utilizing financial planning techniques allows us to tailor investment advice and design a more personalized asset allocation strategy to meet a client’s specific financial goals and objectives.

The discretionary portfolio management strategies include investment advice regarding mutual funds, closed-end mutual funds, exchange-traded funds, fixed-income securities, municipal bonds, corporate bonds, publicly-traded real estate investment trusts, exchange-traded notes, commodities, and alternative investments, such as hedge funds and private real estate investments. When implementing comprehensive wealth management services, we typically construct a client’s portfolio holdings using mutual funds, exchange-traded funds, and, occasionally, fixed-income securities.

#### **2. Stand-Alone Limited Engagement Financial Planning Services**

We offer stand-alone limited engagement financial planning services for clients interested solely in a financial plan. Our financial plans are developed by evaluating data relative to our client’s financial circumstances, investment goals and objectives, and tax status.

Our financial plan or planning report may include but is not limited to information regarding a client’s net worth calculations and cash flow analysis, consumption and debt planning, retirement planning, college planning, advanced education planning, estate planning issues, and wealth transfer matters. For estate planning and wealth transfer matters, we offer access to an automated platform that assists clients in preparing foundational estate documents such as trusts, wills, powers of attorney, etc. Our firm does not provide legal advice; we only facilitate access to the platform that generates the estate planning support documents. We also assess client needs for asset protection and risk management. The financial plan or planning report is delivered within three (3) months of commencing financial planning services.

Our firm will not be responsible for implementing any recommendations in a written financial plan prepared pursuant to a stand-alone limited engagement financial planning services engagement. We will not supervise the implementation of the financial planning recommendations unless a client enters into a separate investment management agreement for comprehensive wealth management services.

If a client who has engaged us for stand-alone limited financial planning services decides to utilize us to implement the recommendations, such an engagement is pursuant to a separate advisory agreement. Clients are advised that our receipt of fees for financial planning and comprehensive wealth management services creates conflicts of interest. When a limited engagement financial planning client engages us for comprehensive wealth management services within twelve (12) months of the engagement, we mitigate the conflicts of interest associated with our firm receiving advisory fees for both services by applying the advisory fees paid for stand-alone limited financial planning services to the client’s annual comprehensive wealth management fees.

Please note that clients are not obligated to implement our financial planning recommendations. Moreover, if a client elects to implement our financial planning recommendations, there is no obligation to implement the recommendations through our firm. Clients may implement recommendations with any professional advisor.

### Tailored Services

Our advice and services are based on the individual needs of a client after analyzing and thoroughly evaluating each client’s goals, objectives, investment horizon, and risk tolerance. Clients may impose restrictions on

investing in certain asset classes or specific types of securities by advising their investment advisor representative of such restrictions.

## Wrap Fee Programs

We are not a participant in any wrap fee program.

## Assets under Management

We manage a total of \$124,517,346\* in client assets on a discretionary basis. \*Our asset values are based on calculations as of December 31, 2022.

## FEES AND COMPENSATION

### Advisory Fees

We earn fees and compensation by implementing comprehensive wealth management strategies and providing limited stand-alone financial planning services. Our fees for services are as follows:

#### 1. Comprehensive Wealth Management Services

Assets Under Management	Rate Applied
First \$0 - \$500,000	1.5%
Next \$500,001 - \$1,000,000	1.0%
Next \$1,000,001 - \$5,000,000	.75%
Next \$5,000,001 and over	.55%

#### Sample Fee Calculation

Investments of \$1,750,000

\$ 500,000 @1.5%

\$ 500,000 @1.0%

\$ 750,000 @ .75%

Effective Annual Blended Rate of 1.0357%

Annual Fee \$18,125 | Quarterly Fee \$4,531.25

Our comprehensive wealth management fee schedule is negotiable at our sole discretion. The final fee is outlined in our investment management agreement. Additionally, we reserve the right to reduce management fees based on specific criteria that we deem pertinent (e.g., pre-existing relationships, related accounts, etc.). Please review the *Types of Clients* section for our minimum investment requirement details.

#### 2. Stand-Alone Limited Engagement Financial Planning Services

Upon engagement for stand-alone limited engagement financial planning services, clients are provided a best-efforts advisory fee estimate. Our best-efforts advisory fee estimate incorporates the most beneficial fee structure for a client as determined by the scope of services, the complexity of a client's financial planning matters, or the frequency of planning sessions. We require an initial payment of fifty percent (50%) of the best-efforts advisory fee estimate, and the remaining balance is due upon delivering the financial plan or planning report.

Our fixed fees for stand-alone limited engagement financial planning services range from \$2,000 to \$10,000; however, the minimum fee is \$2,000. Subject to the minimum fee, our fees for stand-alone limited engagement financial planning services are negotiable, and the final fee arrangement is outlined in our financial planning agreement.

### Billing Procedures

Our billing procedures for advisory services are as follows:

#### 1. Billing for Comprehensive Wealth Management Services

Our comprehensive wealth management services fee is an annual advisory fee based on assets under management. Advisory fees are billed and due quarterly in advance (i.e., at the beginning of each calendar quarter). Accordingly, we will transmit our advisory fee calculations to the account custodian electronically no later than one week after the beginning of each calendar quarter. Our firm uses trade date valuations (instead of settlement date) to value investment assets for billing purposes. Fee calculations are based on the value of the account(s) as listed on a national securities exchange or the principal market where the securities are traded,



at the closing price, as of the last trading day of the calendar quarter, as supplied by the account custodians. Additionally, billing valuations for fixed-income securities often include accrued interest. Furthermore, margin interest, if applicable, will accrue monthly.

Clients provide written authorization to deduct advisory fees directly from the advisory account(s) upon signing our investment management agreement.

