



# DIGHTMAN CAPITAL GROUP

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Form ADV Part 2A Brochure – February 28, 2018



Welcome to Dightman Capital...focused on delivering a smoother path for your retirement journey. And passionate about helping you achieve your goals and dreams...within a straight forward framework and timely communications environment.

*NOTE: This Form ADV Part 2A brochure provides information about the qualifications and business practices of Dightman Capital Group, Inc. If you have any questions about the contents of this brochure, please contact us at 877-874-1133 or [info@dightmancapital.com](mailto:info@dightmancapital.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. Additional information about Dightman Capital Group, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Dightman Capital Group, Inc. is a registered investment advisor. Registration as an investment advisor does not require any certain level of skill or training. Our CRD number is 145068.*

## **Material Changes (Item 2)**

*This section of the brochure helps you quickly identify material changes from the last annual update filed on March 24<sup>th</sup>, 2017.*

This version of Dightman Capital Group, Inc. Form ADV Part 2 is in a new narrative format. Please review all parts of it, including any supplements. This new brochure describes important details about us, the services we provide, and includes information that was not in our previous brochure.

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## Advisory Business (Item 4)

*This section of the brochure tells you about our business, including ownership, and a description of the services we offer.*

Dightman Capital Group, Inc. is referred to in this document as “Dightman Capital Group”, “the Company”, “us”, “we”, or “our”. In this document we refer to current and prospective clients of Dightman Capital Group as “you”, “client”, or “your”. **Dightman Capital Group is owned by Brian Dightman and was founded in 2007.**

Dightman Capital constructs portfolios with the goal of providing investors with superior risk-adjusted returns. The firm’s two core investment strategies use primarily mutual funds (“MFs”), exchange-traded funds (“EFT’s”) and closed-end funds (“CEFs”) to help clients achieve their investment objectives, as follows:

**Market Growth:** Client assets are allocated and periodically rebalanced in a carefully selected mix of investment funds (MFs, ETFs, CEFs) to maximize returns and manage risks. Dightman Capital has two types of Market Growth strategies, Cycle Growth and Tactical Growth.

**Adaptive Growth:** Uses a disciplined approach to risk management in an attempt to reduce the impact of sustained market declines. Created and managed by Dightman Capital, the approach uses technical market indicators combined with economic factors to manage a mix of investment funds (MFs, ETFs, CEFs).

### Types of Advisory Services

#### Account Management and Investment Supervisory Services

Some clients enter into a written Investment Advisory Agreement, where Dightman Capital Group and our investment adviser representatives provide asset management services on a continuous and ongoing basis guided by the needs of the client. Using the information provided by you, the investment advice provided to you is matched to your individual situation. We regularly inquire about, and you are responsible for providing, information about your investment goals, time horizon, and risk tolerance. These account management and investment supervisory services are generally not provided to all your holdings or net worth but rather only to assets specifically designated by you and agreed to by us as managed assets.

Please refer to Methods of Analysis, Investment Strategies, and Risk of Loss (Item 8) in this brochure for a detailed description of our account management and investment supervisory services.

#### Financial Planning

Some clients are provided a written plan that may include a personal balance sheet and certain projections. Any reports, financial statement projections, and analyses are intended

exclusively for your use in developing and implementing your financial plan. In view of this limited purpose, the statements should not be considered complete financial statements. Accordingly, you should understand that such statements cannot be used to obtain credit or for any purpose other than developing your personal financial plan. Dightman Capital Group will not audit, review, or compile financial statements, and accordingly, we will not express an opinion or other form of assurance on them, including the reasonableness of assumptions and other data on which any prospective financial statements are based. It is likely that there will be material differences between projected and actual results because events vary and circumstances frequently do not occur as expected.

