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# *Form ADV*

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## Part 2A: The Brochure

MARCH 15, 2021



Bronxville, New York

***Capital Preservation Partners, Inc (CPP)***  
***Part 2A of Form ADV***  
***The Brochure***

51 Pondfield Rd Suite 4  
Bronxville, NY 10708

[www.cpp.bz](http://www.cpp.bz).

Updated: June 3, 2020

This brochure provides information about the qualifications and business practices of Capital Preservation Partners, Inc. If you have any questions about the contents of this brochure, please contact us by telephone at (914) 337-2272, by facsimile at (914) 961-1715 or through our web site at [www.cpp.bz](http://www.cpp.bz). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Capital Preservation Partners, Inc delivers its Form ADV Part 2 along with each new client's investment advisory agreement. Following signature of the investment advisory contract, client has 5 days to unconditionally rescind the contract at no charge. Client is bound however to settle any transactions Advisor may have effected for the account during the 5 days at client's risk. Form ADV Part 2 is also provided annually to existing clients if there are material changes or upon request.

Additional information about Capital Preservation Partners, Inc is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

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Capital Preservation Partners, Inc, most recent modification to Part 2 of Form ADV includes an update to Managing Members as well as updated Assets Under Management (AUM) figure which now reflects a December 31, 2019 “as of” date. Additional non-material updates were made to reflect the number of Capital Preservation Partners, Inc shareholders, members of our Investment Committee, as well as clarifications regarding our available services, fees and expenses paid for certain underlying investments, and vendor policies.

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## I. THE FIRM

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In 1992, Michael Hymes, Kevin Mullins & Rick Hodor established Capital Preservation Partners, Inc (herein after referred to as "CPP" or the "Firm"). In June of 2020 Ilir Leo Gjoni became a managing director of CPP. CPP is an investment advisory firm registered with the Securities Exchange Commission. Additional information about CPP is also available on SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Michael Hymes, Kevin Mullins and Ilir Leo Gjoni are responsible for all operations of the Firm including, but not limited to, supervision of all Firm employees; adhering to all federal and state security regulations; the supervision of all trading and advisory services provided to clients.

CPP provides its clients with financial planning and discretionary investment advisory services. CPP offers to provide investment advisory services to clients where custody of the accounts is maintained at Charles Schwab & Co. At a minimum, each client will receive confirmation of all trades, quarterly statements of activity and balances.

Registration with SEC does not imply a certain level of skill or training.

## II. SERVICES PROVIDED

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### A. Investment Management Services

Prior to engaging CPP to provide investment advisory services, Clients are required to enter into a formal Investment Advisory Agreement with CPP setting forth the terms and conditions under which CPP will manage the Client's investments, and the fees or other charges the Client will pay. Separate account application, bank information and custodial documents may also be required prior to establishing an account.

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CPP provides investment advisory services for the Client(s) and determines a suitable portfolio based upon the information provided by the Client as to the Client's investment objectives, risk tolerance and financial circumstances. CPP primarily recommends that Clients allocate their investment assets among various equity, fixed income and REIT products. CPP then designs an investment portfolio in accordance with the Client's investment objectives, risk tolerance, and investment restrictions (if any) imposed by the client. CPP manages these portfolios on a discretionary basis. As of CPP's fiscal year end (December 31, 2019), CPP manages \$182,509,849 on a discretionary basis and \$ 0.00 on a non- discretionary basis.

Security transactions are generally executed through CPP's broker/dealer, however CPP may utilize other broker/dealers and custodians when requested by the Client or when the Client's retirement plan is maintained and the custodian is selected by the Plan's sponsor. Clients of CPP must be aware that if they direct CPP to use a particular broker that it may limit CPP's ability to achieve best execution, negotiate commissions with other brokers on behalf of the client, or limit the client's ability to participate in block trading.