## **2. Billing for Stand-Alone Limited Engagement Financial Planning Services**

Our fees for stand-alone limited engagement financial planning services are billed in advance. Upon engagement for stand-alone financial planning services, we provide clients with a best-efforts advisory fee estimate based on the anticipated services. Upon the client's acceptance of the estimate, a fifty percent (50%) deposit of the financial planning fee is due to us before commencing services. The advisory fee balance is due when we deliver the financial plan or planning report. Financial plans and planning reports are delivered within three (3) months of commencing services.

Upon delivering the financial plan or planning report, we provide a final advisory fee invoice delineating the total stand-alone limited engagement financial planning services fee, application of the fifty (50%) percent deposit paid, and the remaining balance due for services. Advisory fee invoices are transmitted to clients in person, electronically, or by mail, and payment is due upon receipt. Clients pay final advisory fee invoices by mailing a check to our address.

## **Other Fees & Expenses**

Clients will also incur additional third-party fees and expenses ("third-party fees") related to managing investments and advisory service provisions. These fees may include but are not limited to no-load mutual fund ticket charges, brokerage transaction costs, deferred sales charges on previously purchased mutual funds, IRA maintenance fees, and other legal or transfer fees. The account custodians, broker-dealers, mutual fund companies, and others who provide account services charge these fees, and clients are responsible for paying all third-party fees and expenses. Although, as of the date of this Brochure, our account custodians do not charge transaction costs for trades in equity securities (i.e., stocks, exchange-traded funds, etc.).

Additionally, there are more expenses when client assets are invested in mutual funds, exchange-traded funds, money market mutual funds, closed-end funds, and other investment company securities. These are direct internal expenses of the investment company that issues the security but a cost borne by investors (clients). The specific fees and expenses are outlined in each mutual fund company.

Advisory fees paid to our firm are separate from the third-party fees detailed above. Please also refer to the Brokerage Practices section for information regarding the qualified account custodians that provide custody and safekeeping services for our clients' accounts.

## **Refund Policy**

Clients may terminate our financial planning agreement or investment management agreement at any time by providing us with thirty (30) days' advance written notice. Upon receipt of a termination request, we will assess fees pro rata to the date of termination. We refund any unearned portion of prepaid fees within fourteen (14) business days.

Any balance for unpaid fees due to our firm will be collected prior to the disbursement of refunds, if applicable. If we are unable to deduct final advisory fees from a client's advisory account(s), such as in the case of an account transfer, we will transmit a final advisory fee invoice to the client, which is due upon receipt. Clients pay final advisory fee invoices by mailing a check to our address.

## **Other Compensation**

We do not accept any compensation for the sale of securities or other investment products. Our investment advisor representatives are not registered in any securities sales capacity.

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

Our firm does not charge performance-based fees or conduct side-by-side investment product management.

## **TYPES OF CLIENTS**

We generally provide investment advice to individuals and high net-worth individuals.

We require a minimum investment value of \$500,000 for comprehensive wealth services engagements. Nonetheless, we reserve the right to waive the minimum investment requirement based on other criteria that

we deem pertinent (e.g., pre-existing relationships, related accounts, the anticipation of additional assets within the next twelve (12) months, etc.). Therefore, there may be clients whose investment values are less than the stated minimum investment value.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

### Methods of Analysis and Investment Strategies

We have experience researching and investing in all types of securities and asset classes, including common stocks, preferred stocks, warrants, convertible securities, U.S. government securities, corporate bonds, other fixed-income securities, commodities, currencies, and real-estate related assets. We may utilize a range of investment strategies to implement the advice given to clients, including long-term purchases, short-term purchases, active trading, short sales, and options strategies, including covered options, uncovered options, spreads, and straddles. We may increase the number and extent of a portfolio's "long" positions by borrowing (e.g., purchasing securities on margin). Quantitative analytics are utilized in some of our investment activities to select securities or manage investment risk.

#### *Tenants of Investment Philosophy*

Utilizing advances in Modern Portfolio Theory ("MPT"), we attempt to reduce uncompensated risks in portfolios by selecting asset classes whose risks increase expected returns over time. We determine asset location based on the tax sensitivity of the underlying security and the availability of tax-favorable investment vehicles. We invest in low-cost and low-turnover securities that focus on individual asset classes with little or no style drift. Client portfolio positions will generally be limited to stocks, bonds, mutual funds, and exchange-traded funds. Based on client suitability, we may also recommend alternative investments of our affiliates to augment investment portfolios.

### Material Risks of Methods of Analysis and Investment Strategies

**INVESTING IN SECURITIES INVOLVES A RISK OF LOSS THAT CLIENTS SHOULD BE PREPARED TO BEAR. CLIENTS MAY LOSE ALL OR A SUBSTANTIAL AMOUNT OF THEIR INVESTMENT.**

Notwithstanding the method of analysis or investment strategy employed, there is no guarantee that portfolio holdings or investment assets will achieve the desired investment objectives. Clients can lose money by investing based on our strategies, and the client alone will bear such losses. The value of a client's portfolio holdings may be affected by one or more of the following risks, any of which could cause a portfolio's return, price of shares, or yield to fluctuate:

