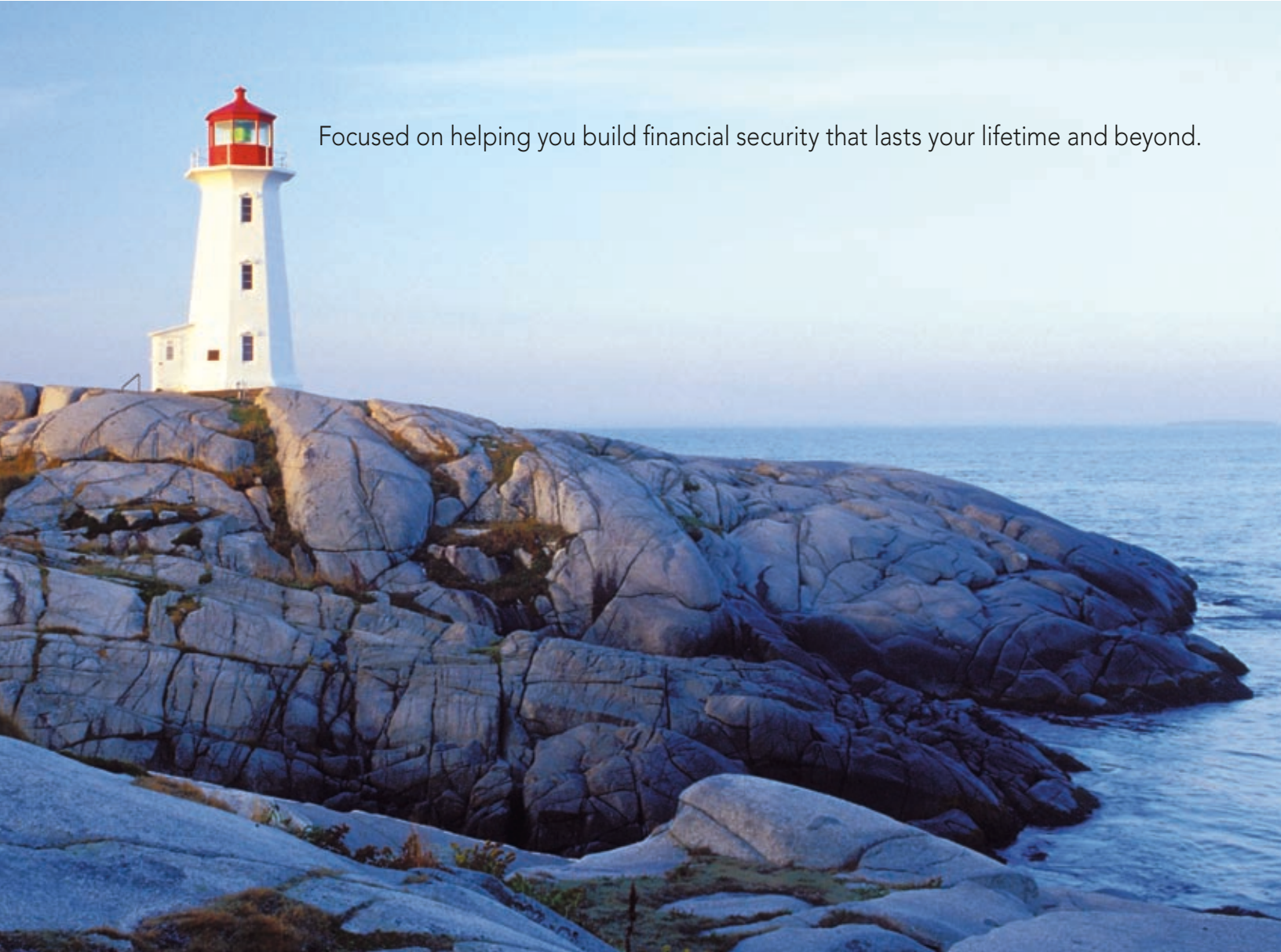




**C A P S T O N E**  
investment financial group, inc



Focused on helping you build financial security that lasts your lifetime and beyond.

