



## Form CRS - Client Relationship Summary

March 30, 2024

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 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 were to 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?**

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



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**March 30, 2024**

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 30, 2024, is our annual amendment. The following are material changes in our business practices since the last amendment in March of 2023:**

#### **Advisory Services**

##### ***Assets Under Management***

We have updated our assets under management as required by regulations. We manage a total of \$136,481,830\* in client assets on a discretionary basis. \*Our asset values are based on calculations as of December 31, 2023.

#### **General Revisions**

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

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**TABLE OF CONTENTS**


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MATERIAL CHANGES .....	2
TABLE OF CONTENTS .....	3
ADVISORY SERVICES .....	4
About Our Business .....	4
Types of Advisory Services .....	4
Tailored Services .....	5
Wrap Fee Programs .....	5
Assets under Management .....	5
FEES AND COMPENSATION .....	5
Advisory Fees .....	5
Billing Procedures .....	5
Other Fees & Expenses .....	6
Refund Policy .....	6
Other Compensation .....	7
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	7
TYPES OF CLIENTS .....	7
METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS .....	7
Methods of Analysis and Investment Strategies .....	7
Material Risks of Methods of Analysis and Investment Strategies .....	7
Recommendation of Specific Types of Securities .....	13
DISCIPLINARY INFORMATION .....	13
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	13
Financial Industry Activities .....	13
Financial Industry Affiliations .....	13
Other Affiliations .....	13
Other Investment Advisers .....	13
CODE OF ETHICS, PARTICIPATION, OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....	13
Code of Ethics .....	13
Participation or Interest in Client Transactions .....	14
Personal Trading .....	14
BROKERAGE PRACTICES .....	14
Selection and Recommendation .....	14
REVIEW OF ACCOUNTS .....	16
Periodic Reviews .....	16
Intermittent Review Factors .....	16
Client Reports .....	17
CLIENT REFERRALS AND OTHER COMPENSATION .....	17
Economic Benefits for Advisory Services .....	17
Compensation for Client Referrals .....	17
CUSTODY .....	17
Custodian of Assets .....	17
Account Statements .....	17
INVESTMENT DISCRETION .....	18
Discretionary Authority .....	18
VOTING CLIENT SECURITIES .....	18
FINANCIAL INFORMATION .....	18
Balance Sheet Requirement .....	18
Discretionary Authority, Custody of Client Funds or Securities and Financial Condition .....	18
Bankruptcy Petition Filings .....	18
ADDITIONAL DISCLOSURES .....	18
Important Information regarding Retirement Accounts .....	18
ERISA Fiduciary Advisor .....	18
Retirement Account Rollover Options .....	19
CFP Board Disclosures .....	19

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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 using mutual funds, exchange-traded funds, and, occasionally, fixed-income securities. Also, based on a client’s investment goals, net worth, annual income, and financial circumstances, we may recommend alternative investments to augment a client’s portfolio holdings.

#### **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 \$136,481,830\* in client assets on a discretionary basis. \*Our asset values are based on calculations as of December 31, 2023.

## 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

<b>Assets Under Management</b>	<b>Rate Applied</b>
First \$0 - \$500,000	1.5%
Next \$500,001 - \$1,000,000	1.0%
Next \$1,000,001 - \$5,000,000	0.75%
Next \$5,000,001 and over	0.55%

#### 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 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 asset-based advisory fee. Advisory fees are billed and due quarterly in advance (at the beginning of the billing period). We use the aggregate value of all accounts for each client (i.e., household) for advisory fee calculation purposes. Upon signing our investment

management agreement, clients provide written authorization to have advisory fees deducted directly from their specified advisory account(s).

We send the advisory fee calculations to the account custodian electronically no later than one week after the beginning of each calendar quarter. Advisory fee calculations are based on the value of the account(s) at the closing price on the last trading day of the calendar quarter, as listed on a national securities exchange or the principal market where the securities are traded and supplied by the account custodian. Additionally, billing valuations for fixed income securities often include accrued interest. Furthermore, margin interest, if applicable, will accrue monthly.

It is also important to note that due to differences in valuation dates (trade date vs. settlement date), application of credits for accrued income, and/or accrued interest, if applicable, asset values used for advisory fee billing can differ from the asset values shown on the account custodian's statement. Please contact us if you have questions regarding advisory fee billing calculations.

Additionally, if we recommend alternative investments, advisory fees are assessed in accordance with the comprehensive wealth management services fee schedule outlined in the Fees and Compensation Section. The value of any alternative investment, which generally reflects the initial purchase (or the most recent valuation reported by the issuer or account custodian), is included in the value of a client's aggregate "assets under management" (i.e., included with the value of all advisory accounts) when calculating advisory fees.

## **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, individual retirement account (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. We typically recommend mutual funds, exchange-traded funds, and, occasionally, fixed income securities for client portfolio holdings.