- ❖ *General Market Risks.* Markets can, as a whole, go up or down on various news releases or for no explanation. This uncertainty means that, at times, the price of specific securities could go up or down without real cause and may take some time to recover any lost value. Adding additional securities may not help minimize this risk since market fluctuations affect all securities. Therefore, market fluctuations will ultimately affect a client's portfolio holdings.
- ❖ *Quantitative Tools Risk.* Some of our investment techniques incorporate or rely upon quantitative models. There is no guarantee that these models will generate accurate forecasts, reduce risks, or otherwise produce the intended results. We review the accuracy of our models periodically.
- ❖ *Interest Rate Risk.* Changes in interest rates will affect the value of a portfolio's holdings invested in fixed-income securities. The value of fixed-income securities is more inclined to decrease as interest rates increase. This decrease in value may not be offset by income from new investments or other portfolio holdings. Interest rate risk is generally greater for fixed-income securities with longer maturities.
- ❖ *Credit Risk.* An issuer or guarantor of a fixed-income security may be unable or unwilling to make timely payments of interest or principal or honor its obligations otherwise. The issuer or guarantor may default, causing a loss of the entire principal amount of a security. An issuer's credit rating reflects the degree of risk for a particular security. There is the possibility that the credit rating of a fixed-income security may be downgraded after purchase, which will adversely affect its value and a client's portfolio holdings.
- ❖ *Asset Allocation Risk.* The asset classes represented in the composition of a client's portfolio can perform differently from each other at any given time and over the long term. A client's investments will be affected by allocating equity securities (e.g., stocks, mutual funds, exchange-traded funds, etc.), cash equivalents, fixed-income securities, and occasionally alternative investments. If any asset class that comprises a client's holdings underperforms, the performance of other asset classes may suffer.
- ❖ *Liquidity Risks.* Liquidity risks exist when portfolio holdings or assets are illiquid. Investments that lack liquidity are difficult to buy or sell at an advantageous price. Real estate investments and alternatives (i.e.,

private placements, hedge funds, private real estate investment trusts, etc.) involve substantial market and credit risks and are also inclined to involve greater liquidity risk.

- ❖ *Margin Risk.* Margin is a loan issued to clients that permits leverage of current portfolio holdings, increases buying power for additional positions/investments, facilitates advanced trading strategies (e.g., options, short sales, etc.), or uses it as a line of credit. When margin is used as leverage, clients seek to enhance returns through the use of leverage. Leverage can be described as exposure to changes in the price of an investment at a ratio greater than 1:1 relative to the amount invested.

Clients who elect to trade on margin will enter into a separate agreement directly with the account custodian's clearing firm. If a client requests margin and the strategy aligns with the investment goals that our firm has implemented, we will instruct the client to complete and submit the account custodian's margin application for approval.

Using margin as leverage magnifies both the favorable and unfavorable effects of price movements in the investments placed on margin, which may subject the portfolio holdings to a substantial risk of loss. If there is a sudden, steep drop in the value of one or more portfolio holdings, the aggregate value of a client's holdings may also decline. An additional risk is that we may not be able to liquidate assets quickly enough to meet margin or borrowing obligations during market declines. The obligation to meet additional margin or other payment requirements could worsen as the value of portfolio holdings decline.

Also, because acquiring and maintaining portfolio holdings on margin allows clients to hold positions that are worth significantly more than the investment in those positions, the amount that a client stands to lose in the event of adverse price movements is higher in relation to the amount of his/her investment. Also, since margin is a loan subject to interest, using margin increases account expenses.

Clients should refer to the margin agreement with the account custodian's clearing firm for all terms and conditions of a margin arrangement, including all related fees and expenses.

- ❖ *Fixed-Income Securities Risk.* Fixed-income securities are government bonds and debt securities issued by corporations, such as corporate bonds, debentures, etc. The market value of fixed-income securities is sensitive to changes in interest rates. Generally, when interest rates rise, the value of fixed-income securities declines; when interest rates decline, the value increases.

Usually, the longer the remaining maturity of a fixed-income security, the greater the effect of interest rate changes on the market value. In addition, changes in the issuer's ability to make payments of interest and principal and the market's perception of an issuer's creditworthiness can affect the market value of its fixed-income securities. Fixed-income securities may also be subject to yield curve risk.

Additionally, fixed-income securities are subject to inflation, liquidity, and reinvestment risks. Inflation risk is the risk that inflation will erode the purchasing power of the cash flows generated by debt securities. Fixed-rate debt securities are more susceptible to inflation risk than floating-rate debt securities. Liquidity risk is the risk that certain fixed-income securities may be difficult to sell at a particular time or at an acceptable price, which may cause a client's portfolio to hold these securities for longer periods than planned or forgo other investment opportunities.

- ❖ *Municipal Securities Risk.* Municipal securities issuers may face local economic or business conditions (including bankruptcy) and litigation, legislation, or other political events that could significantly affect the ability of the municipality to make payments on the interest or principal of its municipal bonds. Municipalities issue municipal securities to finance projects, such as education, healthcare, transportation, infrastructure, public services, and conditions in those sectors can affect the overall municipal bond market. Moreover, changes in the financial condition of one municipality may affect the overall municipal bond market. The municipal obligations in which clients invest are subject to credit risk, market risk, interest rate risk, credit spread risk, selection risk, call and redemption risk, and tax risk, and the occurrence of any one of these risks may materially and adversely affect the value of a client's portfolio holdings or assets.
- ❖ *Investment Company Securities Risk.* Investments in investment company securities ("mutual funds") and exchange-traded funds ("ETFs") have risks. This risk disclosure focuses on mutual funds. See specific details regarding ETF risks below. The risks associated with investing in mutual funds involve substantially the same risks as investing directly in the underlying securities (i.e., general market risks, interest rate risks, financial risks, time-horizon risks, liquidity risks, etc.). There is also a risk that a mutual fund may not achieve its investment objective or execute its investment strategy effectively, which may adversely affect the performance of a client's portfolio. Additionally, clients pay a pro-rata portion of the fees and expenses associated with mutual funds, which will likely impact the value of a client's portfolio holdings.
- ❖ *Exchange-Traded Funds Risk.* Risks associated with investing in exchange-traded funds (ETFs) may be unrecognized. ETFs are offered for all asset classes, industries, sectors, markets, etc. There are two (2)

general management styles for ETFs, passive and active. Details regarding the management techniques and associated risks are as follows:

*Passively Managed ETFs* represent an interest in a portfolio of securities designed to track an underlying benchmark or index. These ETFs typically seek to track an underlying benchmark or index; the ETF may or may not hold all securities in the underlying benchmark or index. ETFs are also subject to price variations. ETFs trade throughout the day, and market prices are generally at or near the most recent net asset value (NAV). However, certain market inefficiencies may cause the shares to trade at a premium or discount to the stated NAV. For example, a high volume of market sells may cause ETFs to trade below the value of the underlying NAV.