Our analyses will be highly dependent on certain economic assumptions about the future. Therefore, you should establish familiarity with historical data regarding key assumptions such as inflation and investment rates of return, as well as an understanding of how significantly these assumptions affect the results of our analyses. We may counsel you as to the consistency of your assumptions with relevant historical data, but we will not express any assurance as to the accuracy or reasonableness of your specific data and assumptions. You are ultimately responsible for the assumptions and personal data upon which our procedures and projections are based. The financial plan assumptions and reports are primarily a tool to alert you to certain possibilities. The reports are not intended to nor do they provide any guarantee about future events including your investment returns. The implementation of the plan is solely your responsibility.

The financial plans provided for some of our clients do not address all potential aspects of financial planning. Typically our plans address retirement planning and college funding. Tax and estate planning are coordinated with the client's outside accountant and attorney. Risk management issues such as life, health, disability, and long-term care insurance are not typically addressed and you are encouraged to seek professional counsel in these areas.

## **Types of Investments Used**

We consider many different types of securities when formulating the investment advice we give to you. If you come to us with existing investments, we evaluate them with respect to your financial goals, risk tolerance, and investment time horizon. Depending upon your situation, your account(s) managed by us may contain exchange traded funds ("ETFs"), mutual funds, closed-end funds, individual stocks, preferred stocks or individual bonds.

Please refer to Methods of Analysis, Investment Strategies, and Risk of Loss (Item 8) in this brochure for a detailed description of the types of investments used for each investment strategy.

### Non-Traditional Investments

Some strategies and services offered by Dightman Capital may use non-traditional investments. A non-traditional investment such as a mutual fund or exchange traded fund (ETF) may hold securities whose value is based on an alternative asset class and/or an alternative investment strategy. A non-traditional investment might include mutual funds that are designed to appreciate in price when an underlying asset value declines or vice

versa, or follow an index like the DJ-AIG Commodity Index. Non-traditional investments may introduce leverage into a client account which would increase total account exposure to market fluctuations. Non-traditional investments may use security exchanges or private markets which introduce counter-party, stock exchange, and other types of risk. There is no guarantee that non-traditional investments will perform as expected.

### Options

In some, but not all cases, we may use option contracts on securities in your managed portfolio. This is often the case when we help a client manage a concentrated stock position. Option strategies are not used in all client portfolios. The use of option strategies is not always successful at increasing return or reducing losses. The use of options adds risk and cost to the portfolio. Option strategies can diminish account performance.

## **Tailored Services and Investment Restrictions**

We attempt to match your investment portfolio to your situation as you have described it to us. This is why it is so important that you let us know about changes to your financial situation, goals, or investment time horizon. You may impose restrictions on investing in certain securities or types of securities. You must clearly identify these restrictions in writing to us.

## **Assets Under Management**

As of December 31<sup>st</sup>, 2017, Dightman Capital Group managed \$26,212,272 of client assets, on a discretionary basis and \$498,500 on a non-discretionary basis. Assets under management on December 31, 2016 were \$19,495,353.

## **Fees and Compensation (Item 5)**

*This section of the brochure describes how we are compensated for the services we offer.*

### **Compensation Methodology and Rates**

#### Assets Under Management

Some clients are charged for our services based on a percentage of the assets being managed. The fee will not exceed 1.5% annually and is determined by the services requested and assets invested with the firm.

The annual fee for our services is billed quarterly, and may be billed in advance or arrears, based on the value of the account at the end of the prior quarter. If the management agreement does not span the entire quarterly billing period, the fee will be pro-rated based on the number of days the account is open during the billing period. Your account custodian will send client statements monthly showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account. It is the shared responsibility of Dightman Capital Group and you to verify the accuracy of the fee

calculation; the account custodian will not determine whether the fee has been properly calculated. See Item 12 – Brokerage Practices in this brochure for more information about your account custodian(s). Management Fees are negotiable and in some cases we may discount or waive management fees at our discretion.

You may terminate the Investment Advisory Agreement without fee or penalty by providing written notice to Dightman Capital Group within five (5) business days from the execution of the agreement. Thereafter, either party may terminate the Investment Advisory Agreement by providing written notice. Any unearned fees collected in advance of services being performed will be returned to you on a pro rata basis.

