

CTB Financial Services, Ltd.



**Form ADV Part 2A**  
March 2023

This brochure provides information about the qualifications and business practices of CTB Financial Services, Ltd. (CTB Financial). If you have any questions about the contents of this brochure, please contact us at the telephone number below or at [info@ctbfin.com](mailto:info@ctbfin.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. Registration as an investment advisor with the Securities and Exchange Commission does not imply a certain level of skill or training.

Additional information about CTB Financial is available at the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and at [www.ctbfin.com](http://www.ctbfin.com).

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## Item 2: MATERIAL CHANGES

This brochure section contains a summary of material changes to the information in this brochure. Since the date of our last amendment, we have not made any material changes to this brochure.

CTB Financial reviews and amends this brochure at least annually. To receive a copy of our most recent brochure without charge, please call our offices at (952) 546-5456 or email us at [info@ctbfin.com](mailto:info@ctbfin.com) and a copy will be sent to you. You may also receive a copy of our most recent brochure and additional information regarding CTB Financial from [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) under Investment Advisor Search.

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## Item 4: ADVISORY BUSINESS

Founded in 2002 with contributing business originating in 2000, CTB Financial Services, Ltd. (“CTB Financial”) is a federally-registered advisory firm offering full-service portfolio investment services, cross-disciplinary planning and coordination of allied professionals directly to investing clients.

**Asset Management** CTB Financial manages each client’s portfolio in light of the client’s stated goals. Clients may specify preferences and restrictions upon establishing an advisory relationship and at any time thereafter. Clients who establish accounts with CTB Financial must agree that the risks of such accounts are borne solely by the client.

CTB Financial generally will recommend and rebalance accounts when its regular portfolio monitoring reveals opportunities to rebalance. These rebalancing opportunities are defined by degrees of “out-of-balance-ness” measured against “tolerance bands,” which are set at the asset class level of each portfolio. Tolerance bands are set depending on the type and size of each asset class, as well as up versus down variances. But in general, tolerance bands are set at around a 5%-7% variance of each asset class allocation target. Once a rebalancing opportunity is identified, CTB Financial makes the appropriate trades to bring the portfolio back into balance. CTB Financial carries out the rebalancing only after all other relevant objectives are considered and factored in, including the potential tax impacts of such trading actions, as well as the trading costs imposed by the custodian. As further discussed in Item 16 below, CTB Financial’s clients authorize CTB Financial to carry out rebalancing in their accounts on a discretionary basis within certain target allocation bands, without obtaining specific client consent for each transaction, unless otherwise instructed.

CTB Financial invites clients to meet, at least annually, to review their goals, financial planning needs, portfolio and investment results, as well as any changes in the client’s financial situation, investment objectives, and the ongoing suitability of their asset allocation.

**Strategic Services and Planning.** Some clients engage CTB Financial to act as a “Personal Chief Financial Officer,” or “Personal CFO,” to coordinate a team of cross-disciplinary financial professionals, which may include a CPA, an estate attorney, mortgage experts, and insurance specialists of various types, as identified by the client. These strategic services aim to assist clients in developing and implementing a fully integrated and synergistic financial plan that takes personal financial objectives into account.

In addition, CTB Financial engages in a wide variety of planning services for its clients, including financial advice not pertaining to investments only. Financial planning may include income tax planning, financial goal planning (retirement, college, etc.), estate planning, insurance planning, business planning, and charitable giving, as well as assistance with planning for large purchases. This list is not exhaustive. CTB Financial does not provide legal advice.

CTB Financial Services, Ltd. is a Minnesota corporation based in Minneapolis, Minnesota. CTB Financial has two principal shareholders: Jonathan Liang holds a majority interest and O. Charles Brown maintains a minority interest. As of December 31, 2022, CTB Financial managed total assets of \$218,319,178 on a discretionary basis for its clients.