*Actively Managed ETFs* are designed to outperform an index. These portfolios generally expose a high percentage of its net assets to a fixed list of investments (e.g., U.S. exchange-listed equity securities, U.S. exchange-traded funds that provide exposure to U.S. exchange-listed equity securities, U.S. exchange-listed equity securities of non-U.S. issuers, including the securities of non-U.S. issuers traded on U.S. exchanges in the form of depository receipts, etc.). The ETF may also have exposure to futures, other derivatives, and long and short positions, all of which may not perform as expected. These securities are subject to the risk that they may not effectively outperform the index, industry, or other markets that it intends to outperform. In addition to the risk that expenses reduce returns, that ETF portfolio managers' strategies are not successful, and that the investment is illiquid and has low trading volume, there is the risk that the investment may not perform as expected, resulting in losses.

Moreover, as with any security, there is no guarantee that an active secondary market for such ETF shares will continue to exist. Also, the redemption of ETFs can be limited. Only an authorized participant (generally broker-dealers that act as liquidity providers) may engage in the creation or redemption transactions of an ETF. Furthermore, ETFs typically have a limited number of broker-dealers that may act as authorized participants. To the extent that authorized participants exit the business or are unable to proceed with creation or redemption orders, and no other authorized participant can step forward, the liquidity of an ETF is likely to be impacted and could face trading halts or delisting.

- ❖ *Non-traditional Exchange-Traded Fund Risks.* Non-traditional exchange-traded funds (ETFs) include leveraged, inverse, or inverse-leveraged ETFs. Levered ETFs seek to deliver multiples of the performance of an underlying index or benchmark for a specified period (usually a single day). Inverse ETFs are generally "short positions" seeking to deliver the opposite of an underlying index or benchmark for a specified period of time. Inverse-leveraged ETFs seek to deliver multiples of the opposite of an underlying index or benchmark for a specified period. Due to the effect of compounding, their performance over more extended periods of time can differ significantly from the performance, which can be magnified in volatile markets. Inverse ETFs reset daily and are designed to achieve their stated objectives daily.

Non-traditional ETFs are not long-term investments. They are extremely speculative in nature and can be quite volatile. Investments in non-traditional ETFs should be monitored daily to ensure that risks associated with such investments remain appropriate for a client's portfolio holdings, especially during volatile markets when risks intensify.

- ❖ *Other Exchange-Traded Funds.* Exchange-Traded Funds (ETFs) that invest in digital assets such as bitcoin involve various additional risk factors, including, but not limited to, the potential for complete loss of principal, liquidity constraints, and lack of transparency. The value of these shares is highly volatile and subject to fluctuations due to several factors, including the price of bitcoin, manipulative trading activity on digital asset exchanges, which, in many cases, are largely unregulated, investor sentiment and expectations with respect to interest rates, the rates of inflation, and trading activities of large investors that invest directly or indirectly in bitcoin. Purchases of exchange-traded funds that invest in bitcoin or other digital assets are highly speculative and only suitable for clients whose financial circumstances can endure significant losses.
- ❖ *Alternative Investment Risks.* Alternative investments include liquid alternatives such as business development companies, publicly-traded REITs, and American Depositary Receipts (ADRs). Illiquid alternatives include interests in private equity funds, hedge funds, etc. Alternative investments are customarily illiquid. Generally, these investments are issued by companies that are not publicly traded, and consequently, in most cases, there is no public market for the shares or interests. Alternative investments are long-term investment vehicles that are highly speculative and only suitable for clients whose financial circumstances can endure significant losses. Investments in alternative strategies involve various additional risk factors, including, but not limited to, the potential for complete loss of principal, liquidity constraints, and lack of transparency.
- ❖ *Exchange-Traded Notes Risk.* Exchange-traded notes (ETNs) are subject to credit, liquidity, and supply risks. ETNs are senior, unsecured, unsubordinated debt securities whose returns are linked to the

performance of a particular benchmark or strategy minus applicable fees. ETNs are traded during regular trading hours; however, clients can also hold the ETN until maturity. At maturity, the issuer pays clients a cash amount equal to the principal amount, subject to the day's benchmark or strategy factor.

ETNs do not make periodic coupon payments or provide principal protection. ETNs are subject to credit risk, and the value of the ETN may drop due to a downgrade in the issuer's credit rating, despite the underlying benchmark or strategy remaining unchanged. The value of an ETN may also be influenced by time to maturity, level of supply and demand, volatility, and lack of liquidity in underlying assets, changes in the applicable interest rates, changes in the issuer's credit rating, and economic, legal, political, or geographic events that affect the referenced underlying asset. When clients invest in ETNs, their portfolio will bear its proportionate share of any fees and expenses borne by the ETN. The availability of a secondary market may limit our decision to sell an ETN portfolio holding. ETNs are also subject to tax risk. The government and tax agencies may implement changes to the tax code that change the timing and character of income and gains from ETNs. There may also be times when ETN shares trade at a premium or discount to the benchmark or strategy.