CPP has established the following procedures in the event that a trading error occurs during the execution of a security, other than a mutual fund transaction:

- 1) Upon discovery of the trade error, CPP will immediately notify the Chief Compliance Officer (CCO) who will, in turn, notify the broker/dealer or custodian's trading department with details concerning the error. The broker/dealer or custodian will flatten the incorrect transaction with a covering transaction, regardless of whose fault it is. This immediate action will be taken to limit the potential effects that capital market fluctuations may have upon further price deterioration or appreciation.
- 2) The CCO will give the trader the correct transaction that should have been executed.
- 3) The broker/dealer or custodian will confirm the correct price that the client should have received had the order been processed correctly.
- 4) A trade error report containing the following information must be completed:
  - Account registration and number;
  - The trade and settlement dates;
  - The number of shares or dollar value of the trade;
  - An explanation of the error;
  - The resolution of the error; and
  - If the client lost money due to the error, include any information to evidence that the client was made whole and not harmed in any way.
- 5) Any restitution to the client's account must be made through the broker/dealer.
- 6) The CCO or a designated alternate will review the trade error report to ensure that all documents regarding the trade error have been attached to the report before filing the document in the trade error file.

CPP has established the following procedures in the event that a trading error occurs during the execution of a mutual fund transaction:

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- 1) Upon discovery of the trade error, a CPP Employee will immediately notify the CCO who will, in turn, notify the broker/dealer or custodian's trading department with details concerning the error.
- 2) The broker/dealer or custodian will reverse the errors and reenter the correct transaction order in such a manner as to ensure that the client's correct trade is process without detriment to the client. If required, the broker/dealers Compliance Department will provide the custodial or Mutual Fund Company with a Letter of Indemnity.
- 3) A trade error report containing the following information must be completed:
  - Account registration and number;
  - The trade and settlement dates;
  - The number of shares or dollar value of the trade;
  - An explanation of the error;
  - The resolution of the error; and
  - If the client lost money due to the error, include any information to evidence that the client was made whole and not harmed in any way.
- 4) Any restitution to the client's account must be made through the broker/dealer.
- 5) The CCO or a designated alternate will review all trade error reports to ensure that all documents regarding the trade error have been attached to the report before filing the document in the trade error file.

## B. Wrap Fees Programs

CPP does not participate in any wrap fee programs.

# III. FEES AND COMPENSATION

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## A. Investment Advisory Fees

The Client will pay CPP investment advisory fee of 1% annually in advance or as negotiated and divided into quarterly installments based on the assets under management or as individually negotiated.

The Client agrees to pay an annual asset management fee in advance divided into quarterly installments based on the market value of the portfolio at the beginning of each of those four quarters in accordance with the above fee schedule. The annual management fee will be re-calculated every three (3) months. Asset management fees are billed in advance of each quarter and payment is due on or before the tenth (10th) business day of the quarter. Clients will have management fees directly deducted from their account, unless different payment instructions have been individually negotiated and agreed upon.

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A quarter is defined as three sequential months. The first quarter is the three-month period beginning on the first day of the month in which this Agreement is signed. The second, third and fourth quarters are the three-month periods that follows.

CPP is authorized to revise the fee amount if substantial investments are added or withdrawn from the Account. When the fee amount is revised, the fee percentage will not change; however, the fee amount will increase or decrease proportionally as assets are added or withdrawn. The revised fee amount will be billed by the end of the quarter in which the assets are added or withdrawn from the Account and payment will be due by the tenth (10th) business day of the next quarter.

Mutual funds included in CPP account(s) may be charged a management fee by the fund and will be charged an advisory fee as part of the assets under management by CPP. Investment management fees are separate and distinct from other fees that the Client may pay including financial planning and consulting fees, transaction fees, short term trading fees, underlying mutual fund fees and expenses paid to the fund by shareholders of the fund as outlined in each fund's prospectus, and custodial fees. In addition, Clients may pay brokerage and transaction fees, commissions, transfer taxes, exchange fees, and any other charges that may be imposed with regard to the Client's brokerage account.

CPP does not receive a portion of any 12b-1 distribution fees or other fees imposed by the mutual fund and paid by the mutual fund or one of their affiliates.

Clients will have management fees directly deducted from their accounts by the custodian of their account(s), unless alternative payment arrangements have been agreed upon in advance.

