

**Uniform Application for Investment Adviser Registration**

OMB APPROVAL	
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Name of Investment Adviser: <b>CAPITAL MANAGEMENT GROUP, LLC</b>					
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code	Telephone Number
<b>33 Custer Street</b>	<b>East Providence</b>	<b>RI</b>	<b>02914</b>	<b>(401 )</b>	<b>338.4147</b>

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.**

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**(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)**

**Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

**1. A. Advisory Services and Fees.** (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

**Applicant:**

<input checked="" type="checkbox"/>	(1)	Provides investment supervisory services . . . . .	<u>100</u>	%
<input type="checkbox"/>	(2)	Manages investment advisory accounts not involving investment supervisory services . . . . .	_____	%
<input type="checkbox"/>	(3)	Furnishes investment advice through consultations not included in either service described above . . . . .	_____	%
<input type="checkbox"/>	(4)	Issues periodicals about securities by subscription . . . . .	_____	%
<input type="checkbox"/>	(5)	Issues special reports about securities not included in any service described above . . . . .	_____	%
<input type="checkbox"/>	(6)	Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities . . . . .	_____	%
<input type="checkbox"/>	(7)	On more than an occasional basis, furnishes advice to clients on matters not involving securities . . . . .	_____	%
<input type="checkbox"/>	(8)	Provides a timing service . . . . .	_____	%
<input type="checkbox"/>	(9)	Furnishes advice about securities in any manner not described above . . . . .	_____	%

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

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**B.** Does applicant call any of the services it checked above financial planning or some similar term? . . . . . Yes No

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**C.** Applicant offers investment advisory services for: (check all that apply)

<input checked="" type="checkbox"/>	(1)	A percentage of assets under management	<input type="checkbox"/>	(4)	Subscription fees
<input type="checkbox"/>	(2)	Hourly charges	<input type="checkbox"/>	(5)	Commissions
<input type="checkbox"/>	(3)	Fixed fees (not including subscription fees)	<input type="checkbox"/>	(6)	Other

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**D.** For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of Clients** — Applicant generally provides investment advice to: (check those that apply)

<input checked="" type="checkbox"/>	A.	Individuals	<input checked="" type="checkbox"/>	E.	Trusts, estates, or charitable organizations
<input type="checkbox"/>	B.	Banks or thrift institutions	<input checked="" type="checkbox"/>	F.	Corporations or business entities other than those listed above
<input type="checkbox"/>	C.	Investment companies	<input type="checkbox"/>	G.	Other (describe on Schedule F)
<input checked="" type="checkbox"/>	D.	Pension and profit sharing plans			

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- A. Equity securities
- (1) exchange-listed securities
  - (2) securities traded over-the-counter
  - (3) foreign issuers
- B. Warrants
- C. Corporate debt securities (other than commercial paper)
- D. Commercial paper
- E. Certificates of deposit
- F. Municipal securities
- G. Investment company securities:
- (1) variable life insurance
  - (2) variable annuities
  - (3) mutual fund shares
- H. United States government securities
- I. Options contracts on:
- (1) securities
  - (2) commodities
- J. Futures contracts on:
- (1) tangibles
  - (2) intangibles
- K. Interests in partnerships investing in:
- (1) real estate
  - (2) oil and gas interests
  - (3) other (explain on Schedule F)
- L. Other (explain on Schedule F)

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- (1)  Charting
- (2)  Fundamental
- (3)  Technical
- (4)  Cyclical
- (5)  Other (explain on Schedule F)

B. The main sources of information applicant uses include: (check those that apply)

- (1)  Financial newspapers and magazines
- (2)  Inspections of corporate activities
- (3)  Research materials prepared by others
- (4)  Corporate rating services
- (5)  Timing services
- (6)  Annual reports, prospectuses, filings with the Securities and Exchange Commission
- (7)  Company press releases
- (8)  Other (explain on Schedule F)

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- (1)  Long term purchases (securities held at least a year)
- (2)  Short term purchases (securities sold within a year)
- (3)  Trading (securities sold within 30 days)
- (4)  Short sales
- (5)  Margin transactions
- (6)  Option writing, including covered options, uncovered options, or spreading strategies
- (7)  Other (explain on Schedule F)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? .....  Yes  No

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- formal education after high school
- year of birth
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
  - (1) broker-dealer
  - (2) investment company
  - (3) other investment adviser
  - (4) financial planning firm
  - (5) commodity pool operator, commodity trading adviser or futures commission merchant
  - (6) banking or thrift institution
  - (7) accounting firm
  - (8) law firm
  - (9) insurance company or agency
  - (10) pension consultant
  - (11) real estate broker or dealer
  - (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? .....  Yes  No

(If yes, describe on Schedule F the partnerships and what they invest in.)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

**10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? .....

Yes No

(If yes, describe on Schedule F.)

