

Item1: Cover Page

Firm Brochure

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Chieco Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at: 860-657-9010, or by email at: david@chiecocapital.com. 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.

Chieco Capital Management, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The written and verbal communications of an Adviser to you provide you with information to determine whether or not to hire or retain and Adviser.

Additional information about Chieco Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material

Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur subsequent to the previous release of the Firm Brochure.

Material Changes since the Last Update

This modified version of the firm brochure contains new information for the benefit of our clients.

In this “Material Changes since the Last Update,” we discuss only the material changes since the last annual update of this brochure on March 27, 2013:

1. **Assets Under Management and Client Count.** The assets under management by the firm as well as the number of asset management and financial planning clients of the firm has been updated at “Item 4: Advisory Business – Types of Advisory Services.”
2. **Alteration of Terms of Asset Management Service Offering –** Previously, the firm did not impose a separate fee for Tax Preparation Services for clients who maintained greater than \$500,000 of assets managed by the firm. Because Asset Management Services and Tax Preparation Services are separate and distinct service offerings, the firm believes it is preferential for the fees charged for these services to be separate and distinct as well. This change became effective as of January 1, 2015.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 860-657-9010 or by email at: david@chiecocapital.com.

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Item 4: Advisory Business

Firm Description

Chieco Capital Management, LLC, (“CCM”) was founded on January 1, 2009.

CCM provides personalized confidential financial planning and investment management to individuals, trusts and estates. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

CCM is strictly a fee-only financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder’s fees are accepted.

Investment advice is an integral part of financial planning. In addition, CCM advises clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

Investment advice is provided, with the client making the final decision on investment selection. CCM does not act as a custodian of client assets. The client always maintains asset control. CCM places trades for clients under a limited power of attorney.

A written evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement and a personal cash flow statement. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

Principal Owners

David J. Chieco is a 100% stockholder.

Types of Advisory Services

Chieco Capital Management, LLC provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services; furnishes investment

advice through consultations; and issues, charts, graphs, formulas, or other devices which clients may use to evaluate securities.

The firm also provides tax preparation and consulting services for individuals, trusts and estates.

On more than an occasional basis, Chieco Capital Management, LLC furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

As of December 31, 2015, Chieco Capital Management, LLC manages approximately \$3,203,658 in assets for approximately 9 clients. Approximately \$2,024,798 is managed on a discretionary basis, and \$1,178,860 is managed on a non-discretionary basis. Of these 9 clients, a portion of these clients have engaged the firm strictly for Financial Planning Services with no expectations of Asset Management Services to be provided to them. Accordingly, for those clients who engage the firm solely for Financial Planning Services, the firm will not have any continuous supervisory responsibility related to their investment portfolio on an ongoing basis once the Financial Planning engagements with those clients have been completed.

Tailored Relationships

The goals and objectives for each client are documented in our client relationship management and financial planning systems. Investment policy statements are created that reflect the client's stated goals and objectives. The client's net worth, income levels and stability of income streams are also considered in developing financial plans and investment policy statements. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

Types of Agreements

The following agreements define the typical client relationships.

Financial Planning Agreement

A financial plan is designed to help the client with all aspects of financial planning without ongoing asset management services of a supervisory nature after the financial plan is completed.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of existing investment accounts, including reviewing the client's current asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education

planning with funding recommendations. All aspects of the client's financial affairs are reviewed, including those of their children.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

The fee for a financial plan is predicated upon the facts known at the start of the engagement. The minimum fee is \$1,500 and is negotiable at the discretion of Chieco Capital Management, LLC. Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

Clients who sign both Financial Planning and Asset Management Agreements will have their financial plans and investment policy statements adjusted to recognize and incorporate new client goals, changes in the client's net worth and other significant life events on an ongoing basis. Any incorporated changes in an Asset Management client's financial plan and/or investment policy statement will not result in any additional fees beyond those charged for Asset Management services per the Asset Management Agreement executed with the firm. See the *Asset Management Agreement* section below for more detail about Asset Management services.