As mentioned above, depending on a client's specific financial goals and circumstances, we may recommend unaffiliated third-party alternative investments to augment a client's portfolio holdings. Some alternative investments include liquid alternatives, such as publicly traded real estate investment trusts, and illiquid alternatives, such as interests in private placement offerings, hedge funds, or private equity funds. Our due diligence processes for alternative investments include but are not limited to reviewing the issuer's products and services, pricing criteria, financial strength, and reputation, as well as its investment strategy, performance, liquidity, and reporting methodologies, among other factors.

When considering alternative investments as part of a client's holdings, we review a client's financial circumstances, net worth or annual income, and overall investment goals. Moreover, we generally limit alternative investment holdings to ten percent (10%) or less of a client's portfolio holdings. Alternative investment strategies are only recommended to clients who meet the financial parameters of an accredited investor or qualified client. Clients are under no obligation to consider investments in alternative strategies.

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 Risk.* 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 in fixed-income securities. As interest rates increase, the value of fixed income securities is more inclined to decrease. 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 declines.

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 include bonds or other securities issued or guaranteed by the U.S. government (its agencies), or U.S. government-sponsored enterprises, states, territories, local governments (and their agencies), and corporate debt securities of issuers, including convertible securities and corporate commercial paper (e.g., U.S. Treasury securities, U.S. Agency

securities, municipal bonds, investment grade bonds, non-investment grade bonds, 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, and when interest rates decline, the market 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 are also 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, which creates a reinvestment risk.

- ❖ *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, and 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 such as mutual funds, exchange-traded funds ("ETFs"), and/or closed-end mutual funds have risks. This risk disclosure focuses on mutual funds, including closed-end mutual funds. See specific details regarding the risks associated with ETFs below. The risks associated with investing in mutual funds and closed-end 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 are also risks that mutual funds and closed-end mutual funds may not achieve their investment objective or execute their investment strategy effectively, which may adversely affect the performance of a client's portfolio. Additionally, clients pay a pro rata portion of the fees, expenses, and taxes associated with investment company securities, 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 sales 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 they intend 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 Risk.* 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 and can be quite volatile. Investments in non-traditional ETFs should be monitored daily to ensure that the risks associated with such investments remain appropriate for a client’s portfolio holdings, especially during volatile markets when risks intensify.

- ❖ *Bitcoin ETF Risk.* Bitcoin and other cryptocurrencies, also referred to as “virtual currency,” “digital currency,” or “digital assets,” have no true or actual value but act as a medium of exchange where algorithms or specific peer-to-peer communities determine its value. If suitable for a client, we will purchase Bitcoin ETF or other ETFs that invest in Bitcoin and other cryptocurrencies. Therefore, clients will have exposure to bitcoin or other cryptocurrencies, directly or indirectly, through an investment such as an ETF or other investment vehicles.

Bitcoin EFTs do not invest in digital assets directly. These ETFs use derivatives such as Spot Bitcoin markets to the value of an ETF that invests in digital assets is likely to be 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.

Generally, the investment objective of Bitcoin ETFs is to reflect the performance of the spot price of Bitcoin as measured using a benchmark, less expenses, and other liabilities. The value of bitcoin is determined based on the fair market value price for bitcoin, which reflects the execution price of bitcoin on the principal market where it is traded as determined by independent third-party digital asset data companies that provide the benchmark. The market price of Bitcoin and other cryptocurrencies has been subject to extreme fluctuations and experienced losses.

Purchases of Bitcoin ETFs or ETFs that invest in other digital assets are highly speculative and only suitable for clients whose financial circumstances can endure a loss of the entire investment. The ETF will typically process all creations and redemptions in transactions with financial firms that are authorized participants. Creation and redemption transactions will initially take place in cash. The authorized participants will deliver only cash to create shares and will receive only cash when redeeming shares. If a broker-dealer or account custodian charges commissions, buying or selling of shares of the ETF will incur, customary brokerage commissions and charges. Trades may occur at a premium or discount relative to the net asset value (NAV) per share of the ETF. Nonetheless, authorized participants may cease to operate or shut down if the exchanges are subject to fraud, technical glitches, hackers, or malware.

Bitcoin ETFs or ETFs that invest in other digital assets or virtual currency involve significant risks, and such risks are similar to those involved with direct investment in digital assets or virtual currency, which are speculative securities. These investments also involve various additional risk factors, including, but not limited to, the potential for complete loss of principal, liquidity constraints, and lack of transparency.

- ❖ *General Risks Related to Digital Assets.* Digital assets, such as bitcoin and other cryptocurrencies, often referred to as “virtual currency” or “digital currency,” are mediums of exchange without actual value. These assets are not backed by a government-issued legal tender and the worth is determined by online, peer-to-peer networks where ownership and behavior are governed by participants. Digital currency exists on a blockchain, a type of shared and continually reconciled database that stores digital assets in a decentralized manner on the computers of certain users.

Price or Value Disparities. The price of digital assets is unstable and often impacted by the behavior of a small number of influential individuals or companies. The historical volatility of digital assets may be due to speculation regarding potential future appreciation in value, which could adversely affect prices. The potential for a rapid decline in the value of these assets is driven by the speculative nature and the influence of a few key individuals or entities on its price.