#### Hourly Fees

We may perform services for you where the price of the service is based upon the amount of time to complete the service times an hourly rate. The rate per hour depends upon the level of complexity of the service and experience and expertise of the personnel used to do the work. This negotiable rate would normally not exceed \$250 per hour. The tasks and services to be performed are described in an engagement letter that is signed by you and Dightman Capital Group that also includes the hourly rate, an estimate of time to complete the project, and the procedure for refund or partial billing if the engagement is terminated before completion. An hourly fee may be charged for financial planning, certain investment research, unmanaged investment advice, and other services that do not fall under our investment management services.

#### Valuation of Publicly Traded Securities

Publicly traded securities in your account(s) managed by us are held at the custodian that we recommend, but is ultimately chosen by you. We use the securities valuation provided by the independent qualified custodian for reporting and billing purposes. Publicly traded securities are usually valued as of the end of business on the last trading day of the calendar quarter.

#### How Clients Pay Advisory Fees

Fees are generally deducted directly from your account. You may provide your qualified account custodian with written authorization to have fees deducted from the account and paid to us.

If agreed upon by both client and Dightman Capital Group, program fees can be billed directly to you instead of being deducted from account balances. If fees are unpaid within payment terms, we have the right to deduct them from account balances and discontinue direct billings.

#### Other Types of Fees and Expenses

In addition to the investment advisory fees you pay to us, you will pay transaction fees (commissions) to your custodian or broker-dealer for executing securities transactions and charges for special services elected by you or Dightman Capital Group. These fees may include:

- periodic distribution fees

- electronic fund and wire transfer fees
- certificate delivery fees
- reorganization fees
- account transfer fees (outbound)
- returned check fees
- international security transfer fees
- overnight mail and check fees
- Rule 144 transfer fees
- transfer agent fees

This list is not meant to be all inclusive. Any fee on a special service incurred by the client will be fully disclosed. Please refer to Item 12 of this document for an explanation of our brokerage practices.

#### Investment Company Fees

Investment company funds (e.g., mutual funds or ETFs) that are held by you will bear their own internal transaction and execution costs, as well as directly compensate their investment managers along with internal administrative services. Some funds pay 12b-1 fees, distribution fees, and/or shareholder service fees to broker-dealers that offer investment company funds to their clients. These fees affect the net asset value of the fund shares and are indirectly borne by fund shareholders such as you.

Some fund companies have imposed a redemption fee. A redemption fee is another type of fee that some funds charge their shareholders when shares are sold or redeemed within a short period of time from the purchase of the fund shares. Although a redemption fee is deducted from redemption proceeds just like a deferred sales load, it is not considered to be a sales load. Unlike a sales load, which is generally used to compensate brokers, a redemption fee is typically used to defray fund costs associated with a shareholder's redemption and is paid directly to the fund, not to a broker. The SEC generally limits redemption fees to 2%. In most cases, the funds will use the "first-in, first-out" (FIFO) method to determine the holding period. Under this method, the date of the redemption will be compared with the earliest purchase date of shares held in the account. While it is not the general practice of Dightman Capital Group to sell client's securities in a period that would generate a redemption fee we might do so if we believe the sale is in your best interests, or if fund shares must be redeemed to pay fees from the account.

A complete explanation of these charges is contained in the Prospectus and Statement of Additional Information for each investment company fund. You can get a prospectus through the investment company website, by telephone, or by mail.

#### Commission Based Compensation

Our investment advisor representatives do not receive any commission based compensation while providing investment advisory services to you.



## **Performance-Based Fees and Side-By-Side Management (Item 6)**

*This section of the brochure explains any performance-based fees we may charge you for and how they may be different from other clients' charges.*

Dightman Capital Group does not charge fees based upon the performance or profits earned in client accounts.