After delivery of a completed financial plan and an investment policy statement, future face-to-face or telephonic meetings may be scheduled as necessary for up to two months. Follow-on implementation work is billed separately at the rate of \$150 per hour to reflect that a financial plan and investment policy statements are dynamic documents that may need to be revised due to revised goals, changes in net worth and life changes experienced by the Financial Planning client.

Asset Management Agreement

Some Financial Planning clients choose to engage Chieco Capital Management, LLC to manage their assets in order to obtain ongoing in-depth advice and life planning. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Asset Management Agreement is provided to the client in writing prior to the start of the relationship. An Asset Management Agreement includes: investment management (including performance reporting); education planning; retirement planning; estate planning, as well as the implementation of recommendations within each area.

The annual Asset Management Agreement fee is based on a percentage of

the investable assets according to the following schedule:

0.80% on the first \$1,000,000;

0.60% on the next \$2,000,000 (from \$1,000,001 to \$3,000,000); and

0.40% on the assets above \$3,000,000.

There is no minimum annual fee charged and there is no minimum threshold amount of assets to be managed by the firm to become an Asset Management client. At the discretion of the firm, fees may be negotiable. Current client relationships may exist where the fees are lower than the fee schedule above.

Although the Asset Management Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the asset manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination. Any fees collected in advance for time periods beyond the date the assets were under the management supervision of Chieco Capital Management, LLC will be refunded to the client within 15 days.

The firm does not accept commissions or fees of any kind from any investment management company or product provider. Recommendations of certain investments and financial products are made in the best interests of each client based on the client's particular financial situation, goals, objectives and risk tolerance.

Asset Management clients may have an additional fee assessed upon them for preparation of their federal and state income tax returns. Eligible federal and applicable state returns may be filed electronically without an additional fee.

Tax Preparation Agreement

Tax preparation work performed separately from an *Asset Management Agreement* and/or a *Financial Planning Agreement* is billed to reflect the anticipated time to complete the returns and complexity of the client's income tax returns. There is no minimum fee for tax preparation. Without charging any additional fees, eligible federal and applicable state returns may be filed electronically.

The terms of the engagement include the fee to be charged and the jurisdictions for which income tax returns are to be prepared are documented by use of a *Tax Preparation Engagement Letter* which is reviewed and signed by the tax client.

Hourly Planning Engagements

Chieco Capital Management, LLC provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$150.

Asset Management

Assets are invested primarily in no-load mutual funds and exchange-traded funds, usually through brokerage firms or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Chieco Capital Management, LLC places great emphasis on utilizing no-load mutual funds and exchange-traded funds with low expense ratios. The firm strongly recommends passively managed mutual funds and exchange-traded funds in the construction of client portfolios. Brokerage firms may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. Chieco Capital Management, LLC will not manage individual equity securities and will not collect a fee on those assets. We highly recommend clients to maintain a separate brokerage account for ownership of individual equity security issues. The brokerage firm charges a fee for stock and bond trades. Chieco Capital Management, LLC does not receive any compensation, in any form, from fund companies.

Investments managed by the firm may also include: corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares and exchange-traded funds) and U. S. government securities.

Initial public offerings (IPOs) are not available through Chieco Capital Management, LLC.

Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying Chieco Capital Management, LLC in writing and paying the rate for the time spent on the asset management engagement prior to notification of termination. If the client made an advance payment, Chieco Capital Management, LLC will refund any unearned portion of the advance payment.

Chieco Capital Management, LLC may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, Chieco Capital Management, LLC will refund any unearned portion of the advance payment.

Item 5: Fees and Compensation

Description

Chieco Capital Management, LLC bases its fees on a percentage of assets under management, hourly charges and fixed fees. Fixed fees are charged for a completed financial plan/investment policy statement for clients pursuant to a *Financial Planning Agreement* and for preparation of income tax returns for stand-alone tax clients per the *Tax Preparation Engagement Letter*.

Tax Preparation Engagements may be priced based on the complexity of work, especially when the tax client is not a Financial Planning or Asset Management client as well.

Financial plans are priced according to the degree of complexity associated with the client's situation.

Fees are negotiable at the discretion of Chieco Capital Management, LLC.