- ❖ *Real Estate Securities Risk.* Risks related to investing in real-estate related securities include but are not limited to possible declines in the value of real estate; general and local economic conditions, increases in the rate of inflation, potential lack of availability of mortgage funds, overbuilding, extended property vacancies, increases property taxes and operating expenses, changes in zoning laws, costs resulting from the cleanup of environmental problems, liability to third parties for damages arising from environmental issues, casualty or condemnation losses, uninsured damages from floods, earthquakes or other natural disasters, limitations on and variations in rental payments, and changes in interest rates. Likewise, investing in real estate investment trusts (REITs) involves certain unique risks in addition to those associated with investing in the real estate industry in general. REITs are dependent upon management skills, are not diversified, and are subject to the risk of heavy cash flow dependency, default by borrowers, and self-liquidation.
- ❖ *Cybersecurity Risks.* Our advisory services depend on various computer and telecommunication technologies, many of which are provided by or are dependent on third-party service providers. Our ability to operate successfully could be severely compromised by a system or component failure, delays in data transmission, telecommunication failure, power loss, a software-related system crash, unauthorized system access or use (such as "hacking"), computer viruses, worms, and similar programs, fire or water damage, human errors in using or accessing relevant systems, or various other events or circumstances. These events may impact trading processes for client advisory accounts. It is not possible to provide comprehensive and foolproof protection against all such events. We cannot provide any assurance about the ability of applicable service providers to continue providing services.

Any event that interrupts our computers, telecommunication systems, or operations could compromise our services for an extended time period and cause client advisory accounts to experience losses, including preventing trading, modifying, liquidating, and/or monitoring the portfolios.

In general, cyber incidents can result from deliberate attacks or unintentional events and are not limited to gaining unauthorized access to digital systems, misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including denial-of-service attacks on websites. Cybersecurity failures or breaches that affect our advisory services or service providers have the ability to cause disruptions to our operations, potentially causing clients to experience financial losses, the inability to access advisory accounts, and other damages.

- ❖ *Risks Related to Public Health Issues.* Our advisory business could be adversely affected materially by pandemics, epidemics, and global or regional outbreaks of disease, such as COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, or Severe Acute Respiratory Syndrome (SARS). More specifically, COVID-19 has spread rapidly worldwide since its initial emergence in December 2019 and has severely affected (and may continue to adversely affect) the global economy and equity markets. Although we are unable to predict the long-term effects or consequences of COVID-19 or other epidemics, pandemics, and outbreaks of disease, previous occurrences of other pandemics, epidemics, and outbreaks of disease have had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent.

Significant public health issues, including any occurrence or recurrence (or continued spread) of an outbreak of any epidemic, infectious disease, or virus, could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect our advisory business, financial condition, and operations. Should these or other major public health issues arise or spread further (or continue to spread or materially impact the day-to-day lives of persons around the globe), our firm could be adversely affected by more stringent travel restrictions,

additional limitations on operations, or business and/or governmental actions limiting the movement of people between regions and other activities or operations.

- ❖ *Reliance on Advisor.* The performance of clients' portfolio holdings depends on the skill and expertise of our professional staff to make appropriate investment decisions. The success of client portfolios depends on our firm's ability to develop and implement investment strategies and apply investment techniques and risk analyses to achieve a client's investment objectives. Our firm's subjective decisions may cause portfolios to incur losses or miss profit opportunities that may otherwise have been capitalized. For example, our portfolios may include customized investment features that may impact the implementation of specific investment strategies. Additionally, as financial markets evolve, we may invest in other securities when consistent with the specific portfolio strategy.
- ❖ *Business Continuity Risk.* In the event of a significant business disruption, unforeseeable event, or natural disaster that causes a total or partial outage affecting our offices or a technical problem affecting applications or networks, our advisory activities may be adversely impacted. Service providers may also fail to perform, and our ability to conduct business may be curtailed by any disruption in the infrastructure that supports our operations.

To mitigate such risks, we have adopted a business continuity plan to implement recovery strategies designed to maintain critical functions and limit the impact of any business interruption or disaster on client activities or business transactions.

While the foregoing information provides a synopsis of the risks that may affect investments, many other circumstances not described herein could adversely affect the value of investments and portfolio holdings and prevent a clients' portfolio holdings or assets from reaching its stated objective.

## Recommendation of Specific Types of Securities

We do not focus our advice on or make recommendations relative to any particular type of security. Our advice encompasses an array of securities and investment vehicles.

## **DISCIPLINARY INFORMATION**

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Neither our firm nor management personnel has been involved in any industry-related legal or disciplinary event.

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

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### Financial Industry Activities

We are not a registered broker-dealer and do not have any application pending to register as a broker-dealer. Additionally, neither our management personnel nor investment advisor representatives are registered as or have applications pending to register as registered representatives of a broker-dealer.

### Financial Industry Affiliations

Our firm has an affiliated commodity pool operator, Capital Endurance Partners, LLC, that operates pursuant to a Commodities Futures Trading Commission (CFTC) exemption.

Capital Endurance Partners and Capital Endurance Group are under common ownership. Our firm's principal, Patrick M. Dailey, owns both entities.

### Other Affiliations

We do not have arrangements with a related person that is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, or other pooled investment vehicle (including mutual fund, closed-end investment company, unit investment trust, private investment company, or "hedge fund," and offshore fund), other investment advisor 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, pension consultant, real estate broker or dealer, sponsor or syndicator of limited partnerships not already disclosed herein.

### Other Investment Advisers

We do not recommend investment advisors to our clients.