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

**Please refer to Schedule F, Item 11.A.**

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

**Please refer to Schedule F, Item 11.B.**

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**12. Investment or Brokerage Discretion.**

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- |  |                          |                                     |
|--|--------------------------|-------------------------------------|
| (1) securities to be bought or sold? .....               | Yes                      | No                                  |
|  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (2) amount of the securities to be bought or sold? ..... | Yes                      | No                                  |
|  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (3) broker or dealer to be used? .....                   | Yes                      | No                                  |
|  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (4) commission rates paid? .....                         | Yes                      | No                                  |
|  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients? .....  Yes  No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? .....  Yes  No
- B. directly or indirectly compensates any person for client referrals? .....  Yes  No

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
  - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? .....  Yes  No

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>CAPITAL MANAGEMENT GROUP, LLC</b>		IRS Empl. Ident. No.: <b>20-3715693</b>
Item of Form (identify)	Answer	
<b>1.D</b>	<p>This brochure provides information about the qualifications and business practices of Capital Management Group, LLC (hereinafter "CMG"). Please contact Jeffrey Pereira, Managing Member of CMG, if you have any questions about the contents of this brochure. 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.</p> <p>Additional information about CMG is available on the Internet at <a href="http://www.sec.adviserinfo.gov">http://www.sec.adviserinfo.gov</a>. You can search this site by a unique identifying number, known as a CRD number. The CRD number for CMG is 139140.</p> <p><b><u>INVESTMENT SERVICES</u></b></p> <p><b>PORTFOLIO MANAGEMENT SERVICES:</b></p> <p>CMG provides portfolio management services, where appropriate, to individuals, pension and profit sharing plans, trusts, estates, corporations and charitable organizations.</p> <p>CMG provides continuous advice to a client regarding investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, CMG develops a client's personal investment policy and creates and manages a portfolio based on that policy. CMG will manage advisory accounts on a non-discretionary basis. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income).</p> <p>CMG will create a portfolio consisting of one or all of the following: individual equities, bonds, other investment products, and no-load, load-waived, and front-load mutual funds. CMG will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. The mutual funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities.</p> <p>When appropriate to the needs of the client, CMG may recommend the use of trading (securities sold within 30 days), short sales, or option writing. Because these investment strategies involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated tolerance for risk.</p>	

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>CAPITAL MANAGEMENT GROUP, LLC</b>	IRS Empl. Ident. No.: <b>20-3715693</b>
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Item of Form (identify)	Answer
	<p><b>PORTFOLIO MANAGEMENT FEES:</b></p> <p><b>Wrap Fees:</b> CMG clients must participate in the CMG Choice Wrap-Fee Program and pay an all inclusive wrap fee of 2.75% of assets under management, which includes charges for advisory services, custody, clearing, transaction execution and account reporting. Clients participating in this program also agree to direct brokerage in their Portfolio Management account(s) through Fidelity Brokerage Services, LLC. Therefore, in evaluating such an arrangement, a client should recognize that brokerage commissions for the execution of transactions in the client's account are not negotiated by CMG, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to other clients. The client should also consider that, depending upon the level of the wrap fee charged by CMG, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if CMG were free to negotiate commissions and seek best price and execution of transactions for the client's account. CMG may "household" or group together multiple accounts of one client relationship for purposes of calculating the fee.</p> <p>Clients will be charged in arrears at the end of each month based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter.</p> <p><b>GENERAL INFORMATION:</b></p> <p><u>Negotiability of Advisory Fees and Minimum Requirements:</u> In certain circumstances, all fees may be negotiable. CMG may "household" or group together multiple accounts of one client relationship for purposes of calculating the fee.</p> <p><u>Fee Calculation:</u> The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Advisers Act).</p> <p><u>Termination of Advisory Relationship:</u> A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.</p> <p><u>Mutual Fund Fees:</u> All fees paid to CMG for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund</p>

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1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>CAPITAL MANAGEMENT GROUP, LLC</b>		IRS Empl. Ident. No.: <b>20-3715693</b>
Item of Form (identify)	Answer	
3.K(3) & 3.L	<p>also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of CMG. In that case, the client would not receive the services provided by CMG which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by CMG to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.</p> <p><u>Proxy Disclosure:</u> CMG has no responsibility to vote or give any advice about the voting of any proxies for securities held in client portfolios as clients have retained proxy voting authority. For any pension plan or other employee benefit plan governed by ERISA, the right and responsibility to vote proxies has been expressly reserved to the plan trustees or other plan fiduciary.</p> <p>In the event any client may request assistance about the voting of any proxies, CMG may provide assistance to a client, but the client always has the responsibility to make the voting decision and vote any proxies.</p> <p><b>For Massachusetts Residents:</b> Massachusetts law requires disclosure that information on disciplinary history and the registration of CMG and its associated persons may be obtained by contacting the Public Reference Branch of the Securities and Exchange Commission at (202) 942-8090. Disciplinary history may also be obtained from the Massachusetts Securities Division at (617) 727-3548, and if asked, CMG and its associated persons must also disclose the history.</p> <p>No disciplinary history exists for CMG and/or its associated persons.</p>	
	<p><b><u>TYPES OF INVESTMENTS</u></b></p> <p><b>PRIVATE PLACEMENTS &amp; LIMITED PARTNERSHIPS</b></p> <p>CMG may recommend to advisory clients investments in private placement offerings and/or limited investment partnerships, including but not limited to, hedge funds and other pooled investment partnerships. Because these types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.</p> <p>Investment advice may be offered on any investments held by a client at the start of the advisory relationship. Recommendations for new investments will typically be limited to those items checked under Item 3 of Form ADV, Part II.</p>	