## **Types of Clients (Item 7)**

*This section of the brochure describes who we generally provide our services to.*

Dightman Capital Group provides advisory services to a variety of types of clients including individuals, trusts, and companies. We may also provide advisory services to pension plans. These services include recommendations to the plan which are then approved by the pension plan sponsor. In some cases we will serve as a discretionary advisor to the plan. You are encouraged to ask your plan sponsor what services we are providing the plan if managed by Dightman Capital Group.

Dightman Capital Group does not impose a minimum account size for new or existing client. Our multi-strategy investment approach requires multiple accounts and some strategies require a higher balance to implement. We may at our discretion decide not to accept a new client or terminate an existing client.

## **Methods of Analysis, Investment Strategies, and Risk of Loss (Item 8)**

*This section of the brochure explains how we formulate our investment advice and manage client assets.*

### Methods of Analysis

Dightman Capital uses multiple strategies in order to meet the diverse needs of our clients. Multiple information sources may be incorporated into the research process including but not limited to, reports and articles in financial media, financial publications, research prepared by others, industry publications, corporate rating services, prospectuses, company press releases, investment reports, annual reports and filings with the SEC. Dightman Capital uses fundamental and technical analysis to evaluate securities and market conditions. Fundamental analysis does not attempt to anticipate market movements. Technical analysis does not attempt to measure a securities intrinsic value. Using these methods of analysis presents potential risks as prices of securities can move up or down due to company-specific circumstances as well as in line with the overall market regardless of the fundamental or technical factors considered in the evaluation.

## Investment Strategies

We combine economic, market, technical, fundamental and behavioral data in our process and consider variety of asset classes in an attempt to help our client achieve their financial goals and develop their portfolios:

- Exchange Traded & Mutual Funds
  - Stock Based
  - Bond Based
  - Currency Based
  - Commodity Based
  - Strategy Based
- Individual Stocks
- Individual Bonds
- Individual Preferred Stocks
- Real Estate Investment Trust
- Master Limited Partnerships
- Cash Equivalent Money Markets, and others

Our multi-strategy investment approach is designed to deliver total portfolio growth with lower volatility compared to a traditional mix of stock and bonds over the long-term. A lower volatility experience may make it easier to generate income during retirement as well as invest in some higher growth opportunities, if appropriate. There is no guarantee our strategies will perform in the future as they have historically.

In addition to investment strategies managed directly by Dightman Capital Group, we recognize the expertise of other skilled investment managers and may use their services in our strategies. Our entire approach is designed to maintain flexibility in how we manage risk and deliver returns.

We will select securities and investment strategies designed to match your investment objectives.

## Fully-Discretionary Market Growth

Dightman Capital offers a variety of market-based investment strategies which may incorporate a variety of stock, bond, cash and non-traditional investments represented by mutual funds, exchange traded funds and close-end funds. Market Growth strategies are focused on delivering the “market performance” for each of the investments held in the strategy. Market Growth strategies are generally considered tax efficient but some investments used may not be tax efficient. Market Growth strategies participate in market moves both up and down and place emphasis on the mix and weight of investments to target a client’s risk/return profile for a specific account in their portfolio.

Dightman Capital manages the **Cycle Growth** strategy in a conservative growth allocation.

Dightman Capital manages the **Tactical Growth** strategy in a variety of risk profiles from Conservative Growth to Aggressive Growth.

#### Fully-Discretionary Adaptive Growth

The Fully-Discretionary Adaptive Growth strategy incorporates a variety of stock, bond, cash and non-traditional investments represented by mutual funds, exchange traded funds and close-end funds. The Adaptive Growth strategy is designed to adjust the risk level of the strategy in an attempt to avoid sustained stock market declines. The Adaptive Growth strategy incorporates a risk-managed framework that may change investments often. The Adaptive Growth strategy is not tax efficient. There is no guarantee the strategy will be able to avoid sustained stock market declines and the defensive nature of the strategy may cause it to underperform.