## The Capstone Pledge

### TO OUR CLIENTS, WE PLEDGE:

- 1. To act with honesty and integrity.** We will seek to avoid real or perceived conflicts of interest and will offer full disclosure.
- 2. To be competent.** With an emphasis on continuing education, we seek to deliver quality services with the necessary skill and knowledge.
- 3. To be fair in determining the value of our services and the method of our compensation.** This entails taking into consideration time, skill, experience, and special circumstances in providing our services.
- 4. To be diligent.** We seek to be both prompt and thorough, providing a process that includes ongoing monitoring of investments.
- 5. To be prudent.** Not only do we seek to be a prudent steward of your investments, but also to know the limits of our experience. We will refer you to others in connection with issues beyond our knowledge and skills.
- 6. To respect your privacy.** We will not disclose information to others except when authorized or otherwise legally obligated to do so.

### TO OUR COMMUNITY, WE PLEDGE:

- 1. To promote and be a steward of ethical behavior.** This extends to our work environment, our field of endeavor and the community at large.
- 2. To use our resources in a responsible manner.** At Capstone, we endeavor to have a positive influence in our community, assisting non-profit organizations as we are able.
- 3. To promote quality in the financial services field.** It is a distinct honor to be entrusted with assets belonging to others. We feel it is incumbent upon us to share our knowledge and best practices with our peers.



Perhaps the biggest ongoing challenge you will face is that of building financial security.

**Financial security is more than wealth.**

*We all know people who were briefly wealthy from a lucky bet, an inheritance, the right job at the right time, or an exceptional investment. The key is to achieve financial security and to stay wealthy. If you are ready for that goal, it's time to talk to the professionals at Capstone Investment Financial Group.*

Financial security means retiring without worrying whether or not you will outlive your money. It can mean the difference between a job you love and one that brings in the most money, or being able to help your children obtain the education they will need to succeed in life. Financial security gives you the opportunity to enjoy life and achieve your personal goals.

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The good news is that you have access to more tools for building financial security than at any time in the past.

Why do so many people fail to achieve that level of security?

1. They don't have a plan, and
2. They don't have the right financial advice.

Capstone Investment Financial Group, Inc. has a very simple mission. Our goal is to make our clients financially secure. What that means in terms of net worth depends on the individual. You are rich when you have few material wants and are free to pursue that which is most important to you.

We know firsthand, from working with individuals such as yourself, that to become financially secure you have to have a plan and faithfully execute that plan.

## Capstone Investment Financial Group is a working blend of financial coach and investment manager.

Virtually everyone has an opportunity to build financial security. History is full of unsuspected millionaires whose families and communities never realized the extent of their wealth until the will was read.

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We want our clients to achieve the level of financial security they need to be able to enjoy life more fully and to have the opportunity to pass on their wealth to the next generation, or to causes they support. To do so, we help you understand how to build and preserve wealth. This process starts with a plan.

By establishing an investment plan, you gain a better picture of where you are and where you want to go. This provides a roadmap that can help eliminate some of the zigzags and detours that might keep you from reaching your goal.

Your roadmap is based in part on your risk tolerance. For any financial plan to work, it has to be a plan that can evolve and change with the market and with your needs, so that you will stick with it for the long haul. The surest way to build your net worth is not with the swift kill, but with the steady, relentless impact of compounding, as principal and earnings produce more earnings over time.

*“We believe in the power of planning. If you have a plan, the likelihood of reaching your goals increases exponentially.”*

Tim Lawrence  
Capstone Founder

To succeed, you have to give compounding time to work. That requires a good understanding of your plan, what it will take to accomplish your objectives, and commitment to the plan. This is where Capstone’s financial “coaching” plays a critical role. To help our clients succeed, we are continually interacting with our clients and providing them with information to help them be more knowledgeable investors and to make the right financial decisions.

That information includes consolidated quarterly reports clearly showing portfolio positions, performance and asset mix, and the progress you have made in achieving your objectives.

*Compounding increases the value of your account slowly at first but accelerates rapidly as time passes. Increase your rate of return and compounding’s impact is even more accentuated.*



## Capstone's investment approaches are proactive and diversified.

The next step is the development of your customized investment policy statement. This statement governs the type of investments, risk structure and return objectives for your portfolio.