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>CAPITAL MANAGEMENT GROUP, LLC</b>		IRS Empl. Ident. No.: <b>20-3715693</b>
Item of Form (identify)	Answer	
<b>5</b>	<b><u>EDUCATION AND BUSINESS STANDARDS</u></b>  Advisory persons associated with CMG must possess, minimally, a college degree and/or appropriate business experience and all required licenses.	
<b>6</b>	<b><u>EDUCATION AND BUSINESS BACKGROUND</u></b>  <b>JEFFREY BRIAN PEREIRA</b> <b>Born: 1977</b>  <u>Education:</u> Attended Rhode Island College from 09/95 to 05/96. Graduated from Bryant College in 2000 with a Bachelor of Finance.  <u>Employment History:</u> Managing Member, Capital Management Group, LLC from 09/05 to Present. Financial Advisor, Morgan Stanley DW Inc. from 09/00 to 08/05.  <u>Examinations and Professional Designations:</u> NASAA Series 66, Uniform Combined State Law Examination, 2001. NASD Series 7, General Securities Representative Examination, 2001.  <b>ERIC FRANCIS FOSTER</b> <b>Born: 1964</b>  <u>Education:</u> Graduated from New England Institute of Technology in 1986 with a Bachelor of Engineering.  <u>Employment History:</u> Managing Member, Capital Management Group from 09/05 to Present. Sole Proprietor, Capital Management Group from 01/00 to 01/06.  <u>Examinations and Professional Designations:</u> NFA Series 3, National Commodity Futures Exam, 1998.	

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>CAPITAL MANAGEMENT GROUP, LLC</b>		IRS Empl. Ident. No.: <b>20-3715693</b>
Item of Form (identify)	Answer	
<b>7.C &amp; 8.C(5)</b>	<p><b><u>OTHER BUSINESS ACTIVITIES AND AFFILIATIONS</u></b></p> <p>Eric Foster, Managing Member of CMG, in his individual capacity, is a general partner of two limited liability companies: Boston Financial LLC and Boston Marketing and Consulting Group LLC. Boston Financial LLC provides 504(B) and 506(K) services for pink sheet and over-the-counter companies. Boston Marketing and Consulting provides investor relations and public relations services for small companies.</p> <p>Jeffrey Pereira, Managing Member of CMG, in his individual capacity, is a general partner of JKJ Funding LLC, an LLC formed for real estate investment purposes. Mr. Pereira does not provide advisory services to this LLC and no CMG clients are solicited to invest in this entity.</p> <p>CMG clients in need of the services provided by the above-listed entities may be referred to such firm. Clients of the above-listed firms in need of advisory services may be referred to CMG. The services provided by the above-listed entities are separate and distinct from the advisory services provided by CMG, and are provided for separate and typical compensation. There are no referral fee arrangements between CMG and the above-listed entities for these recommendations. No client of the above-listed entities is obligated to use CMG for any advisory services.</p> <p>These individuals may spend as much as 50% of their time with these outside activities.</p> <p>Mr. Foster, Managing Member of CMG, is also registered with the National Futures Association as a Commodities Trading Advisor in his individual capacity.</p>	
<b>9.E</b>	<p><b><u>PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS</u></b></p> <p>CMG or individuals associated with CMG may buy or sell securities identical to or different than those recommended to clients for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.</p> <p>It is the expressed policy of CMG that no person employed by CMG may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.</p>	

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>CAPITAL MANAGEMENT GROUP, LLC</b>	IRS Empl. Ident. No.: <b>20-3715693</b>
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Item of Form (identify)	Answer
	<p>As these situations represent a conflict of interest, CMG has established the following restrictions in order to ensure its fiduciary responsibilities:</p> <ul style="list-style-type: none"> <li>• An officer or member or employee of CMG shall not buy or sell securities for his or her personal portfolio(s) where such decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of CMG shall prefer his or her own interest to that of the advisory client.</li> <li>• CMG maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by Jeffrey Pereira, Managing Member of CMG.</li> <li>• CMG emphasizes the unrestricted right of the client to decline to implement any advice rendered by CMG.</li> <li>• CMG requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.</li> <li>• Any individual not in observance of the above may be subject to termination.</li> </ul> <p>CMG may aggregate trades for itself or for its associated person with client trades, providing that the following conditions are met:</p> <ul style="list-style-type: none"> <li>• CMG's policies for the aggregation of transactions shall be fully disclosed in this Form ADV and separately to CMG's existing clients (if any) and the broker-dealer(s) through which such transactions will be placed;</li> <li>• CMG will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients and is consistent with the terms of CMG 's investment advisory agreement with each client for which trades are being aggregated;</li> <li>• No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all CMG's transactions in a given security on a given business day. Under the client's agreement with the custodian/broker, transaction costs will be based on the number of shares traded for each client;</li> <li>• CMG will prepare, before entering an aggregated order, a written statement ('Allocation Statement') specifying the participating client accounts and how it intends to allocate the order among those clients;</li> </ul>