When payment is made directly from the Account, funds will be deducted from the Account and, if necessary, from the liquidation of holdings in the Account.

## **B. Termination Investment Advisory Fees**

The Client shall have five (5) business days from the execution date of the Investment Advisory Agreement to terminate the services without penalty. Thereafter, the Investment Advisory Agreement may be terminated 30 days after receipt of written notice to terminate by either party to the other, which written notice must be manually signed by the terminating party. The Client's death, disability or incompetence will not terminate or change the terms of the Agreement. However, the Client's executor, guardian, attorney-in-fact or other authorized representative may terminate the Agreement by providing CPP with proper written notice. Termination of the Agreement will not affect (i) the validity of any action previously taken by CPP under the Agreement; (ii) liabilities or obligations of the parties from transactions initiated before termination of the Agreement; or (iii) the Client's obligation to pay CPP fees that have already been earned under the Agreement. Clients will receive a prorated refund of advisory fees which will be determinate by the date of termination notice signed by the Client.

### **C. Brokerage and Custodian Transaction Fees**

All security transactions placed with CPP's broker/dealer, currently (Charles Schwab) are executed through the broker/dealer. Advisory fees charged by CPP are separate and distinct from other fees the client may pay including but not limited to:

- Transaction fees such as ticket charges paid to the broker/dealer or custodian
- Mutual Fund Exchange Fees
- Commissions, if applicable
- Inactivity Fees
- Custodial fees for overnight mail, wire orders, checks returned for insufficient funds for those clients with check writing privileges
- Custodial maintenance and termination fees for IRA's
- Other service fees under special circumstances

### **D. Performance-Based Fees Management Fees**

CPP does not charge clients any performance based fees. Performance based fees would include but not be limited to, any fee that would be based upon a share of capital gains or capital appreciation of the assets in the client's account.

## **IV. TYPES OF CLIENTS**

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CPP's clients are generally comprised of individuals, corporations, trust and pension and profit-sharing plans. CPP does not impose any restrictions on clients regarding opening or maintaining accounts.

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

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### **A. Methods of Analysis**

CPP employs fundamental and technical analysis prior to purchasing or selling a security for a Client's account. The following is a brief description of the two types of analysis:

- **Fundamental Analysis** - is a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. In doing so, CPP attempts to study everything that can affect the securities value (like the overall economy and industry conditions) and company-specific factors (like financial condition and management). Based on CPP's analysis they can produce a value for the security and compare it with the securities



current price to determine what position to take (if any) regarding that security.

- **Technical Analysis** – is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. When analyzing securities using technical analysis CPP does not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

## **B. Risk of Loss**

Investors must be aware that there is a potential risk of loss regardless of whether or not they decide to invest their money. If investors decide to invest their money, they are obligated to assume a portion of risk. The amount of risk assumed varies from investor to investor and is one of the contributing factors for an Advisor in determining a suitable portfolio for their client. The following is a list of some of the risk that an investor may be exposed to:

- **Systematic (Market) Risk**- These are risks that affect the entire market and cannot be avoided through diversification. This risk may be caused by events such as changing interest rates, a recession, or wars.
- **Unsystematic Risk** – These are risks specific to a company or industry sector and may be avoided or mitigated by diversification.
- **Credit Risk** – The risk that a company or municipality will not be able to repay its lenders. This is very important to those investing in fixed-income investments such as bonds.
- **Country Risk** – This is risk associated with investing in foreign securities. This risk includes political, exchange rate, economic, sovereign and transfer risk (which is the risk of capital being locked up or frozen by government action.)
- **Liquidity Risk** – The risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss.
- **Interest Rate Risk** – The risk of changing interest rates and their impact on interest-bearing assets, such as bonds. In general, as interest rates increase, the price of a fixed rate bond will decrease, and vice versa.

## **VI. DISCIPLINARY INFORMATION**

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CPP has never been adversely involved in any legal or disciplinary actions or administrative proceedings brought before the SEC, any other federal regulatory agency or any state regulatory agency.