Accounts in the Adaptive Growth strategy are not expected to use leverage but may hold securities that incorporate leverage in their structure which could increase total account exposure to market fluctuations. Frequent trading may create short-term or long-term capital losses or gains that the client should consider. Accounts in the Adaptive Growth strategy should expect to incur more trading costs the client must pay. Adaptive Growth accounts may remain over-weighted in cash, limiting return potential. The Adaptive Growth strategy should be considered an aggressive investment strategy although it may hold a conservative mix of investments at times. The Adaptive Growth strategy has two versions, Moderate & Aggressive.

#### Non-Discretionary Advisory Service

Dightman Capital also offers a non-discretionary advisory service. Clients selecting this service will receive consultation from Dightman Capital on the investment process and recommendations. Clients are required to approve all investment actions before Dightman Capital will make the securities transactions on the clients' behalf. Dightman Capital will effect requested investment changes on behalf of the client, will supervise the investments and will periodically review them with the client.

#### Non-Discretionary Non-Managed Service

Dightman Capital also offers a non-discretionary non-managed investment service. Clients selecting this service are solely responsible for directing the investment process and are responsible for the investment outcome. This Non-Managed Service is offered purely as a convenience for the purpose of accommodating a client's unique or specialized investment requirements. Non-managed accounts are not reviewed, overseen, or administered in any way. The client is solely responsible for the account and its management.

#### General Risks to Investing

Investing is not without risk and involves the risk of loss of principal which you should be prepared to bear. We encourage clients to use multiple strategies to manage risk and maintain diversification and monitor their portfolio for changes. Despite these efforts, historical evidence clearly shows that every asset class has experienced severe declines in value—sometimes sustained over many years— throughout several periods of time in history. In addition, each of our strategies may not achieve its intended goal as the benefits of diversification decline if asset classes become more correlated. As with any investment,

you could lose all or part of your investments managed by Dightman Capital Group, and your accounts' performance could trail that of other investments.

#### Asset Class Risk

Securities in your portfolio or in underlying investments such as mutual funds may underperform in comparison to the general securities markets or other asset classes.

#### Concentration Risk

To the extent that Dightman Capital Group recommends portfolio allocations that are concentrated in a market, industry or asset class, your portfolio may be susceptible to loss due to adverse occurrences affecting that market, industry, or asset class.

#### Equity Securities Risk

Equity securities are subject to changes in value that may be attributable to market perception of an issuer or general stock market fluctuations that affect all issuers. Investments in equity securities may be more volatile than other types of investments. Investments in individual equity securities may be more volatile to specific developments associate with the company represented by the security such as a disappointing earnings release, negative business development, competition, among other possibilities.

#### Management Risk

The performance of your account is subject to the risk that our investment management strategy may not produce the intended results.

#### Market Risk

Your account could lose money over short periods due to short-term market movements and over longer periods during market downturns. The value of a security may decline due to general market conditions, economic trends, or events that are not specifically related to the issuer of the security or to factors that affect an industry or industries as well as the broad economy. During a general downturn in the securities markets, multiple asset classes may be negatively affected.

#### Passive Investment Risk

Dightman Capital Group may use a passive investment strategy that is not actively managed where we do not attempt to take defensive positions in declining markets.

#### Key Man Risk

We are a small firm with Brian Dightman performing several key functions. This fact of course leads to "key man risk," or the risk that something could happen to Mr. Dightman that negatively affects your portfolio.

#### Negatively Correlated and Leveraged Funds

Some funds are both negatively correlated and leveraged, which means that they seek to achieve a return that is a multiple of the opposite performance of the underlying index or benchmark. We consider these funds speculative and only use them as part of an actively managed portfolio strategy. In addition, many leveraged and inverse funds are reset daily, meaning they are designed to achieve their stated objectives on a daily basis. If these

leveraged negatively correlated funds are held for greater than one day their performance is expected to diverge from their daily performance goal.

### Interest Rate Risk

An increase in interest rates may cause the value of fixed income securities and funds that hold these securities to decline in value. Securities with longer durations tend to be more sensitive to interest rate changes, usually making them more volatile than securities with shorter durations. To the extent that your account is invested in fixed income securities with longer-term durations or funds holding these securities, rising interest rates may cause the value of these investments to decline significantly.