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## Item 5: FEES AND COMPENSATION

CTB Financial believes in the importance of calculating and disclosing all fees and expenses to which its clients are subject. The costs of investing and working with financial professionals and products are a key component of clear understanding, full disclosure and informed decision making.

**Asset Administration.** CTB Financial charges fees for the investment management of client accounts based upon the value of assets held in the custodial accounts at a “householding” level. Each client represents a single household and may or may not include related family members, such as adult children and their families, depending on what is agreed upon among CTB Financial and such clients.

Our annual advisory fee ranges from 0.65% to 1.70%, depending on the size of that household’s combined portfolio. CTB Financial employs a regressive fee schedule, whereby higher asset values generally experience lower asset fee rates in descending fashion.

For the services that CTB Financial provides, a prorated, partial quarterly management fee is deducted from the designed account(s) at the start of the relationship. Subsequent quarterly fees are computed based on the market value of assets in the account as of the date on or about the last business day of the prior calendar quarter and deducted quarterly in advance from the client’s accounts. Additional deposits of funds and/or any other securities into the client’s account will be subject to the same fees, prorated based on the number of days remaining in the quarter. Services similar to those offered by CTB Financial are offered elsewhere for more or less than the amount charged by CTB Financial.

The client may incur additional brokerage commissions, “ticket charges” and other similar expenses in connection with the opening, maintenance and closing of his or her account(s) at third-party custodians. While our clients primarily utilize the same qualified custodian, clients are generally not precluded from working with any other qualified custodian. As a rule, CTB Financial does not receive any part of the brokerage “ticket charge” or any

portion of the fees paid in other investment funds.

Investments into mutual funds or ETFs, affiliated or unaffiliated funds alike, are subject to internal management fees incurred in their operation. Such fees are separate and apart from CTB Financial advisory fees. CTB Financial does not receive investment commissions, trails, back-end sales charges, or mutual fund servicing fees. Additional information regarding mutual fund or ETF fees is contained in each fund’s prospectus.

Upon termination of the advisory agreement with CTB Financial, the client will receive a refund of any unearned advisory fees previously paid.

Should the client direct the purchase of other securities, such assets are not managed by CTB Financial and CTB Financial does not collect an investment advisory fee on such assets.

**Strategic Services and Planning.** CTB Financial does not charge a separate fee for this service. Clients – at their option – have access to the “Personal CFO” included as part of the advisory fee they pay at no extra charge.

**Pre-Advisory Relationship Advice and Planning.** CTB Financial may offer “gap advice and planning” services for a fixed fee to certain persons who have assets not yet eligible for management, or not yet able to be managed, by CTB Financial. An example of this is a person with assets in an employer-based 401k plan who is seeking to retire in the foreseeable future and is considering or intending to engage CTB Financial to manage their assets as an IRA rollover in the future. Any such fixed fee arrangements will be agreed upon in advance between the parties on a case-by-case basis based upon the anticipated advice and planning needs involved.



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## Item 6: PERFORMANCE-BASED FEES

CTB Financial does not charge performance-based fees (fees based upon a share of capital gains or the amount of capital appreciation of the assets of our clients) or side-by-side management fees.

## Item 7: TYPES OF CLIENTS

CTB Financial offers its services to individuals, trusts, charitable institutions, corporate pension plans and other tax qualified plans. Generally, the minimum amount of an account or family of accounts is \$500,000. CTB reserves the right to make exceptions to this policy at any time.

When CTB Financial provides investment advice to clients regarding a retirement plan account or individual retirement account, CTB Financial is a fiduciary within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable which are laws governing retirement accounts. The way CTB Financial makes money creates some conflicts with client interests, so it operates under a special rule that requires CTB Financial to act in the clients' best interest and not put CTB Financial's interest ahead of its clients' interests.

Under this special rule's provisions, CTB Financial must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put its financial interests ahead of the client's when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that CTB Financial gives advice that is in our clients' best interest;
- Charge no more than is reasonable for its services; and
- Give clients basic information about conflicts of interest.

