



**Caldwell Sutter Capital, Inc.**  
**June 26, 2020**

## **Client Relationship Summary**

Caldwell Sutter Capital, Inc. is registered with the Securities and Exchange Commission and Financial Industry Regulatory Authority (FINRA) as a broker-dealer and is registered with the Securities Exchange Commission as an investment adviser. Caldwell Sutter Capital, Inc. is also a member of the Securities Investor Protection Corporation (SIPC) and the Municipal Securities Rulemaking Board (MSRB). Brokerage and investment advisory services and fees differ, and it is important for you to understand the differences.

This document is a summary of the services and fees we offer to “retail investors”, which are natural persons who seek or receive services primarily for personal, family, or household purposes. Additionally, free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS) which also provides educational materials about broker-dealers, investment advisers, and investing and [brokercheck.finra.org](http://brokercheck.finra.org) which provides pertinent facts including disciplinary history about member firms and individual registered representatives.

### **What investment services and advice can you provide me?**

We offer the following brokerage services and investment advisory services to retail investors:

- As a broker-dealer, we offer **brokerage services** that include buying and selling securities. We provide the ability to execute the purchase and sale of various types of securities and investments on your behalf, at your direction. We also offer investment recommendations and investment strategy recommendations however you make the ultimate decision regarding the purchase or sale of investments.
- As an investment advisor, we offer **investment advisory services** where we provide Portfolio Management Services. Portfolio management involves building and overseeing a selection of investments that are chosen based off the long-term financial goals and risk tolerance of an investor.

### **Account Monitoring:**

- **Brokerage Services:** We do not provide account monitoring services for your brokerage accounts. Your financial professional may voluntarily review account holdings from time to time however these reviews are not an account monitoring service. If you prefer on-going monitoring of your account(s) or investments, you should speak with a financial advisor about whether an advisory services relationship is more appropriate for you.
- **Advisory Services:** When you open an investment advisory account with our firm, as part of our standard service we will monitor your investments no less than annually.

### **Investment Authority:**

- **Brokerage Services:** You make the ultimate decision regarding the purchase and sale of investments in your brokerage investment account(s).
- **Advisory Services:** We manage investment accounts on a *discretionary* basis whereby **we will decide** which investments to buy or sell for your account. We have discretion to select, retain or replace third-party managers to manage your accounts. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing. We also offer *non-discretionary* investment management

services whereby we will provide advice; however, *you will ultimately decide* which investments to buy and sell for your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

### **Investment Offerings:**

- **Brokerage Services:** We offer the following types of investments or products: stocks, corporate bonds, certificates of deposit, municipal securities, variable life insurance, variable annuities, mutual fund shares, United States government securities, money market funds, real estate investment trusts (REITs), exchange traded funds (ETFs), private placements and limited partnerships.
- **Advisory Services:** We offer advice on the following types of investments or products: stocks, corporate debt securities (other than commercial paper), certificates of deposit, municipal securities, variable annuities, mutual fund shares, United States government securities, options contracts on securities, money market funds, real estate investment trusts (REITs), exchange traded funds (ETFs), private placements and limited partnerships.

### **Account Minimums and Requirements:**

- **Brokerage Services:** We do not require a minimum dollar amount to open and maintain a brokerage account. However, some investment products may have investment minimums.
- **Advisory Services:** We do not require a minimum account size to open and maintain an advisory account, however, we may suggest a minimum portfolio size of \$250,000 to establish a relationship.

#### ***Key Questions to Ask Your Financial Professional***

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

### **What fees will I pay?**

#### **The principal fees and costs associated with engaging our firm for broker-dealer services include:**

Commissions and securities transaction charges which are typically charged at the time a transaction is executed. The more transactions you place, the more commission we earn thus, we might have an incentive to encourage more transactions.

#### **The principal fees and costs associated with engaging our firm for investment advisory services include:**

- **Asset Based Fees** – are payable quarterly in advance. Since the fees we receive are asset-based (i.e. based on the value of your account), we have an incentive to increase your account value which creates a conflict especially for those accounts holding illiquid or hard-to-value assets.

In addition to our principal fees and costs for brokerage and advisory services, there are other common fees and costs that may be applicable to our clients that include:

- Custodian fees;
- Account maintenance fees;
- Fees related to mutual funds and exchange-traded funds;
- Transaction charges when purchasing or selling securities; and
- Other product-level fees associated with your investments

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

For detailed information about our services, fees and compensation, and other disclosures, refer to additional disclosures on our website <https://www.cald.com/additionaldisclosures> and refer to our Form ADV Part 2A Brochures, by clicking this link <https://adviserinfo.sec.gov/firm/brochure/10489>.

### **Key Question to Ask Your Financial Professional**

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

What are your legal obligations to me when acting as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

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

- **Proprietary Trading:** We recommend investments that are issued, sponsored, or managed by our firm or our affiliates. We have a financial incentive to recommend such proprietary investments and would therefore have a conflict of interest.
- **Principal Trading:** We can buy investments from you, and sell investments to you, from our own accounts (called “*acting as principal*”), however *only with your specific approval on each transaction*. We can earn a profit on these trades, so we have an incentive to encourage you to trade with us.
- **Agency Cross Transactions:** Our firm or a related person of our firm acts as a broker-dealer or registered representative of a broker dealer and executes securities transactions for brokerage customers in which advisory client securities are sold to or bought from the brokerage customer. We could receive compensation from each party to the transaction and would therefore have a conflict of interest. We will require your consent prior to each such transaction.
- **Third-Party Payments:** Persons providing advice on behalf of our firm are registered representative with a broker-dealer. These persons could receive compensation in connection with the purchase and sale of securities or other investment products in their capacity as a registered representative. If our firm or a related person of our firm recommends the purchase or sale of securities as a registered representative, the person may receive compensation in the form of commissions that is separate, however in addition to the advisory fees charged in your advisory accounts when acting as investment adviser. This practice presents a conflict of interest because they have an incentive to recommend investment products based on the compensation received for the purchase or sale of securities, acting as a registered representative, rather than solely based on your needs when acting as an investment adviser.
- **Third-Party Payments:** Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products. Insurance commissions are separate and in addition to our advisory fees. This practice presents a conflict of interest because they have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs.

Refer to the additional disclosures on our website <https://www.cald.com/additionaldisclosures> and our Form ADV Part 2A Brochures by clicking this link <https://adviserinfo.sec.gov/firm/brochure/10489> to help you understand what conflicts exist.

### **Key Question to Ask Your Financial Professional**

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

How do your financial professionals make money?

The financial professional providing **brokerage services** to you are compensated in the following ways: Commission-based compensation in connection with the purchase and sale of securities, a salary and a bonus. The bonus compensation paid to our financial professionals is not incentive based and does not always pay annually. Compensation earned by a financial professional presents a conflict of interest because the more they sell, the more they can earn.

The financial professional providing **investment advisory services** to you are compensated in the following ways: Percentage of advisory fees which are based on the amount of client assets they service, a salary and a

bonus. The bonus compensation paid to our financial professionals is not incentive based and does not always pay annually.

**Do you or your financial professionals have legal or disciplinary history?**

Yes, our firm or our financial professionals currently have legal or disciplinary history to disclose. These events are disclosed in either our Form ADV or the specific individual's Form U4. These documents can be found by going to [Investor.gov/CRS](http://Investor.gov/CRS).

***Key Questions to Ask Your Financial Professional***

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

You can find additional information about your brokerage and/or investment advisory services and request a copy of the relationship summary at 415-367-4981 or <https://www.cald.com/additionaldisclosures>.

***Key Questions to Ask Your Financial Professional***

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