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

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### **Code of Ethics**

We require that all employees of Capital Endurance Group act ethically and professionally. Our management persons, investment advisor representatives, and other employees (collectively, “personnel”) subscribe to a strict code of ethics. Our Code of Ethics is constructed to comply with the investment advisory laws and regulations that require firms to act as fiduciaries in transactions with their clients. Our inherent fiduciary duty requires that we act solely in our clients’ best interests and adhere to standards of utmost integrity in our communications and transactions. These standards ensure that clients’ interests are given precedence.

Accordingly, we have implemented comprehensive policies, guidelines, and procedures that promote ethical conduct and practices by all personnel. The foregoing has been compiled and is collectively referred to as our Code of Ethics. We adopted our Code of Ethics to specify and prohibit certain types of transactions that create conflicts of interest (or perceived conflicts of interest) and establish reporting requirements and enforcement procedures related to personal securities transactions by our personnel.

Our Code of Ethics, which specifically deals with our fiduciary duty, professional standards, insider trading, personal trading, and gifts and entertainment, establishes our ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust.

We will provide a copy of our complete Code of Ethics to any client or prospective client upon request.

### **Participation or Interest in Client Transactions**

We do not recommend that clients buy or sell securities in which our firm, an affiliate, or a subsidiary has a material financial or ownership interest.

### **Personal Trading**

#### **Proprietary Trading**

At times, we buy or sell securities for our employees’ personal accounts that we recommend to clients. We document any transactions that could be construed as a conflict of interest. Conflicts of interest relative to trades for our employees (“personal accounts”) may present in many different contexts. Some conflicts of interest related to personal trades include trading ahead to obtain a better transaction execution price than clients, recommendations or trades based on financial interest, trading on information that is not available to the public, or structuring transactions in a manner so that the results are profitable for employees’ accounts. To mitigate or remedy any conflicts of interest or perceived conflicts, we monitor internal trading reports for adherence to our Code of Ethics.

#### **Simultaneous Trading**

We are likely to buy or sell investments for the personal accounts of our employees at or around the same time as clients. As summarized above, our Code of Ethics requires us to (1) act in accordance with all applicable federal and state regulations, (2) act in the best interest of clients, (3) pre-clear transactions in private placements or initial public offerings, and (4) review personal securities transactions by employees to confirm adherence. Our chief compliance officer performs the personal securities transaction reviews.

In any instance where similar securities are purchased or sold, we will uphold our fiduciary duty by ensuring that transactions benefit our clients’ interests.

## **BROKERAGE PRACTICES**

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### **Selection and Recommendation**

Capital Endurance Group makes the recommendation of account custodians after evaluating several factors. The factors include but are not limited to relatively low fees and expenses, execution capabilities, reputation, access to securities markets, and expertise in handling brokerage support processes. We may also consider the availability of other products and services that benefit our clients, many of which are not typically available to retail (non-advisory) clients.

Our firm maintains custodial services agreements with Fidelity Brokerage Services, Inc. (“Fidelity”) and Charles Schwab & Co. (hereinafter, “Schwab”). Fidelity and Schwab are registered broker-dealers (members of FINRA and SIPC). These firms are qualified account custodians (“account custodians”). We are participants of Fidelity’s and Schwab’s institutional services platforms for independent investment advisors. Schwab’s

platform is known as Schwab Advisor Services™. Fidelity's platform is known as Fidelity Wealth Institutional Services or "FWIS".

Capital Endurance Group is independently owned and is not affiliated with Fidelity or Schwab. We recommend an account custodian based on the best fit for our clients, which includes an evaluation of cost implications and a client's previous custodial relationships. While we recommend that clients use Fidelity or Schwab as account custodians, clients ultimately decide whether to do so and open an account by entering into an account agreement directly with Fidelity or Schwab. We do not open the account, although we may assist clients in doing so. As outlined in the *Other Fees & Expenses* section, there are other costs and expenses related to managing the investment assets of clients' accounts and advisory service provisions.

#### *More information about Schwab*

Schwab does not generally charge clients separately for custody services. It is usually compensated by charging transaction fees on trades and assessing account maintenance fees. Schwab is also compensated by the interest it earns on the uninvested cash (i.e., Schwab money market mutual funds) in client accounts and may be compensated by a client's investments in other products and services offered through Schwab Advisor Services™.

Schwab also makes other products and services available that benefit our firm but may not directly benefit clients' accounts. Services provided by Schwab are not otherwise contingent upon our firm committing any specific amount of business to Schwab. The products and services assist us in managing and administering our clients' accounts. Such services 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 clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to client account data (such as duplicate trade confirmations and account statements)
- Facilitates trade execution and allocates aggregated trade orders for multiple client accounts
- Provides pricing and other market data
- Facilitates the payment of our fees from our clients' accounts
- Assists with back-office functions, recordkeeping, and client reporting

Additionally, Schwab offers other services to help us manage and develop our business enterprise further. 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

Our firm may receive some of the services listed above, and in other cases, Schwab will arrange for third-party vendors to offer these services. Schwab may also discount or waive its fees for some of the services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as the occasional business entertainment of our personnel.

Fidelity offers similar services and benefits as Schwab. Both platforms provide ancillary soft dollar benefits to support our clients' advisory accounts and certain operational processes. The ancillary soft dollar benefits include but are not limited to duplicate client confirmations and bundled duplicate statements, access to a trading desk serving platform participants exclusively, access to block trading, which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts, mechanisms to facilitate the deduction of advisory fees directly from client accounts, access to an electronic communication network for order entry and account information; receipt of compliance publications, and access to other products and services that are generally available to only institutional platform participants.

Therefore, as a result of our established service agreements, cost implications, operational support, custodial and other services, we will recommend either Fidelity or Schwab to clients for advisory transaction support services.