Fee Billing

Asset management fees are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has ended. Billing for asset management services occurs at the beginning of each calendar quarter based on the amount of assets managed as of the end of the previous calendar quarter. Payment in full is expected upon invoice presentation. Fees may be deducted from a designated client account to facilitate billing. The client must provide written consent in advance to direct debiting of their investment account. The choice to have fees directly debited from the client's assets or for the client to be billed for fees incurred is at the sole discretion of each client.

Chieco Capital Management, LLC will send each client an invoice showing the amount of the fee, the value of the client's assets on which the fee is based, and the specific manner in which the fee was calculated. Clients are strongly encouraged to verify the accuracy of the fee calculations displayed on such invoices.

Fees for financial plans are billed 50% in advance, with the balance due upon delivery of the financial plan.

Fees for income tax preparation are billed upon delivery of the completed tax returns to the client and the client has had sufficient opportunity to review the income tax returns with Chieco Capital Management, LLC.

Item 4: *Advisory Business*, provides more detail regarding the methodology and calculation of fees related to Financial Planning, Asset Management, Hourly Consulting and Tax Preparation.

Proper Management of Conflicts of Interest Relating to the Fees We receive From You, Relating to the Receipt of Percentage-Based Compensation

Our compensation for Asset Management services is based on the amount of your assets which we have under management. This method of compensation creates conflicts when our compensation could be enhanced based on our advice. These include any situations that would increase the assets we manage, such as taking out a mortgage rather than using cash to purchase a home, deciding not to pay off a mortgage, gifting to charities or children, or our recommendations to bring to our firm other client assets such as 401k accounts maintained at a client's former place of employment, under our management, etc. Each time such a potential conflict may arise, we will give you written notice of the conflict in that given situation if our advice regarding the proposed transaction would impact our compensation.

This method of compensation does align our interests with yours, because our compensation increases when the assets we manage for you increase. However, our revenue also may be increased or decreased due to market fluctuations determined predominantly by economic factors beyond our control. These market fluctuations would not actually reflect the value we add to investment management. To counter these disadvantages, we will provide you on an annual basis a comparison of market performance to the performance of your account in easy-to-understand graph form, using appropriate indices. To make sure you are aware of the fees we charge, we will provide quarterly billing statements which detail the dollar amount you are being charged, even though these amounts may be withdrawn directly from your account.

Also, since we are not directly compensated for other factors involved in comprehensive planning, such as tax planning, estate planning, goal setting, etc., it may be perceived that we are not diligent in fulfilling these obligations to you. To assure you of our professional diligence in these matters, each quarterly statement or other written information will summarize any non-investment financial advice or services we have provided during the quarter. We also will review with you annually and in-person the impact your investments have on your tax, insurance and estate planning, as well as the progress toward stated personal goals.

Financial planning clients are advised that, if they retain our firm as Asset Manager (i.e., charging an asset management fee based on a percentage of assets under management), a potential conflict of interest arises. Any advice that increases assets under our management will increase the management fee, and any advice that decreases assets under our management will decrease the management fee. The types of questions which could give rise to this conflict are questions such as: whether to pay off or pay down a home mortgage; whether to take lump sum or annuity from a pension plan; and whether to invest or maintain investments in assets that we will not manage.

We strive to maintain a high degree of objectivity and to ensure that our advice is not based on these considerations. However, the potential for conflict of interests exists, and clients must be aware of that fact as they consider our recommendations.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Chieco Capital Management, LLC, in its sole discretion, may charge a lesser asset management fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% of that particular mutual fund account balance for its services. These fees are in addition to the fees paid by you to Chieco Capital Management, LLC.

Chieco Capital Management, LLC places great emphasis on utilizing passively managed no-load mutual funds and exchange-traded funds with low expense ratios.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement

Chieco Capital Management, LLC reserves the right to stop work on any account that is more than 90 days overdue. In addition, Chieco Capital Management, LLC reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Chieco Capital Management LLC's judgment, to providing proper financial advice.