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1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>CAPITAL MANAGEMENT GROUP, LLC</b>		IRS Empl. Ident. No.: <b>20-3715693</b>
Item of Form (identify)	Answer	
<b>11.A &amp; 11.B</b>	<ul style="list-style-type: none"> <li>• If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated pro-rata based on the Allocation Statement.</li> <li>• Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for different allocation is explained in writing and is approved by CMG's compliance officer no later than one hour after the opening of the markets on the trading day following the day the order was executed;</li> <li>• CMG's books and records will separately reflect, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account;</li> <li>• Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement;</li> <li>• CMG will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and</li> <li>• Individual advice and treatment will be accorded to each advisory client.</li> </ul> <p><b><u>REVIEWS AND REPORTS OF ACCOUNTS</u></b></p> <p><b>PORTFOLIO MANAGEMENT SERVICES:</b></p> <p><u>Reviews:</u> While the underlying securities within Portfolio Management Services accounts are continuously monitored, these accounts are reviewed at least monthly by Jeffrey Pereira, Managing Member of CMG. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.</p> <p><u>Reports:</u> In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker/dealer, CMG will provide quarterly reports summarizing account performance, balances and holdings.</p>	

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>CAPITAL MANAGEMENT GROUP, LLC</b>		IRS Empl. Ident. No.: <b>20-3715693</b>
Item of Form (identify)	Answer	
<b>12.B</b>	<p><b><u>DIRECTED BROKERAGE - BROKERAGE RECOMMENDATIONS</u></b></p> <p><b>CHOICE PROGRAM:</b></p> <p>As CMG does not have the discretionary authority to determine the broker/dealer to be used or the commission rates to be paid, clients must direct CMG as to the broker/dealer to be used. In directing the use of a particular broker or dealer, it should be understood that CMG will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to other clients.</p> <p>By recommending the Choice Program to clients, CMG is recommending the services of Fidelity Brokerage Services, LLC ("Fidelity"), an NASD member broker/dealer. Clients who decide to participate in the Program are also choosing the brokerage services of Fidelity. Through the Fidelity Registered Investment Advisor Group ("FRIAG") program sponsored by Fidelity, CMG receives benefits that it would not receive if it did not offer investment advice. (See the disclosure under Item 13.A. of this Schedule F narrative.)</p> <p>CMG will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple clients' accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows CMG to execute equity trades in a more timely, equitable manner and to reduce overall commission charges to clients.</p> <p>Trades for affiliated accounts may be included in CMG client block trades. Please refer to the disclosure under Item 9.E. of this Schedule F for a description of CMG's aggregation procedures.</p>	
<b>13.A</b>	<p><b><u>ADDITIONAL BENEFITS</u></b></p> <p>As indicated under the disclosure for Item 12.B., CMG utilizes the services of the Fidelity Registered Investment Advisor Group ('FRIAG') program sponsored by Fidelity Brokerage Services LLC ('Fidelity'). While there is no direct linkage (except in certain circumstances) between the investment advice given to clients and CMG's participation in the FRIAG program, economic benefits are received by CMG which would not be received if CMG did not give investment advice to clients. These benefits include: A dedicated trading desk that services FRIAG participants exclusively, a dedicated service group and an account services manager dedicated to CMG's accounts, access to a real-time order matching system, ability to "block" client trades, electronic download of trades, balances and positions, access, for a fee, to an electronic interface with FRIAG's software, duplicate and batched client statements, confirmations and year-end summaries,</p>	

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**CAPITAL MANAGEMENT GROUP, LLC**

SEC File Number:  
801-

Date:  
**04/06/2006**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>CAPITAL MANAGEMENT GROUP, LLC</b>	IRS Empl. Ident. No.: <b>20-3715693</b>
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Item of Form (identify)	Answer
	<p>the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), a quarterly newsletter, access to Fidelity mutual funds, access to AdvisorChannel.com (internet access to statements, confirmations and transfer of asset status), access to over 350 mutual fund families and 4,500 mutual funds NOT affiliated with Fidelity, of which over 2,000 have no transaction fee, ability to have loads waived for CMG's clients who invest in certain Fidelity loaded funds, when certain conditions are met and maintained and the ability to have custody fees waived (when negotiated by the adviser and allowed under certain circumstances).</p> <p>The benefits received through participation in the FRIAG program may depend upon the amount of transactions directed to, or amount of assets custodied by, Fidelity Brokerage Services LLC.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**PAGE 9**

Applicant: <b>CAPITAL MANAGEMENT GROUP, LLC</b>	SEC File Number: 801-	DATE: <b>04/06/2006</b> MM/DD/YY
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(for sponsors of wrap fee programs)