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

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### A. Code of Ethics Disclosure

CPP has adopted a Policies and Procedures Manual. The Policies and Procedures Manual sets forth a standard of business conduct for the Firm and all persons associated with the Firm. The purpose of this manual is to set out ideals for integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence for the Firm and its associated persons to adopt in the interest of the Firm and investor protection. In particular, the Policies and Procedures Manual is designed to:

- Protect the Clients by deterring misconduct.
- Protect CPP's reputation.
- Guard against violations of the securities laws.
- Establish procedures to ensure that Advisors conduct themselves ethically at all times.

In an effort to meet the above obligations, the manual sets out policies and procedures that CPP and access persons are expected to follow in the following areas:

- Compliance
- Privacy and Confidentiality
- Personal securities transactions and reporting
- Insider trading
- Conflicts of interest / outside business activities
- Gifts and Entertainment
- Reporting violations and sanctions
- Record keeping

Clients and prospective clients may obtain a complete copy of CPP's Policies and Procedures Manual upon request by contacting CPP in writing at 55 Pondfield Road Bronxville, NY, 10708 or calling them at (914) 337-2272.

In accordance with Section 204A of the Investment Advisers Act of 1940, CPP also maintains and enforces written policies and procedures reasonably designed to prevent the misuse of material non-public information by CPP or any access persons of CPP with regards to their personal securities transactions.

### B. Privacy Statement

CPP protects the material non-public information of its clients. Employees are expected to exercise diligence and care in maintaining and protecting the client's

non-public confidential information. CPP holds all personal information provided to the Firm in the strictest confidence. The records maintained by CPP include all personal information collected from the client in connection with any of the services provided by CPP. CPP does not disclose information to non-affiliated third parties, except as permitted by law, and does not anticipate doing so in the future. If CPP were to anticipate such a change in the Firm's policy, it would be prohibited under the law from doing so without informing the client first. CPP uses health and financial information the client provides in order to help them meet their personal financial goals and has established the following procedures to mitigate any real or perceived infringements of their rights of privacy:

- CPP limits employee and agent access of information to only:
  - 1) Those who have a business or professional reason for knowing (i.e. broker/dealer or custodian);
  - 2) Non-affiliated parties as permitted by law (i.e. federal regulations permit CPP to share a limited amount of information about the client with a brokerage firm in order to execute securities transactions on their behalf, or so that the Firm can discuss the client's financial situation with their accountant or attorney.); or
  - 3) Those required by judicial or regulatory process.
- CPP maintains a secure office and computer environment to ensure that client information is not placed at unreasonable risk.
- The categories of non-public personal information collected from clients depend upon the scope of the client's engagement. It will include information about their personal finances, information about their health to the extent that it is needed for the planning process, information about transactions between the client and third parties, and information from consumer reporting agencies.
- For unaffiliated third parties that require access to the client's personal information, including financial services companies, service providers, and auditors, CPP also requires strict confidentiality in its agreements with them and expects them to keep this information private. Federal and state regulators may also review firm records as permitted by law.
- Personal information contained in any form or document the client completes in order for CPP to facilitate the commencement, continuation or termination of a business relationship between the client and a non-affiliated third party service provider, such as a broker/dealer, investment advisor, or account custodian, shall be deemed as having been automatically authorized by the client with respect to the corresponding non-affiliated third party service provider.
- CPP does not provide personally identifiable information to mailing list vendors or solicitors for any purpose.
- Personally identifiable information about a client will be maintained during the time that they are a client and for the required time thereafter that such records are required to be maintained by federal

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and state securities laws and regulations, and consistent with the CFP Board Code of Ethics and Professional Responsibility.

CPP's Privacy Notice is initially given to all clients upon signing CPP's Financial Planning Agreement and is sent to all clients annually thereafter.

### **C. Personal Securities Trading Practices**

CPP and/or employees may have an interest in securities or may buy, sell, or hold a position in securities, which may also be recommended to the Clients. As a fiduciary, CPP and its access persons owe its clients the loyalty to refrain from effecting personal securities transactions that might conflict with the client's best interests. Conflicts arise when Advisors, employees, or other access persons take advantage of investment opportunities that should have been exercised for clients or when they use their knowledge of pending client transactions to place their trades before their client's transactions.