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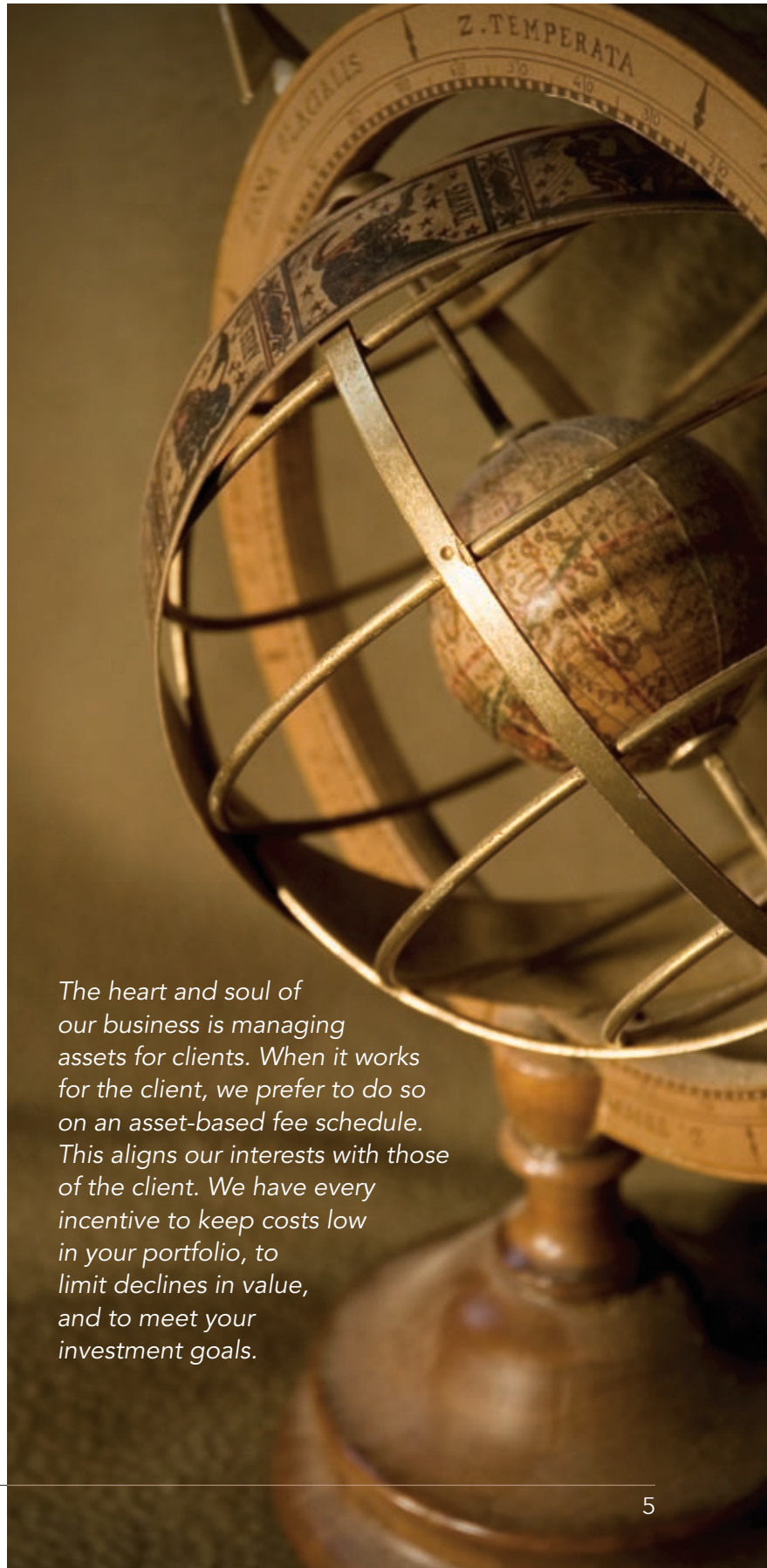
Your customized investment policy statement assists us in proposing an investment mix for you and positioning your portfolio along the continuum of conservative, moderate or growth objectives. Your policy statement also incorporates your need for income, desired tax efficiencies and directives such as socially responsible investing.