## **Disciplinary Information (Item 9)**

*This section of the brochure lists legal and disciplinary information for Dightman Capital Group, its owners, and management team.*

Neither Dightman Capital Group nor its owner or management team members have been involved in any civil or criminal investment-related events.

## **Other Financial Industry Activities and Affiliations (Item 10)**

*This section of the brochure describes other financial services industry affiliations we may have that could present a conflict of interest with you.*

Dightman Capital Group does not have any material business affiliations within the financial services industry.

## **Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading (Item 11)**

*This section of the brochure describes our code of ethics, adopted pursuant to SEC rule 204A-1, and how we deal with client and related person trading.*

### Code of Ethics

We have adopted a code of ethics designed to prevent and detect violations of securities rules by our employees and affiliated persons. Our controls in this area focus upon securities transactions made by our employees that have access to material information about the trading of Dightman Capital Group. We will provide a copy of our code of ethics to clients or prospective clients upon request.

### Material Financial Interest and Personal Trading

From time-to-time the interests of the principals and employees of Dightman Capital Group may coincide with yours and other clients. Individual securities may be bought, held, or sold by a principal or employee of Dightman Capital Group that is also recommended to or

held by you or another client. If potential insider information is inadvertently provided or learned by a principal or employee, it is our policy to strictly prohibit its use.

It is the policy of Dightman Capital Group to permit the firm, its employees and investment advisor representatives to buy, sell, and hold the same securities that the investment advisor representatives also recommend to clients. It is acknowledged and understood that we perform investment services for different types of clients with varying investment goals, risk profiles, and time horizons. As such, the investment advice offered to you may differ from other clients and investments made by our investment advisor representatives. We have no obligation to recommend for purchase or sale a security that Dightman Capital Group, its principals, affiliates, employees, or investment advisor representatives may purchase, sell, or hold. When a decision is made to liquidate a security from all applicable accounts, priority will always be given to client orders before those of a related or associated person to Dightman Capital Group. In some cases the trades of the clients and advisory personnel will be combined in a single block trade, and all trades will receive the average price. We have procedures for dealing with insider trading, employee-related accounts, “front running” and other issues that may present a potential conflict when buy/sell recommendations are made. These procedures include reviewing employee security transactions and holdings to eliminate, to the extent possible, the adverse effects of potential conflicts of interest on clients.

## **Brokerage Practices (Item 12)**

*This section of the brochure describes how we recommend broker-dealers for client transactions.*

### Factors Considered When Recommending Broker-Dealers

We may suggest or recommend that clients use a particular qualified custodian and/or broker-dealer. When we make this recommendation, we consider:

- capitalization
- reasonableness of commissions and other costs of trading
- ability to facilitate trades
- access to client records
- computer trading support
- other operational considerations

These factors are reviewed from time to time to assure the best interests of our clients are upheld.

### Research and Other Benefits

We may recommend that clients establish brokerage accounts with one or more custodians: Fidelity Brokerage Services LLC, Interactive Brokers LLC (“the Custodian”). The Custodian is a registered broker-dealer, Member SIPC/NYSE, maintains custody of clients’ assets and execute trades for your account(s). The Custodian provides us with access to its institutional trading and operations services, which are typically not available

to retail investors. These services are offered to independent investment advisors at no charge in exchange for keeping a minimum amount of account assets at the Custodian. The Custodian's services include research, brokerage, and custody. Custodians offers access to investments that are available only to institutional investors or require a significantly higher minimum investment. The Custodian also makes other products and services available that benefit us but may not benefit our clients. Some of these other products and services help us manage and administer client accounts, and include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- provide research, pricing information, and other market data
- facilitate payment of our fees from your account(s)
- help with back-office support, recordkeeping, and client reporting

These services may be used with all or a substantial number of clients' accounts, including accounts not maintained at Fidelity or Interactive Brokers. We do not attempt to allocate the benefit to accounts proportionately to the accounts that generate the benefit.