Name of wrap fee program or programs described in attached brochure: <b>CMG Choice Wrap-Fee Program</b>
<p><b>1. Applicability of Schedule.</b> This Schedule must be completed by applicants that are compensated under a wrap fee program for sponsoring, organizing, or administering the program, or for selecting, or providing advice to clients regarding the selection of, other investment advisers in the program ("sponsors"). A wrap fee program is any program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions.</p>
<p><b>2. Use of Schedule.</b> This Schedule sets forth the information the sponsor must include in the wrap fee brochure it is required to deliver or offer to deliver to clients and prospective clients of its wrap fee programs under Rule 204-3 under the federal Advisers Act and similar rules of the jurisdictions. The wrap fee brochure prepared in response to this Schedule must be filed with the Commission and the jurisdictions as part of Form ADV by completing the identifying information on this Schedule and attaching the brochure. Brochures should be prepared separately, not on copies of this Schedule. Any wrap fee brochure filed with the Commission as part of an amendment to Form ADV shall contain in the upper right hand corner of the cover page the sponsor's registration number (801-).</p>
<p><b>3. General Contents of Brochure.</b> Unlike Parts I and II of this form, this Schedule is not organized in "check-the-box" format. These instructions, including the requests for information in Item 7 below, should not be repeated in the brochure. Rather, this Schedule describes minimum disclosures that must be made in the brochure to satisfy the sponsor's duty to disclose all material facts about the sponsor and its wrap fee programs. <b>Nothing in this Schedule relieves the sponsor from any obligation under any provision of the federal Advisers Act or rules thereunder, or other federal or state law to disclose information to its advisory clients or prospective advisory clients not specifically required by this Schedule.</b></p>
<p><b>4. Multiple Sponsors.</b> If two or more persons fall within the definition of "sponsor" in Item 1 above for a single wrap fee program, only one such sponsor need complete the Schedule. The sponsors may choose among themselves the sponsor that will complete the Schedule.</p>
<p><b>5. Omission of Inapplicable Information.</b> Any information not specifically required by this Schedule that is included in the brochure should be applicable to clients and prospective clients of the sponsor's wrap fee programs. If the sponsor is required to complete this Schedule with respect to more than one wrap fee program, the sponsor may omit from the brochure furnished to clients and prospective clients of any wrap fee program or programs information required by this Schedule that is not applicable to clients or prospective clients of that wrap fee program or programs. If a sponsor of more than one wrap fee program prepares separate wrap fee brochures for clients of different programs, each brochure prepared must be filed with the Commission and the jurisdictions attached to a separate copy of this Schedule. Each such brochure must state that the sponsor sponsors other wrap fee programs and state how brochures for those programs may be obtained.</p>
<p><b>6. Updating.</b> Sponsors are required to file an amendment to the brochure promptly after any information in the brochure becomes materially inaccurate. Amendments may be made by use of a "sticker," <i>i.e.</i>, a supplement affixed to the brochure that indicates what information is being added or updated and states the new or revised information, as long as the resulting brochure is readable. Stickers should be dated and should be incorporated into the text of the brochure when the brochure itself is revised.</p>
<p><b>7. Contents of Brochure.</b> Include in the brochure prepared in response to this Schedule:</p> <ul style="list-style-type: none"> <li>(a) on the cover page, the sponsor's name, address, telephone number, and the following legend in bold type or some other prominent fashion: <b>This brochure provides clients with information about [name of sponsor] and the [name of program or programs] that should be considered before becoming a client of the [name of program or programs]. This information has not been approved or verified by any governmental authority.</b></li> <li>(b) a table of contents reflecting the subject headings in the sponsor's brochure;</li> <li>(c) the amount of the wrap fee charged for each program or, if fees vary according to a schedule established by the sponsor, a table setting forth the fee schedule, whether such fees are negotiable, the portion of the total fee (or the range of such amounts) paid to persons providing advice to clients regarding the purchase or sale of specific securities under the program ("portfolio managers"), and the services provided under each program (including the types of portfolio management services);</li> </ul>

Applicant: <b>CAPITAL MANAGEMENT GROUP, LLC</b>	SEC File Number: 801-	DATE: <b>04/06/2006</b> MM/DD/YY
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- (d) a statement that the program may cost the client more or less than purchasing such services separately and a statement of the factors that bear upon the relative cost of the program (e.g., the cost of the services if provided separately and the trading activity in the client's account);
- (e) if applicable, a statement that the person recommending the program to the client receives compensation as a result of the client's participation in the program, that the amount of this compensation may be more than what the person would receive if the client participated in other programs of the sponsor or paid separately for investment advice, brokerage, and other services, and that the person may therefore have a financial incentive to recommend the wrap fee program over other programs or services;
- (f) a description of the nature of any fees that the client may pay in addition to the wrap fee and the circumstances under which these fees may be paid (including, if applicable, mutual fund expenses and mark-ups, mark-downs or spreads paid to market makers from whom securities were obtained by the wrap fee broker);
- (g) how the program's portfolio managers are selected and reviewed, the basis upon which portfolio managers are recommended or chosen for particular clients, and the circumstances under which the sponsor will replace or recommend the replacement of the portfolio manager;
- (h) (1) if applicable, a statement to the effect that portfolio manager performance information is not reviewed by the sponsor or a third party and/or that performance information is not calculated on a uniform and consistent basis,  
(2) if performance information is reviewed to determine its accuracy, the name of the party who reviews the information and a brief description of the nature of the review,  
(3) a reference to any standards (i.e., industry standards or standards used solely by the sponsor) under which performance information may be calculated;
- (i) a description of the information about the client that is communicated by the sponsor to the client's portfolio manager, and how often or under what circumstances the sponsor provides updated information about the client to the portfolio manager;
- (j) any restrictions on the ability of clients to contact and consult with portfolio managers;
- (k) in narrative text, the information required by Items 7 and 8 of Part II of this form and, as applicable to clients of the wrap fee program, the information required by Items 2, 5, 6, 9A and C, 10, 11, 13 and 14 of Part II ;
- (l) if any practice or relationship disclosed in response to Item 7, 8, 9A, 9C and 13 of Part II presents a conflict between the interests of the sponsor and those of its clients, explain the nature of any such conflict of interest; and
- (m) if the sponsor or its divisions or employees covered under the same investment adviser registration as the sponsor act as portfolio managers for a wrap fee program described in the brochure, a brief, general description of the investments and investment strategies utilized by those portfolio managers.