The investment policy process, developed and refined over years of experience, results in what we call ***crafted portfolios for the thoughtful investor.***


Capstone's investment style is that of the active manager. We believe a prudent investment strategy reacts to current market conditions and does not lock a portfolio into a fixed allocation or style boxes based on prior returns. If you design a portfolio by looking backwards at what has been, it's too easy to miss what might be. In managing your assets, we want the flexibility to be opportunistic and to diversify among asset classes where our managers perceive the greatest potential.

The investment options selected for your portfolio will depend on your investment policy statement and the size of your account. To maintain individual security diversification, smaller accounts are invested primarily in no-load and no transaction fee mutual funds. Larger Capstone portfolios have the capacity to be invested in a full complement of investments, including stocks, mutual funds, exchange traded funds, variable annuities, separate accounts, structured products, government and corporate bonds, and CDs, as well as alternative investments which have low correlations to stocks, bonds and cash.

It's important to note that your portfolio is held at an independent custodian in your name. Through a limited power of attorney, we have discretionary authority over how your funds are invested, but not access to your funds.



*The heart and soul of our business is managing assets for clients. When it works for the client, we prefer to do so on an asset-based fee schedule. This aligns our interests with those of the client. We have every incentive to keep costs low in your portfolio, to limit declines in value, and to meet your investment goals.*



Good investing isn't necessarily exciting on a day-to-day basis. But when markets change direction, active management allows you to be proactive. That can mean the difference between losing assets in a bear market or sidestepping much of the decline.

Capstone manages client assets through internal investment strategies and through the use of sub-managers who have established proven track records and offer the risk/return characteristics we are seeking for client accounts. Capstone management continually monitors these managers and the assets under their direction to ensure that:

- client funds are invested in strategies with the potential to exploit current market opportunities,
- the manager continues to meet performance expectations, and
- your portfolio stays aligned with your investment policy statement through periodic rebalancing.

By diversifying portfolios among different management strategies, our clients enjoy not only individual security diversification but also management style diversification. Ideally, this diversification results in improved risk adjusted returns and greater opportunity to produce quality results across all market conditions.

In selecting sub-managers for client accounts, Capstone screens a select universe of managers that use established strategies with proven track records. We look for managers whose systems utilize technical analysis and avoid emotional decisions, as well as strategies with low correlation to other managers that we may currently be using.

When appropriate, we will replace managers with those we feel have a better approach to current market conditions. Our objective is always to manage risk and volatility in our clients' portfolios while achieving the steady growth of their assets.

*"If you take away the fears and anxieties associated with the pursuit and preservation of money, a different world opens up. By providing our clients with professional asset management, we increase the likelihood of improved portfolio performance and reduce one of the greatest sources of stress in many people's lives."*

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Ted Schwartz, CFP®  
Accredited Investment Fiduciary (AIF®)  
Capstone Founder



## Capstone's expertise reaches into life solutions that complement building financial security.

Insurance serves an important role in reducing the risk of a disaster that could impact your efforts to build financial security. We assist clients in analyzing their needs with respect to life insurance, disability insurance, long-term care insurance, and health savings accounts. Recommendations may include how much insurance might be appropriate and whether term, universal, variable universal or whole life presents the best solution. Again, our focus is on educating clients to help them make the decision that best fits their needs.

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There are times when products such as annuities can be part of an income solution to deal with longevity risk. Capstone principals are licensed to make these products available to you.

While we offer an array of educational opportunities to assist you in taking control of your financial future, we take care not to overstep our knowledge base. If you need specialized advice in areas such as taxes, estate planning, etc., we will assist you in finding a qualified professional.

Capstone also works with employers to develop, implement and monitor retirement programs for employees, including:

- > SIMPLEs,
- > SEPs,
- > Individual 401(k) plans,
- > Group 401(k) plans,
- > 403(b)s for non-profit groups, and
- > Defined benefit plans geared to creating large deductions for high earners.

Capstone Investment Financial Group is your resource for building a future that is financially secure. We invite you to email, call, or visit our offices to find out more about how Capstone's services can be your solution to achieving financial security.

*Past performance is no guarantee of future results. Mutual funds and variable annuities are sold only by prospectus. Investments in these vehicles may either gain or lose value. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.*



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