Any unused portion of fees collected in advance will be refunded within 15 days after the parties agree to terminate the agreement. Client fees paid in advance are refunded by the firm to the client based on the number of days commencing with the beginning of a calendar quarter to the date the client notified the firm that he or she no longer desired to be a client of the firm. For example, a client that notified the firm of its desire to no longer be an asset

management client as of July 31, 20XX, would be entitled to 61 days' worth of the 3rd calendar quarter's fee (92 days) refunded to him or her.

Provisions Applicable to All Client Programs: Proper Management of Conflicts of Interest between Clients

In addition to the potential conflicts of interest related to the Asset Management service fees detailed above, there are other potential conflicts of interest which Chieco Capital Management, LLC addresses:

- Chieco Capital Management, LLC has more than one client. Each client rightfully expects a sufficient amount of time and resources allocated to his or her financial needs as a client. When meeting with a particular client, Chieco Capital Management, LLC goes to great lengths to make the client the sole focus of the firm. We communicate often with our clients and often generate several iterations of a financial plan and/or investment policy statement to ensure that the client's goals and objectives have been effectively reflected in these documents. Clients are free to call and discuss their concerns with Chieco Capital Management, LLC. If a time is inconvenient, we will determine a mutually convenient time with the client and meet either in-person or telephonically during business hours or during non-business hours. We make every attempt to conform to what the client needs.
- The principal of the firm is also a CPA licensed by the State of Connecticut and the State of New Jersey. As a CPA, the principal of the firm provides a stand-alone tax preparation service which utilizes the time and resources of the firm. Chieco Capital Management, LLC mitigates the risk of the tax return preparation services taking inordinate amounts of time from the Financial Planning and Asset Management services by performing this tax work during non-trading hours. Typically, tax return preparation is conducted on nights and weekends to avoid this potential resource utilization conflict. Tax return preparation services performed for Asset Management clients are incorporated within annual reviews where appropriate to give those clients as complete a picture of their financial situation as possible.

Item 6: Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Chieco Capital Management, LLC does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an

investment that may carry a higher degree of risk to the client than the client is willing, able or needs to assume.

Item 7: Types of Clients

Description

Chieco Capital Management, LLC generally provides investment advice to individuals, trusts and estates.

Client relationships vary in scope and length of service.

Account Minimums

Chieco Capital Management, LLC does not require a minimum account size of assets under management.

Clients receiving ongoing asset management services will not be assessed a minimum annual fee. Clients with modest assets under management by Chieco Capital Management, LLC may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Investing in securities involves the risk of loss. Clients who chose to invest in the financial markets must be prepared to confront the realities that economic losses from investing may occur.

Chieco Capital Management, LLC educates its clients about the possibility of loss by reviewing and discussing historical market performance. Clients are made aware that the past performance of the markets does not indicate a guarantee or a necessarily probable future outcome.

The main sources of information utilized by CCM include financial newspapers and magazines, commercially available software technology, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, other issuer-prepared information, and company press releases.

Other sources of information that Chieco Capital Management, LLC may use include Morningstar Advisor Workstation mutual fund information, specific fund company annual reports and websites, and the World Wide Web.

Investment Strategies

Investment advice offered by Chieco Capital Management, LLC is based on long-term strategic asset allocation incorporating the tenets of Modern

Portfolio Theory. CCM believes that the markets are relatively efficient. We believe that the primary determinant of investor returns is the asset allocation decision. CCM does not advocate market timing or individual security selection in designing client portfolios.

We primarily use low cost, passively-managed index and exchange-traded funds in portfolio construction. Portfolios are globally diversified to mitigate the risk associated with traditional markets. Chieco Capital Management, LLC recommends a buy, hold and rebalance strategy and we actively educate our prospects and clients regarding our belief in the advantages of this investing strategy. CCM strongly prefers its clients to have a long-term investment strategy with investment time horizons of at least 5 years to 20 years or more. Frequent trading of investments increase brokerage and other transaction costs and may have negative effects on an investment portfolio's return.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations taking into account the risk profile, the investor constraints and the net worth of that client. The client may change these objectives at any time. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy. The Investment Policy Statement is a dynamic document that is revisited at least annually and as changes in the client's financial situation and life further dictates.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, mutual fund or exchange-traded fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of

return (i.e. interest rate). This primarily relates to fixed income securities.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Item 9: Disciplinary Information