8. **Organization and Cross References.** Except for the cover page requirements in Item 7(a) above, information contained in the brochure need not follow the order of the items listed in Item 7. However, the brochure should not be organized in such a manner that important information called for by the form is obscured.

Set forth below the page(s) of the brochure on which the various disclosures required by Item 7 are provided.

<i>Page(s)</i>	<i>Page(s)</i>	<i>Page(s)</i>
Item 7(a) cover	Item 7(f) 3-5	Item 7(j) 2
#7(b) i	#7(g) 7	#7(k) 2, 7-9
#7(c) 1, 3-5	#7(h) 8	#7(l) 5-7, 8-9
#7(d) 4-5	#7(i) 2	#7(m) 2-3
#7(e) 4-5		

# Capital Management Group LLC

## CMG Choice Wrap-Fee Brochure Dated 1/1/06

Please contact us at:  
33 Custer Street  
East Providence, RI 02914  
Phone: (401) 338-4147  
Fax: (401) 383-5614

This brochure provides clients with information about Capital Management Group LLC (hereinafter CMG) and the CMG Choice Wrap-Fee Program that should be considered before becoming a client of the CMG Wrap-Fee program. This information has not been approved or verified by any governmental authority.

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## I. GENERAL INFORMATION

Capital Management Group LLC (hereinafter “CMG”), offers the following wrap-fee program, where appropriate, to interested prospects and advisory clients. CMG, a corporation organized under Rhode Island law, is a registered investment adviser. CMG maintains its principal office at 33 Custer Street, East Providence, RI 02914. If you have questions regarding the material contained herein, please contact CMG at (401) 338-4147.

## II. CMG CHOICE WRAP-FEE PROGRAM DESCRIPTION

CMG is the sponsor of the CMG Choice Wrap-Fee Program (hereinafter the “Program”). A “wrap-fee” program is one that provides the client with advisory and brokerage execution services for one all-inclusive fee. The client is not charged separate fees for the respective components of the total service. CMG and its Investment Advisor Representatives actively solicit advisory clients for the Program. CMG is also responsible for the marketing of the Program.

In the CMG Choice program, Investment Advisor Representatives (hereinafter “IAR”) of CMG will continuously manage client portfolios based on the individual needs of the client. At the time of clients' initial investments in the program, the IAR will assist the client in determining the client's current financial situation, financial goals and attitudes towards risk. This determination will allow the IAR to review the client's situation, and determine an appropriate asset allocation.

Once an appropriate asset allocation is determined with a client, the IAR will manage client accounts on a non-discretionary basis. Managed client assets may consist of no-load and load-waived mutual funds, individual stocks, and bonds in client accounts. IAR's will make recommendations with respect to changes to a client's account based on market, economic and political circumstances, and the individual characteristics of securities. Changes to client portfolios will not be implemented without the consent of the client.

By recommending the Choice Program to clients, CMG is recommending the services of Fidelity Brokerage Services, LLC, a NASD member broker dealer. Clients who decide to participate in the Program are also choosing the brokerage services of Fidelity. Through Fidelity, CMG receives benefits that it would not receive if it did not offer investment advice.

Pursuant to contractual authority from the client, CMG will execute all securities transactions in client accounts without separate commission costs. Participation in the CMG Program requires the appointment of Fidelity Brokerage Services, LLC as broker. Fidelity's execution procedures are designed to make every attempt to obtain the best execution possible, although there can be no assurance that it can be obtained. Clients should consider whether or not the appointment of Fidelity as the sole broker may or may not result in certain costs or disadvantages to the client as a possible result of less favorable executions.

CMG may trade with other broker/dealers in order to achieve best execution, obtain a wider variety of issues or take advantage of favorable mark-ups or mark-downs available elsewhere.

No agency cross transactions or principal transactions by CMG may be effected in Program accounts.

The client should consider that, depending upon the level of the wrap-fee charged by CMG, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap-fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if CMG were to negotiate commissions and seek best price and execution of transactions for the client's account.

CMG will ensure that the client has reasonable access to the CMG professionals managing the client's account.

IAR's will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple clients' accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows an IAR to execute equity trades in a more timely, equitable manner and to reduce overall commission charges to clients. No personal trades will ever be included in any client blocks. Because client accounts are separately managed by each representative of CMG, however, IAR's will only block their own clients' transactions together. An IAR's clients' transactions are not blocked with transactions by other IAR's. In addition, there is generally no benefit to blocking mutual fund transactions.