Notwithstanding our existing services agreements, we reserve the right to use other or additional firms for custodial services.

#### 1. Soft Dollar Benefits



As of the date of this Brochure, we have not entered into any agreement with any account custodian, broker-dealer, or any other third party to receive soft dollar credits. Soft dollar credits are earned from clients' securities transactions as a result of an increase in transaction costs or commissions and are subsequently used to pay for the research or other products or services provided by an account custodian. Therefore, although we receive ancillary soft dollar benefits, our firm does not earn soft dollar credits.

More importantly, our receipt of ancillary soft dollar platform benefits does not relieve us of our duty to act in the best interest of clients, which includes, among other things, seeking best execution of trades for client accounts.

## 2. Brokerage for Client Referrals

We do not receive client referrals from broker-dealers or other third parties in exchange for using any particular broker-dealer.

## 3. Directed Brokerage

(a) As previously stated, we recommend account custodians based on their ability to maximize trading efficiencies and provide cost-effectiveness for our clients. We seek to achieve the most favorable results for trading costs, allocating funds, and rebalancing clients' investments.

(b) We do not permit clients to direct brokerage.

## Order Aggregation

We may (but are not obligated to) block or aggregate orders for all advisory accounts, including personal accounts, to execute transactions more timely, equitably, cost-effective, and efficiently. When we block or aggregate trades, purchase and sell orders are averaged as to price and allocated among accounts proportionally. This practice is reasonably likely to result in an administrative convenience for our firm and an overall economic benefit to clients. Clients benefit relatively with an averaged purchase or sell execution prices, lower transaction expenses, beneficial timing of transactions, or a combination of these and other factors.

If we decide that order aggregation is in the best interest of clients, before aggregating trades, we will prepare a written allocation statement specifying each advisory account that will participate in the aggregated order and the anticipated allocation among the accounts if the order is filled in its entirety. If the order is partially filled, allocations will be made according to our judgment of each client's best interest, and such allocation decisions will be documented. For example, if an order is filled partially, client orders will be allocated before any personal account allocations. Each account participating in a block trade will pay or receive the average price for all shares included in the transactions for such securities on that day, including applicable transaction costs.

Any change to an allocation must treat each client fairly and equitably and must be explained in writing and approved by our chief compliance officer promptly (generally no later than one hour) after the opening of the markets on the trading day following the day the order was executed.

Our firm does not receive any additional compensation or remuneration as a result of order aggregation. The chief compliance officer will review transactions periodically to detect and prevent inefficiencies that result from non-compliance with our order aggregation policies and procedures.

## REVIEW OF ACCOUNTS

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### Periodic Reviews

Our criteria for reviewing client accounts are as follows:

#### 1. Comprehensive Wealth Management Services

We review client account portfolios no less than annually and more frequently at any client's request. Each investment advisor representative reviews the client accounts under his purview. Our review methodology consists of ongoing monitoring and analysis to determine whether clients' portfolios and strategies continue to align with stated investment goals and objectives. If reallocation of investments is necessary, we will buy or sell investments that align with a client's investment strategies, goals, and objectives.

#### 2. Stand-Alone Limited Engagement Financial Plans

Clients who engage us for stand-alone limited engagement financial planning services are provided financial plans or planning updates during meetings (e.g., in-person, telephone, or electronic/virtual communications) throughout the engagement. During review meetings, we request client updates regarding previously provided financial information or data. After engagement termination, supplemental services are available for an

additional fee. Clients who wish to engage us for comprehensive wealth management services must do so within twelve (12) months of the stand-alone limited financial planning services engagement.

### Intermittent Review Factors

Substantial market fluctuation, economic, business, or political events, or changes in a client's financial status (such as retirement, termination of employment, relocation, or inheritance) will prompt us to conduct ad hoc reviews of holdings and accounts. Clients are urged to notify us promptly if material changes affect the financial information that we rely on to provide advice and recommendations.

### Client Reports

We issue separate written reports to clients regarding account performance at least quarterly. In addition to performance data, the reports may include statements of gains and losses and a financial markets summary. Please review our performance statements carefully, comparing the asset values in our reports to those in the account custodian's statements.

In addition to our performance reports, clients receive transaction confirmations from the account custodian shortly after trading activity (buys or sells). The account custodian also sends monthly statements for each month that trading activity occurs. If there is no trading activity during any month, clients will receive quarterly account statements detailing account activity.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

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### Economic Benefits for Advisory Services

Other than the disclosures outlined in the Brokerage Practices section above, we do not have any arrangement to receive economic benefits from a third party for providing advisory services to our clients.

### Compensation for Client Referrals

Through our client referral program, we have entered into referral arrangements with some current clients of the firm to receive compensation for the referral of prospective clients. Clients referred to us by other clients should be aware that some clients may be incentivized to make referrals to our firm due to the receipt of compensation in the form of advisory fee discounts.

We require that our client referral program and similar referral arrangements comply with applicable regulatory requirements (SEC rule 206(4)-1), including, but not limited to, disclosures by current clients to prospective clients at the time of the referral. Such disclosures provide details regarding referral arrangements and compensation we pay (and the current client receives) in connection with such referrals. In accordance with SEC rule 206(4)-1, we have procedures to confirm the delivery of disclosures by current clients to prospective clients.

## **CUSTODY**

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### Custodian of Assets

Our firm does not hold physical custody of client funds or securities. We require that qualified account custodians hold client assets. For more information regarding the account custodians (broker-dealers) that service our clients' accounts, please review the *Brokerage Practices* section for more details.