Legal and Disciplinary

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Chieco Capital Management, LLC or the integrity of Chieco Capital Management, LLC's management personnel. The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Item 10: Other Financial Industry Activities and Affiliations

Financial Industry Activities

David J. Chieco, the sole stockholder and principal of Chieco Capital Management, LLC, is licensed as a Certified Public Accountant (CPA) by the State of New Jersey and the State of Connecticut. CCM provides financial, tax, retirement and educational funding services to clients who may choose to utilize the asset management services of Chieco Capital Management, LLC.

Pursuant to Item 4: *Advisory Business*, Chieco Capital Management, LLC provides stand-alone Tax Preparation services to clients who do not receive either Financial Planning or Asset Management services from the firm. CCM performs the majority of these tax services during non-business hours such as evenings and weekends.

Affiliations

Chieco Capital Management does not have any arrangements that are material to its advisory or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

The employees of Chieco Capital Management, LLC have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request by contacting David J. Chieco.

Participation or Interest in Client Transactions

Chieco Capital Management, LLC and its employees may buy or sell securities that are also held by clients. In fact, employees of Chieco Capital Management, LLC often own the same investments in their own investment accounts as those recommended to its clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Chieco Capital Management, LLC *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of Chieco Capital Management, LLC is David J. Chieco. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets and conflicts of interest are avoided.

Item 12: Brokerage Practices

Selecting Brokerage Firms

Chieco Capital Management, LLC does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. Chieco Capital Management, LLC recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

Chieco Capital Management, LLC recommends brokerage firms and trust companies (qualified custodians), such as Shareholders Service Group.

Chieco Capital Management, LLC does not receive fees or commissions from any of these arrangements.

Best Execution

Chieco Capital Management, LLC reviews the execution of trades at each custodian each quarter. The review is documented in the Chieco Capital Management, LLC *Compliance Manual*. Trading fees charged by the custodians are also reviewed on a quarterly basis. Chieco Capital Management, LLC does not receive any portion of the trading fees.

Soft Dollars

As a result of its business relationship with Shareholders Service Group (independent qualified custodian) Chieco Capital Management, LLC receives favorable pricing on certain web-based financial planning software and performance reporting software. All Asset Management and Financial Planning clients benefit from these pricing discounts as it reduces the firm's overall expenses.

Shareholders Service Group also provides on-line webinars at no additional cost. These webinars often detail regulatory and tax law changes, compliance issues and software upgrades as well as new financial planning and investment management software products. These webinars help us become a more informed and competent financial advisory firm to our clients.

The selection of Shareholders Service Group as a custodian for clients is not affected by these nominal pricing benefits received by the firm.

Order Aggregation

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

Item 13: Review of Accounts

Periodic Reviews

Account reviews are performed semi-annually by David J. Chieco, President. Account reviews are performed more frequently when market conditions or changes in a client's financial situation dictate.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own financial or life situation.

Regular Reports

Account reviewers are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the portfolio and of the client.

Clients receive periodic communications on at least a semi-annual basis. *Asset Management Agreement* clients receive written annual updates. The written updates may include a net worth statement, portfolio statement, tax return (if the client requests tax preparation services), and a summary of objectives and progress towards meeting those objectives.

Item 14: Client Referrals and Other Compensation

Incoming Referrals

Chieco Capital Management, LLC has been fortunate to receive client referrals. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties either directly or indirectly for these referrals.

Referrals Out

Chieco Capital Management, LLC does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

Chieco Capital Management, LLC does not accept any other compensation for incoming or outgoing referrals.

Item 15: Custody

Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Chieco Capital Management, LLC.

Net Worth Statements

Clients are frequently provided net worth statements and net worth graphs that are generated from our client relationship management system. Net worth statements contain approximations of bank account balances provided

by the client, as well as the value of land and hard-to-price real estate. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks.