CPP has established the following guidelines to mitigate potential conflicts of interest when placing personal security transactions. CPP's access persons may only effect individual stock transactions on days when there are no client transactions for the same security, unless their transactions are part of a block trade for the given security (Please refer to the Investment Management Services section of this brochure for CPP's Procedures regarding block trades). There are no restrictions on access persons for placing trades in open-end mutual funds on the same day as clients.

## **VIII. BROKERAGE PRACTICES**

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### **A. Recommending Broker/Dealers to Client**

Currently, CPP recommends Charles Schwab & Co. to their clients. Charles Schwab & Co. maintains custody of client's assets and effects trades for CPP's advisory client's accounts. CPP is independently owned and operated, and is not affiliated with or a related person of Charles Schwab & Co.

CPP considers a number of factors prior to selecting or recommending broker/dealers, including but not limited to, their familiarity with the securities to be sold or purchased, their execution skills, order-flow capabilities, their commission rates or other fee schedules, their custodial services, their level of net capital (financial strength) and excess SIPC. CPP routinely compares order execution disclosure information of Charles Schwab & Co. to other broker dealers to ensure that Charles Schwab & Co. remain competitive in providing best execution for their clients.

While these broker-dealers may charge commissions higher than those obtainable from other broker/dealers, CPP will only cause its clients to pay brokerage commissions which it has determined, in good faith, to be reasonable in relation to

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the value of the brokerage and other services provided by such securities broker-dealers. CPP will base its decision upon the particular transactions involved and its overall responsibilities with respect to all clients' investment management accounts.

Generally, all recommended custodians are Members of FINRA and SIPC. The Financial Industry Regulatory Authority (FINRA) was created through the consolidation of the National Association of Securities Dealers (NASD) and the member regulation, enforcement and arbitration operations of the New York Stock Exchange. The consolidation, approved by the Securities and Exchange Commission, became effective July 30, 2007. You may visit the FINRA website at [www.finra.org](http://www.finra.org).

Information about the Securities Investors Protection Corporation (SIPC), including the SIPC brochure, can be obtained by contacting SIPC at 202.371.8300 or by visiting their website at [www.stpc.org](http://www.stpc.org).

### **B. Security Transactions**

Security transactions are executed through the Advisor's broker/dealer, currently (Charles Schwab & Co.). However, CPP may utilize other broker/dealers and custodians when requested by the client or when the client's retirement plan sponsor selects the custodian. CPP's clients must be aware that if they direct CPP to use a particular broker, it may limit CPP in their ability to achieve best execution, or negotiate commissions with other brokers on behalf of the client.

### **C. Research and Other Soft Dollar Benefits**

CPP receives other products and services from Charles Schwab & Co. that benefits CPP but not client accounts. Some of these other products and services assist CPP in managing and administering client accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), facilitate payment of CPP's fees from its client's accounts, and assist with back office functions, record keeping and client reporting. These services may be used to service all or a substantial number of client accounts, including accounts not maintained at Charles Schwab & Co.

- Financial planning software;
- Client reporting and consolidated statement software;
- Client communication software;
- Client relationship management software;
- Coaching; and
- Investment research

Currently, CPP has not purchased any discount pricing program through Charles Schwab & Co.

Charles Schwab & Co. provides CPP with research reports concerning the purchase and sales of the securities it offers. The commissions charged by Charles Schwab & Co. are competitive with similarly situated full-service retail broker-dealers offering the same variety of securities to clients. Clients are advised, however, that they may be able to effect

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transactions in securities through other securities broker-dealers at lower commission rates, particularly with respect to securities listed on a national securities exchange or in the over-the-counter market.

Clients should be aware that research reports obtained through Charles Schwab & Co. and, in fact, all other sources, is used to service all of CPP's clients, regardless of whether they pay for financial planning advice by the hour or by paying commissions on transactions in securities effected by an Advisor in his capacity as a registered representative of Charles Schwab & Co..