**Proxy Policy:** As a matter of firm policy, CMG does not vote proxies for Program client accounts.

### III. INVESTMENT STRATEGIES AND SECURITIES ANALYSIS

CMG provides portfolio management services, where appropriate, to individuals, pension and profit sharing plans, trusts, estates, corporations and charitable organizations. CMG will create a portfolio consisting of one or more of the following: individual equities (with the exception of foreign issuers), corporate debt securities, CDs, municipal securities, mutual funds, and U.S. Government securities. CMG may also recommend other types of investments, including, but not limited to, options on securities and REITs, where appropriate to the needs of the client. IAR's will allocate the client's assets among various investments taking into consideration the objectives of the client. The mutual funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities.

CMG utilizes several data resources in gathering historical information, as well as annual and quarterly reports. Using technical, fundamental, cyclical, and charting analysis, securities are continuously monitored and evaluated relative to market and industry conditions.

CMG may use money market mutual funds to “sweep” unused cash balances until they can be appropriately invested.

CMG may utilize one or more of the following investment strategies in servicing Program participants: long-term and short-term investment strategies, trading (securities sold within 30 days), short sales, and/or option writing. Because these investment strategies involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated tolerance for risk.

CMG utilizes a number of sources of financial information in the firm's analysis of securities including financial newspapers and magazines, research materials and reports, corporate rating services, annual reports, prospectuses, SEC filings and company press releases. Research services are received in various forms, which may include written reports, or information obtained on the world wide web.

#### IV. FEE SCHEDULE

CMG charges an annual “wrap-fee” for participation in the Program. Clients pay an all inclusive wrap fee of 2.75% of assets under management, which includes charges for advisory services, custody, clearing, transaction execution and account reporting. Clients participating in this program also agree to direct brokerage in their Portfolio Management account(s) through Fidelity Brokerage Services, LLC. Therefore, in evaluating such an arrangement, a client should recognize that brokerage commissions for the execution of transactions in the client's account are not negotiated by CMG, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to other clients. The client should also consider that, depending upon the level of the wrap fee charged by the broker dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if CMG were free to negotiate commissions and seek best price and execution of transactions for the client's account. CMG may “household” or group together multiple accounts of one client relationship for purposes of calculating the fee.

The wrap-fee does not include certain administrative fees for wire transfers or certificate issues. Securities transactions effected for the client's account may also include mark-ups, mark-downs, or dealer spreads to market makers or other principals from whom securities were obtained by Fidelity. These mark-ups, mark-downs, or dealer spreads will be retained by the market maker or other principal and will not be credited or reimbursed to the client's account.

***Negotiability of Fees and Account Minimums:*** In certain circumstances, all of CMG's fees may be negotiable.

**Fee Calculation:** The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client, pursuant to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (hereinafter "IA Act").

**Fee Payment:** Clients will be charged in arrears at the end of each month based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter.

**Termination of Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

**Mutual Fund Fees and Expenses:** All fees paid to CMG for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of CMG. In that case, the client would not receive the services provided by CMG which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by CMG to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

## V. ADDITIONAL INFORMATION ABOUT FEES AND SERVICES

In considering the investment programs described in this brochure, a prospective client should be aware that the Program may cost a client more or less than purchasing the actual services separately from other advisers or broker-dealers.

In addition, the amount of compensation received by CMG and its representatives as a result of the client's participation in the Program may be more than what CMG and its representatives would receive if the client paid separately for investment advice, brokerage and other services. Therefore, CMG and its representatives may have a financial incentive to recommend the Program over other advisory programs or services.

The factors that should be considered by a prospective client include the size of a client's portfolio, the nature of the investments to be managed, commission costs, custodial expenses, if any, the anticipated level of trading activity and the amount of advisory fees only for managing the client portfolio.

Advisory fees may vary among CMG's clients based upon a number of factors, including the size of the client's account, the types of investments, the nature of related services provided, and the length of the advisory relationship with a client, among other things. CMG may "household" or group together multiple accounts of one client relationship for purposes of calculating the fee.

Clients should understand that similar advisory services may be available from other registered investment advisers for lower fees.

## VI. CONFLICTS OF INTEREST

CMG or individuals associated with CMG may buy or sell securities identical to or different than those recommended to clients for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of CMG that no person employed by CMG may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

As these situations represent a conflict of interest, CMG has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) An officer, member or employee of CMG shall not buy or sell securities for his or her personal portfolio(s) where such decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of CMG shall prefer his or her own interest to that of the advisory client.
- 2) CMG maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by Jeffrey Pereira, Managing Member of CMG, and/or an appropriate officer/individual of CMG.
- 3) CMG requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- 4) Any individual not in observance of the above may be subject to termination.

CMG may aggregate trades for itself or for its associated person with client trades, providing that the following conditions are met:

- 1) CMG's policies for the aggregation of transactions shall be fully disclosed in this Form ADV and separately to CMG's existing clients (if any) and the broker-dealer(s)

through which such transactions will be placed;

- 2) CMG will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients and is consistent with the terms of CMG 's investment advisory agreement with each client for which trades are being aggregated;
- 3) No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all CMG's transactions in a given security on a given business day. Under the client's agreement with the custodian/broker, transaction costs will be based on the number of shares traded for each client;
- 4) CMG will prepare, before entering an aggregated order, a written statement ('Allocation Statement') specifying the participating client accounts and how it intends to allocate the order among those clients;
- 5) If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated pro-rata based on the Allocation Statement.
- 6) Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for different allocation is explained in writing and is approved by CMG 's compliance officer no later than one hour after the opening of the markets on the trading day following the day the order was executed;
- 7) CMG's books and records will separately reflect, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account;
- 8) Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement;
- 9) CMG will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
- 10) Individual advice and treatment will be accorded to each advisory client.