Some of the products or services provided by the Custodian do not qualify for the safe harbor in section 28(e) of the Securities Exchange Act of 1934, including those services that do not aid in investment decision-making or trade execution. These business management and development services, in addition to those listed above, may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the Custodian may use independent third parties to offer these services to Dightman Capital Group. The Custodian may discount or waive fees it would otherwise charge for some of these business management and development services or pay all or a part of the fees of a third-party providing these services to us. Because we receive discounts, research, products, or services we may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research, products, or services, rather than on the client's interest in receiving most favorable execution. The Custodian or broker-dealer recommended by Dightman Capital Group may charge commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for services and benefits.

#### Brokerage for Client Referrals

Dightman Capital Group does not have any agreements in place where securities transactions are directed to particular broker-dealers in exchange for client referrals.

#### Directed Brokerage

If you direct Dightman Capital Group to execute securities transaction at a broker-dealer other than one we use for our other clients you will forgo any benefit from savings on execution costs that we may have obtained through our negotiation of volume discounts or batched orders. In directing the use of a particular broker-dealer, it should be understood

that we will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. You may incur higher commissions, other transactions costs, greater spreads, or receive less favorable net prices, on transactions for your account than would otherwise be the case had you used a broker-dealer we prefer.

#### Aggregated Orders

When we decide to purchase or sell a specific security for multiple clients at the same time, we will consider aggregating, or combining the orders. This procedure will result in a single average price for all client transactions in the aggregated order. The account custodian charges for each transaction as if it were placed individually.

#### Allocation of Thinly Traded Securities

Dightman Capital Group may allocate securities among accounts when enough of a particular security or securities cannot be purchased or sold on a given day at a desired price. In this event, we will allocate the shares actually purchased or sold on pro rata basis. We may remove small allocations from the process if we believe it would not be in the best interest of our client(s).

#### Trade Error Policy

From time-to-time we may make an error in submitting a trade order on your behalf. When this occurs, we may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will be placed in the client's account. If a loss occurs we will pay for the loss using funds from the Dightman Capital Group trade error account, and then our own funds. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

## **Review of Accounts (Item 13)**

*This section of the brochure describes how often client accounts are reviewed and by whom.*

#### Reviews

Dightman Capital Group reviews the securities held in its clients' investment supervisory accounts on an ongoing basis. The reviews are conducted by the Investment Officer, Brian Dightman. Your accounts are reviewed at least quarterly for proper asset allocation to assure they comply with your investment objectives and mandates.

We will attempt to contact the client at least quarterly, and will make written inquiry regarding changes in your financial situation and needs or investment objectives. In addition, we will attempt to meet with you at least annually to review any changes in your financial situation, needs or investment objectives.

Financial plans are reviewed only upon request.

#### Reports

Dightman Capital Group prepares and distributes written performance reports to clients each quarter. We gather the information on these quarterly reports from sources we believe to be accurate and reliable, but we cannot guarantee their accuracy.



We have also arranged for custodians to prepare and make available account statements directly to you monthly. These account statements describe all activity in the clients' accounts including account holdings, transactions, and investment advisory fees deducted from the account.

Financial planning clients will not receive any ongoing or periodic reports from us. The completed financial plan or other specialized work product is the only report that we agree to prepare for you.

## **Client Referrals and Other Compensation (Item 14)**

*This section of the brochure discloses our arrangements with people who are compensated for referring us business.*

Dightman Capital Group does not currently have any solicitor agreements in place.

## **Custody (Item 15)**

*This section of the brochure encourages you to check the statements sent to you by your account custodian to ensure the accuracy of the fee calculation.*

You have authorized us to deduct periodic investment advisory fees directly from one or more of your accounts managed by Dightman Capital Group. These deductions from your account are shown on the periodic statements sent by custodians directly to you. You are encouraged to review these statements carefully and compare the amounts on the custodian statements with quarterly fee statement, which includes your fee rate, you receive from Dightman Capital.