Item 16: Investment Discretion

Discretionary Authority for Trading

Chieco Capital Management, LLC accepts discretionary authority to manage securities accounts on behalf of clients. Chieco Capital Management, LLC has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, Chieco Capital Management, LLC consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. Chieco Capital Management, LLC does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

Non-Discretionary Authority for Trading

Chieco Capital Management, LLC also offers non-discretionary Asset Management services. This means that Chieco Capital Management, LLC does not have the authority to determine, without obtaining specific client consent, the securities to be bought and sold, and the amount of securities to be bought and sold. Chieco Capital Management, LLC will be required to consult with the client prior to each trade to obtain client consent for the trade to be effected. At the outset of any client relationship, Chieco Capital Management, LLC prefers non-discretionary trading authority when providing Asset Management services to ensure that the client is fully engaged in the initial investment decisions that will affect the client's investment portfolio.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

Item 17: Voting Client Securities

Proxy Votes

Chieco Capital Management, LLC does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, Chieco Capital Management, LLC will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

Item 18: Financial Information

Financial Condition

Chieco Capital Management, LLC does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Chieco Capital Management, LLC does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$500 per client, and six months or more in advance.

Business Continuity Plan

General

Chieco Capital Management, LLC has begun development of a Business Continuity Plan that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornadoes, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic client files are backed up daily by an independent third-party vendor. All files remain confidential and are backed up with 128-bit encryption capabilities.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

Chieco Capital Management, LLC is in the process of identifying another reputable and similarly compensated fee-only financial advisory firm with whom a Business Continuation Agreement can be consummated to support Chieco Capital Management, LLC in the event of David J. Chieco's serious disability or death.

Information Security Program

Information Security

Chieco Capital Management maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

Chieco Capital Management, LLC is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards

Chieco Capital Management, LLC requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management. Advisory personnel must possess a firm commitment to the tenets of Modern Portfolio Theory.

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planner (CFP): Certified Financial Planners are licensed by the CFP® Board to use the CFP® mark. CFP® certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP® Board (www.cfp.net).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

Certified Public Accountant (CPA): Certified Public Accountants are licensed by the state where they take and pass the Uniform Certified Public Accounting examination and the state in which they practice. Rules for licensure vary on a state-by-state basis. The most relevant and broad requirements are listed below:

- Successful completion of the four-part Uniform CPA exam.
- Bachelor's degree from an accredited college or university with a requisite number of credit hours attained.
- Fulfilling the requisite experience requirement (e.g., 2 or more years of public accounting experience).
- Adherence to the continuing professional education (CPE) requirements of the state where the individual is licensed.
- Maintenance of good standing with the licensee's State Board of Accountancy.

David J. Chieco, CFA, CFP® CPA

The educational background and employment history of Chieco Capital Management, LLC's sole officer and investment adviser is outlined below.

Educational Background: Boston College, 1990 – B.S. Accounting

- Born in 1968

Business Experience:

- January 2009 – Present, President and Sole Owner of Chieco Capital Management, LLC – Glastonbury, Connecticut
- March 2008 – December 2008, Period of study for the CFP exam which David J. Chieco sat for and passed in July 2008. Also, period of time devoted to preparing for launch of Chieco Capital Management, LLC in January 2009.
- October 2007 – February 2008, Manager – The Hartford Financial Services Group, Inc. – Hartford, Connecticut
- July 2000 – June 2007, Chief Accountant – FactSet Research Systems, Inc. – Norwalk, Connecticut
- August 1996 – July 2000, Manager – PricewaterhouseCoopers, LLC – New York City, New York
- April 1994 – August 1996, Staff Accountant – Angelo & O'Brien, CPAs – Cranford, New Jersey

Disciplinary Information: None

Other Business Activities: As noted in Item 4: *Advisory Business*, David J. Chieco is a CPA who prepares income tax returns for asset management clients and also as a stand-alone service. Tax return preparation for asset management clients is incorporated into a semi-annual review whenever

possible to give asset management clients a tax-inclusive view of their respective financial and tax situations. Tax return preparation for stand-alone tax clients is performed during non-business hours at night and on weekends.

Additional Compensation: None

Supervision: David J. Chieco is the principal and sole employee of Chieco Capital Management, LLC

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None