Certain fund transaction fees may apply within the Program, which, as applicable, will be deducted from the compensation paid to client's IAR.

## VII. EDUCATION AND BUSINESS STANDARDS

CMG requires that investment adviser representatives maintain general standards of education and business experience, especially related to investments. Investment adviser representatives must also satisfy state-by-state qualification requirements within the states in which the representatives have places of business. Portfolio managers are selected based on experience with respect to an individual client's financial objectives and circumstances.

## VIII. OFFICERS OF CMG

### **JEFFREY BRIAN PEREIRA**

**BORN: 1977**

#### EDUCATION:

Attended Rhode Island College from 09/95 to 05/96.  
Graduated from Bryant College in 2000 with a Bachelor of Finance.

#### EMPLOYMENT HISTORY:

Owner, Capital Management Group from 12/05 to Present.  
Financial Advisor, Morgan Stanley from 09/00 to 08/05.

#### EXAMINATIONS AND PROFESSIONAL DESIGNATIONS:

NASAA Series 66, Uniform Combined State Law Examination, 2001.  
NASD Series 7, General Securities Representative Examination, 2001.

### **ERIC FRANCIS FOSTER**

**BORN: 1964**

#### EDUCATION:

Graduated from New England Institute of Technology in 1986 with a Bachelor of Engineering.

#### EMPLOYMENT HISTORY:

President, Capital Management Group from 09/05 to Present.  
Sole Proprietor, Capital Management Group from 01/00 to 12/05.

#### EXAMINATIONS AND PROFESSIONAL DESIGNATIONS:

NFA Series 3, National Commodity Futures Exam, 1998.

## IX. OTHER BUSINESS ACTIVITIES

Eric Foster, in his individual capacity, is a general partner of two limited liability companies: Boston Financial LLC and Boston Marketing and Consulting Group LLC. Boston Financial LLC provides 504(B) and 506(K) services for pink sheet and over-the-counter companies. Boston Marketing and Consulting provides investor relations and public relations services for small companies.

Jeffrey Pereira, in his individual capacity, is a general partner of JKJ Funding LLC, an LLC formed for real estate investment purposes. Mr. Pereira does not provide advisory services to this LLC and no CMG clients are solicited to invest in this entity.

CMG clients in need of the services provided by the above-listed entities may be referred to such firm. Clients of the above-listed firms in need of advisory services may be referred to CMG. The services provided by the above-listed entities are separate and distinct from the advisory services provided by CMG, and are provided for separate and typical compensation. There are no referral fee arrangements between CMG and the above-listed entities for these recommendations. No client of the above-listed entities is obligated to use CMG for any advisory services.

These individuals may spend as much as 50% of their time with these outside activities.

Mr. Foster, Managing Member of CMG, is also registered with the National Futures Association as a Commodities Trading Advisor in his individual capacity.

## X. REVIEW OF ACCOUNTS AND CLIENT REPORTS

REVIEWS: While the underlying securities within Portfolio Management Services accounts are continuously monitored, these accounts are reviewed at least monthly by Jeffrey Pereira of CMG. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

REPORTS: In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker dealer, CMG will provide quarterly reports summarizing account performance, balances and holdings.

## XII. ADDITIONAL COMPENSATION AND BENEFITS

As part of the advisory program in which CMG participates to provide client services, CMG receives support and services from program sponsors. The support and services provided include trading and account reporting software (including technical support), and research analysis such as model portfolios and recommended asset allocation. These services are for the benefit of all clients participating in the programs.

CMG utilizes the services of the Fidelity Registered Investment Advisor Group ('FRIAG') program sponsored by Fidelity Brokerage Services LLC ('Fidelity'). While there is no direct linkage (except in certain circumstances) between the investment advice given to clients and CMG's participation in the FRIAG program, economic benefits are received by CMG which would not be received if CMG did not give investment advice to clients.

These benefits include: A dedicated trading desk that services FRIAG participants exclusively, a dedicated service group and an account services manager dedicated to CMG's accounts, access to a real-time order matching system, ability to 'block' client trades, electronic download of trades, balances and positions, access, for a fee, to an electronic interface with FRIAG's software, duplicate and batched client statements, confirmations and yearend summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), a quarterly newsletter, access to Fidelity mutual funds, access to AdvisorChannel.com (internet access to statements, confirmations and transfer of asset status), access to over 350 mutual fund families and 4,500 mutual funds NOT affiliated with Fidelity, of which over 2,000 have no transaction fee, ability to have loads waived for CMG's clients who invest in certain Fidelity loaded funds, when certain conditions are met and maintained and the ability to have custody fees waived (when negotiated by the adviser and allowed under certain circumstances).