As a fiduciary, CPP endeavors to act in the best interest of its clients, and CPP may make recommendations that clients maintain their assets in accounts at Charles Schwab & Co... These recommendations may be based in part on the benefits to CPP, such as the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by Charles Schwab & Co., which may create a conflict of interest.

Clients and prospective clients should also refer to the "Potential Conflicts of Interest Resulting from Commissions" section of this document for further disclosure regarding conflicts of interest.

#### **D. Brokerage for Client Referrals**

It is the practice of some broker/dealers to give client referrals to investment advisors as an Incentive for directing business through them. CPP does not participate in this business philosophy. Nor does CPP seek broker/dealers with this business philosophy to recommend to their clients as this would create a conflict of interest.

#### **E. Directed Brokerage**

CPP may utilize other broker/dealers and custodians when requested by the Client or when the Client's retirement plan is maintained and the custodian is selected by the Plan's sponsor. CPP's Clients must be aware that if they direct CPP to use a particular broker/dealer that it may limit CPP's ability to achieve best execution and to negotiate commissions with other brokers on behalf of the client. As a result, clients may pay higher commissions, have higher transaction cost, or receive less favorable prices.

#### **F. Best Execution**

As stated earlier, CPP routinely compares order execution disclosure information of Charles Schwab & Co. to other broker dealers to ensure that Charles Schwab & Co. remains competitive in providing best execution for their client's security transactions. The commissions and/or transaction fees charged by Charles Schwab & Co. may be higher or lower than those charged by other broker-dealers. The commissions paid by CPP's Clients shall comply with CPP's duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where CPP determines, in good faith, that the commission is reasonable in relation to the value of

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the brokerage and services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while CPP will seek competitive rates; they may not necessarily obtain the lowest possible commission rates for their client's transactions.

## IX. REVIEW OF ACCOUNTS

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All accounts are under regular review by CPP's President and Chief Compliance Officers. Client portfolio reviews occur regularly to assess the asset classes, economic and market conditions, and any extreme gains/losses in the portfolios, all of which are conditions that may trigger account reviews.

All investment advisory and financial planning clients are advised that it remains their responsibility to advise CPP of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to comprehensively review financial planning issues, investment objectives and account performance with CPP at a minimum on an annual basis, or as applicable.

At a minimum, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker/dealer, and/or the custodian for their accounts quarterly, but may receive more frequent notices depending on the trading activity in the account. Any client that does not receive an account statement from the custodian should call CPP immediately so that they Advisors can correct the problem.

## X. CLIENT REFERRALS AND OTHER COMPENSATION

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CPP relies on client referrals and advertising to introduce new clients to their business. It is CPP's policy not to compensate clients for referring potential clients to their business, because the client would be considered a solicitor and would have to satisfy requirements under Rule 206(4)-3 of the Advisers Act before a cash referral fee could be paid to them.

## XI. CUSTODY

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Due to increased regulatory concerns over advisors with what the SEC construes as 'custody by a Registered Investment Adviser', it is CPP's intention not to have custody over client assets as a regular course of business. CPP will, only to the extent that it may request the client's prior consent to deduct advisory fees directly from the client's account(s), have no

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access to client funds through the custodian. CPP calculates advisory fees on a quarterly basis, which are payable in advance.

CPP, in limited instances, will act as a custodian, trustee or executor over client assets. These engagements are separate from the Investment Management services and are agreed to with the client directly.

CPP has established the following procedures that are designed to help ensure that CPP does follow not inadvertently obtain custody of client assets, other than for the deduction of advisory fees:

#### **A. Account Custodian**

All clients are required to open an account with CPP's qualified custodian where the client's assets will be held. CPP's personnel will assist the client in preparing paperwork to open a new custodial account but only the client is permitted to actually authorize, by their signature, the opening of the account.