Our firm has indirect custody of client funds and securities because of our authorization and ability to deduct advisory fees directly from clients' accounts. Nonetheless, we have implemented safeguard requirements by ensuring the safekeeping of clients' funds and securities by a qualified account custodian.

We also have indirect custody of client funds and securities due to utilizing asset movement authorizations to process account disbursements at a client's request. To ensure the safekeeping of assets subject to movement authorizations, we have implemented the requisite account custodian internal control procedures for safeguarding client assets.

### Account Statements

Client account statements are mailed or sent electronically by the account custodian. Clients are advised to carefully review account statements, comparing asset values, holdings, allocations, performance, and advisory fees on current statements to the information in previously received trade confirmations and account statements.

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## INVESTMENT DISCRETION

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### Discretionary Authority

It is customary for our firm to exercise discretionary trading authority to manage and direct clients' investment assets (i.e., accounts, funds, and securities). This authority is granted upon a client's execution of our investment management agreement.

Discretionary authority is to make and implement investment decisions regarding a client's investment assets (i.e., accounts, funds, or securities) without prior consultation with a client. Such investment decisions include determining the types and dollar amounts or percentages of securities to buy or sell and reinvesting investment assets. All investment decisions implemented under discretionary trading authority are made in accordance with a client's stated investment objectives. At any time during our advisory engagement, clients may advise us of any limitations on our discretionary authority in writing.

While we allow clients to advise us of the desire to impose restrictions on investing in securities in specific industries or countries, etc., and dollar amounts or percentages of investments in the foregoing, such restrictions will generally not apply to the management of the underlying securities in mutual funds and exchange-traded funds, if applicable. Therefore, clients may be limited in imposing limitations in that some restrictions may affect the outcome of our investment management strategy. We will address each request on a case-by-case basis.

## VOTING CLIENT SECURITIES

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Our firm does not cast proxy votes on behalf of clients. We may provide information to clarify the issues in proxy solicitation materials; however, our clients are responsible for casting proxy votes. Clients are also responsible for directing shareholder action items relative to mergers, acquisitions, tender offers, bankruptcy proceedings, and other types of events about the securities held in accounts managed by us.

Clients receive proxy solicitation and information regarding shareholder action items by mail or electronically from the account custodian or issuer's transfer agent. Clients must follow the instructions for voting or directing the shareholder action outlined in the mailing or electronic delivery.

## FINANCIAL INFORMATION

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### Balance Sheet Requirement

Our firm does not require or solicit prepayment of more than \$1,200 in advisory fees per client six (6) months or more in advance. Moreover, we do not meet any custody requirement that would require submitting our balance sheet with this filing.

### Discretionary Authority, Custody of Client Funds or Securities and Financial Condition

We use discretionary trading authority to supervise and direct the investments of clients' accounts. Additionally, we have indirect custody of client funds and securities because of our authorization and ability to deduct advisory fees directly from clients' accounts. We also have indirect custody when we process clients' requests for asset disbursements from their portfolios. More importantly, we do not have any financial condition that will impair our ability to meet contractual commitments to clients.

### Bankruptcy Petition Filings

Our firm has not been the subject of a bankruptcy petition during the past ten (10) years.

## ADDITIONAL DISCLOSURES

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This section covers other information related to our advisory business but not specifically mentioned previously.

### Important Information regarding Retirement Accounts

#### ERISA Fiduciary Advisor

As a result of providing fiduciary investment advice to plan sponsors, plan participants, and IRA owners, we are a Fiduciary Advisor under Title I of the Employee Retirement Income Security Act of 1974, as amended (ERISA), and as applicable, the Internal Revenue Code of 1986, as amended (the Code). Please review the [Types of Advisory Services](#) section above for details regarding our advisory services. We will provide additional disclosures at the time of providing advice or making recommendations regarding any retirement savings account.

### Retirement Account Rollover Options

Clients have options regarding retirement account rollovers. New or existing clients leaving an employer typically have four (4) options regarding assets in an existing retirement plan. They may:

1. roll over the assets to the new employer's plan, if available, and rollovers are permitted;
2. leave the assets in the former employer's plan, if permitted;
3. roll over the assets to an Individual Retirement Account ("IRA"); or
4. cash out the account value (tax consequences generally apply).

If our firm recommends that a client roll over retirement assets into an account that we will manage, such a recommendation creates a conflict of interest because we will earn fees as a result of the rollover. As a Fiduciary Advisor, our firm mitigates this conflict by disclosing it and ensuring that any recommendation to roll over retirement savings is in a client's best interest.

No client is under any obligation to roll over retirement savings to an account managed by us.

Clients with questions regarding the conflicts of interest listed above are urged to request additional details from their investment advisor representative or contact us. Our primary contact number is listed on the cover page of this Brochure.

### CFP Board Disclosures

Our firm employs CERTIFIED FINANCIAL PLANNER™ professionals, Patrick M. Dailey, CFP®, Paul M. Delaney, CFA®, CFP®, and Matthew S. Emerich, CFP®. The Brochure supplements for Messrs. Dailey, Delaney, and Emerich outline specific details regarding the conferment of the CFP® professional designation. Accordingly, we also adhere to the CFP Board's Standards of Professional Conduct.

We encourage clients to review the information outlined in this Brochure, our disclosure document. We welcome any questions that clients may have regarding our advisory services (see Item 4, Advisory Services), compensation (see Fees and Compensation), and affiliations (see Other Financial Industry Activities and Affiliations).

Should any material changes occur to the information outlined in this Brochure, updates will be provided to clients within a reasonable time frame, generally within thirty (30) days as required by advisory regulations. We acknowledge our responsibility to adhere to the standards established by the CFP Board's Standards of Professional Conduct, including the duty of care of a fiduciary, as defined by the CFP Board.