## **Investment Discretion (Item 16)**

*This section of the brochure discloses the power we have to make trades in your account.*

You grant Dightman Capital Group a limited power of attorney to select, purchase, or sell securities without obtaining your specific consent within the account(s) you have under our management. The limited powers of attorney are granted in the written Investment Advisory Agreement entered into between us. There are no restrictions upon the securities that may be purchased, sold, or held in your account unless you provide these restrictions to us in writing.

## **Voting Client Securities (Item 17)**

*This section of the brochure explains our proxy voting policy and your ability to get proxy voting information from us.*

Dightman Capital Group will not vote proxies for securities held in your investment account. Your account custodian or transfer agent will send proxy statements directly to you. If the investment account is for a pension or other employee benefit plan governed by ERISA, you direct us not to vote proxies for securities held in the account, because the right to vote such proxies is expressly reserved for you or your plan fiduciary not Dightman Capital Group.

## **Financial Information (Item 18)**

*This section of the brochure is where investment advisors that collect more than \$500 in fees per client and six months or more in advance would include a balance sheet.*

Dightman Capital Group is not aware of any circumstance that is reasonably likely to impair our ability to meet contractual commitments to you or our other clients. We do not require pre-payment of investment advisory fees of greater than \$500 and more than six months in advance.

## **Requirements for State-Registered Advisers (Item 19)**

*This section is where state registered advisors disclosure any further information required by the state that has not been previously disclosed.*

### **Principal Executive, Brian Dightman**

Brian Dightman is the principal executive of Dightman Capital Group.

#### Educational Background and Business Experience

Brian Dightman was born in 1965. He attended the University of Missouri in Kansas City where he earned a Bachelor in Business Administration in 1987.

#### Business Experience:

- Dightman Capital Group, 2007 to present, Investment Officer and Investment Advisor Representative
- RBC Dain Rauscher, Inc., 2002 to 2007, Registered Representative
- Quest Capital Strategies, 2001 to 2002, Registered Representative

#### Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. Brian has no legal or disciplinary events related to the financial services industry and has never been the subject of a bankruptcy petition.

#### Other Business Activities

Mr. Dightman does not have business activities outside of Dightman Capital Group.

### Additional Compensation

Mr. Dightman's compensation comes solely from Dightman Capital Group and is in part based upon the number of clients and size of accounts that he provides services to. He does not receive compensation from non-clients for providing advisory services.

### Supervision

We are a small investment advisor, with a limited number of principals and employees. Because of our size, traditional internal control and oversight structures are not viable because a separation of duties among different people is not possible. We maintain records that are intended to demonstrate our compliance with securities laws, rules and our policies.

### State of Kansas Requirement

As of 1/1/2013, the State of Kansas requires all investment advisors to notify clients and prospective clients in Kansas of the presence or absence of professional liability insurance coverage for its investment advisory clients.

Dightman Capital Group Inc. does not carry professional liability insurance coverage for its investment advisory business.

If you have any questions, please contact us at 877-874-1133.

## **Privacy Statement**

*We, like other professionals who advise on personal financial matters, are required by federal law to inform our clients of their policies regarding the privacy of client information.*

In the course of providing our clients with certain advice, we may receive nonpublic personal financial information such as financial statements, account statements, and tax returns from our clients, their accountants and other representatives. All nonpublic personal information that we receive regarding our clients or former clients is held in strict confidence in accordance with our professional obligations, and is not released to people outside Dightman Capital Group, except with your consent, as required by law or to explain our actions to professional organizations that we are members of. We may share certain information with third parties who assist us in providing our services to you (such as administrative and client service functions) or marketing services, as permitted by law, subject to the obligation of these third parties not to use or disclose such information for any other purpose.

We retain records relating to professional services that we provide so that we are better able to assist you with your professional needs and, in some cases to comply with professional guidelines. In order to guard your nonpublic personal information from unauthorized disclosure, we maintain physical, electronic, and procedural safeguards.