Once the account is established, it is the custodian's responsibility to send clients account statements, transaction confirmations, proxy material, and any other information relating to their account. CPP will not route original custodial statements to its clients on behalf of a custodian. However, CPP is responsible, within reason, to ensure that clients receive custodial statements directly from the custodian on, at a minimum, a quarterly basis. To meet this responsibility; the Firm will receive duplicate copies of its client's statements. Any client that does not receive an account statement from the custodian should call CPP immediately so that CPP can correct the problem.

#### **B. Handling Client Assets**

Due to custody regulations, CPP's personnel can only handle or forward checks clearly made payable to a third party, such as the client's independent custodian. CPP may not handle or forward any other client check or security certificate received by the Firm. All such instruments must be returned to the client within three (3) business days, and may not be forwarded to any other party other than the client or a client's representative.

Clients must be aware that if they personally deliver securities certificates to CPP's Office, CPP and/or office personnel is not allowed to physically handle the securities certificates. CPP may provide direction to a client in completing the transfer and shipping paperwork to help ensure that the securities certificates are properly deposited with the client's custodian. However, it is the client's responsibility to deposit overnight pouches with the respective carriers for forwarding of securities certificates to their designated custodian. Securities certificates inadvertently received in the mail will be returned to the client within three business days.

#### **C. Other Custody Related Issues**

CPP has invoked the following restrictions on its access persons to ensure that custody is not inadvertently obtained:



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- Access persons are prohibited from obtaining, maintaining or utilizing client-assigned log-ons and passwords to access and/or service any client self-directed accounts.
- Advisors will not accept signatory power over any client's checking or custodial account(s).
- Advisors will not hold client securities in CPP's name or in bearer form.
- Proceeds from sales or redemption of client securities will not be directed to the custody of CPP.
- Advisors will not require clients to prepay fees six months or more in advance.

## XII. INVESTMENT DISCRETION

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CPP is granted limited discretionary authority in writing by the client when the client signs CPP's Investment Advisory Agreement. This limited discretionary authorization gives CPP the authority to buy, sell, hold, exchange, invest, and otherwise deal with the client's investment assets at his sole discretion and without consulting with the Client in advance. This authorization is perpetual and will remain in full force and effect until CPP receives a written termination notice from the Client. CPP does not have discretionary authority on the amount of commissions that are charged by the broker/dealer or custodian.

## XIV. VOTING CLIENT SECURITIES

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CPP is expressly precluded from taking any action on behalf of the Client, will not take any action on behalf of the Client, and are not obligated to render any advice to the Client, with respect to:

- The voting of proxies solicited by, or with respect to, the issuers of any securities held in the portfolio or,
- The legal proceedings involving securities or other investments presently or formerly held in the portfolio, or the issuers thereof, including bankruptcies.

The Custodian will send all such proxy and legal proceedings information and documents it receives to the Client so that the Client may take whatever action the Client deems appropriate.

## XV. FINANCIAL INFORMATION

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As previously discussed in this brochure, CPP provides financial planning and investment management services on a discretionary basis for which the clients are billed quarterly in advance. Clients are never required to prepay planning or management fees to CPP or its Advisor more than three months in advance, and if a client terminates its financial planning

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or investment advisory agreement prior to the end of the quarter, the client is reimbursed any unearned fees.

CPP has never been petitioned or been subject to bankruptcy proceedings, and there are no financial conditions that would prevent CPP from meeting any contractual commitment to its clients.

## XVI. DISCLOSURE INFORMATION

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CPP has never been found liable in an arbitration claim alleging damages for any of the following:

- An investment or investment related business;
- Fraud, false statements, or omissions;
- Theft, embezzlement, or wrongful taking of property;
- Bribery, forgery, counterfeiting, or extortion; or
- Dishonest, unfair, or unethical practices.

CPP has never been found liable in a civil, self-regulatory organization or arbitration proceeding involving any of the following:

- An investment or investment related business;
- Fraud, false statements, or omissions;
- Theft, embezzlement, or wrongful taking of property;
- Bribery, forgery, counterfeiting, or extortion; or
- Dishonest, unfair, or unethical practices.

CPP has never filed or been subject to a bankruptcy petition, nor does it have any arrangements with any issuers of securities.