**Regulatory Risk.** Investors are not granted ownership rights in digital assets in the same manner as traditional investments that trade on regulated exchanges. Additionally, investors do not benefit from protections associated with federal and state securities laws. Furthermore, the uncertain and potentially changing tax treatment of digital assets could negatively impact the value of digital assets.

**Cybersecurity Risk.** Certain digital asset networks are subject to control by entities that capture a significant amount of the network's processing power, a significant percentage of the digital asset issued and outstanding, or a significant number of developers or intermediaries important for the operation and maintenance of such digital asset network. Blockchain networks secured by a proof-of-work algorithm depend on the strength of the processing power of participants to protect the network. If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on a digital asset network, it may be able to alter the blockchain on which the network and most transactions rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could control, exclude, or modify transactions. A significant disruption in internet connectivity could also disrupt a digital asset's network operations until the disruption is resolved, thereby having an adverse effect on the price of digital assets. Investments in digital assets directly or indirectly involve various additional risk factors, including the potential for liquidity constraints and the complete loss of principal.

- ❖ **Alternative Investment Risk.** 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.
- ❖ **Risks Related to Private Funds.** Private Funds are faced with regulatory risks in that interests in the Private Funds generally are not registered under federal or state securities laws, nor are they subject to regulation by the SEC or other regulators. In addition, when investing in Private Funds, Clients may not be protected by federal or state securities laws other than certain anti-fraud provisions of those laws. There are also concentration risks, in that certain Private Funds may not establish concentration limits with respect to particular securities, industries, or sectors. Investment strategy risk exists in that Private Funds may concentrate their investments in a limited number of securities or other interests, including securities that are not publicly registered, listed, or traded, which makes an investment in Private Funds highly speculative and risky. Private Funds also lack liquidity because interests are generally illiquid, and no market may exist for the Private Funds' interests. There are substantial restrictions with respect to their transferability and resale. There are also risks related to the lack of transparency. Private Fund investors may receive limited information due to proprietary or confidentiality concerns.

Additional information about applicable risks is outlined in a Private Fund's term sheet, private placement memorandum, or other offering document or disclosure document provided in connection with an investment in such Private Fund. Clients are encouraged to read those risk disclosures carefully. This information is qualified in its entirety by reference to the respective risk disclosures, and in the event of any conflict or inconsistency, clients and investors should rely on the respective risk disclosures.

- ❖ **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.

- ❖ *Risks Related to Real Estate Investment Trusts.* Investing in publicly traded real estate investment trusts (REITs) involves risks similar to those associated with investing in the real estate industry. The performance of publicly traded REITs depends on the types, values, and locations of the properties it owns and how well those properties are managed. Some general risks include but are not limited to possible declines in the value of real estate, variations in rental payments, changes in interest rates, general and local economic conditions, increases in the rate of inflation, increases in property taxes and operating expenses, changes in zoning laws, costs resulting from the cleanup of environmental problems, and uninsured damages from floods, earthquakes or other natural disasters.

Since REITs may be invested in a limited number of projects or a particular market segment, these investments may be more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments. Additionally, loss of status as a qualified real estate investment trust under the U.S. federal tax laws could adversely affect the value of a particular real estate investment trust or the market for real estate investment trusts.

- ❖ *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.

- ❖ *Cybersecurity Risk.* 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.

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 an 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 in that 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 unaffiliated 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 professional standards and ethics ("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 emphasizes our fiduciary duty, professional standards, insider trading, personal trading, and gifts and entertainment, establishes our ideals for ethical conduct based on the 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**

### Selection and Recommendation

Capital Endurance Group recommends account custodians after evaluating several factors. These 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, based on 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-effectively, and efficiently. When we block or aggregate trades, buy and sell orders are averaged as to price and allocated proportionally among accounts. This practice is reasonably likely to result in an administrative convenience for our firm and an overall economic benefit to clients. Clients benefit relatively from averaged buy 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. Due to different accounting procedures, reporting dates, or valuation and pricing methodologies for certain securities, the asset values on the firm's performance statements will vary from the values on the account custodian's statements. 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 who receive compensation for referring 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, conflicts of interest, 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.

We also manage clients' 401K plan assets held at the plan. Although we use a third-party platform to access 401K plan assets, our trading authority creates custody circumstances for our firm. As a safeguard, we have employed an independent accountant to conduct annual surprise audits of these client assets and file the requisite reports detailing the results of such audits.

### 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.

## 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.

### 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. We are deemed to have custody of client 401K plan assets held at the plan as a consequence of our trading authority providing access to client funds and securities.

Notwithstanding the foregoing, 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®, and Paul M. Delaney, CFA®, CFP®. The Brochure supplements for Messrs. Dailey and Delaney 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 Section), and affiliations (see Other Financial Industry Activities and Affiliations Section).

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.