## Item 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

CTB Financial utilizes asset-class allocation programs that designate specified percentages across multiple asset-classes with the intent of creating diversified investment portfolios. It utilizes a proprietary method of asset-class allocation based on academic and behavioral economic studies, publicly available research and reports regarding Efficient Markets Theory and Modern Portfolio Theory, adjusted for certain behavioral economic factors. CTB Financial also uses investment and financial simulation programs which calculate the effects of various historical rates of return from different asset classes to assist in the preparation of asset allocation plans.

CTB Financial's Investment Committee determines the portfolio recommendation policy, the approximate allocation percentages for each level of client risk and the target variance tolerance band within each of the asset-class funds. At any time, including following a rebalancing to a target reallocation, the client's portfolio may not be the same as the target allocation. Variations from the target allocation may exist at any time and in varying amounts.

With each client's input in the design of their own asset allocation portfolio, CTB Financial implements asset-class allocation investment programs with no-load mutual funds. The asset-class allocations are adjusted for risk (defined as historic market volatility over identified periods of time). CTB recommendations are designed for longer-term investors.

Should material life events occur, clients should immediately contact CTB Financial to determine if changes to their accounts and the allocation of the assets are necessary. Such events include marriage, the birth of children, occupational changes, a death in the immediate family, divorce or any other event that may impact financial futures or risk tolerance.

Clients of CTB Financial may hold individual securities at the client's direction, on a case-by-case basis. CTB Financial does not recommend or advise on investments into

individual securities (i.e., stocks or bonds).

Investing in securities involves risk of loss that clients must understand and be prepared to bear. Specific risk considerations include:

**Market Risk.** The market values of securities owned may decline, at times sharply and unpredictably. Market values of equity securities are affected by a number of different factors, including the historical and prospective earnings of the issuer, the value of its assets, management decisions, and decreased demand of an issuer's products or services, increased production costs, general economic conditions, interest rates, currency exchange rates, investor perceptions and market liquidity.

**Economic Risk.** Investing by its very nature involves various economic risks, including those related to business, financial and market risks. While investments offer an opportunity for investment gains, clients must understand that there is no guarantee as to investment performance and all portfolios investing in securities are subject to a risk of loss that clients should be prepared to bear. Performance of investments may be volatile, and a variety of other factors and catastrophic events that are inherently difficult to predict, such as fires, hurricanes, earthquakes, adverse weather conditions, changes in law (including tax law), cybersecurity incidents, identity theft, health epidemics, interest rates, inflation rates, and/or domestic or international economic, diplomatic and political developments may significantly impact the performance of investments.

**Asset Allocation Risk.** Asset allocation may have a more significant effect on account value when one of the heavily weighted asset classes is performing more poorly than the others. Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

**Concentrated Portfolio Risk.** To the extent a portfolio has a large portion in a single security or several securities, it bears more risk because it is not diversified. Changes in the value of significantly over-weighted security positions may have a much more substantial directional effect, either negative or positive, on the portfolio's performance.

**Foreign Market Risk.** Investment in the securities of foreign

issuers may experience more rapid and extreme changes in value than funds with investments solely in securities of U.S. companies. The securities markets of many foreign countries are relatively small, with limited number of companies representing a small number of industries. Additionally, foreign securities issuers may not be subject to the same degree of regulation as U.S. issuers. Reporting, accounting, and auditing standards of foreign countries differ from U.S. standards.

**Fixed Income Risk.** Including: interest rate risk, which is the chance that bond prices overall will decline because of rising interest rates; income risk, which is the chance that a strategy's income will decline because of falling interest rates; credit risk, which is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the bond to decline; and call risk, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. The investment would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the investment's income.

## Item 9: DISCIPLINARY INFORMATION

CTB Financial has not been party to any material legal or disciplinary proceedings.

## Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

CTB Financial is affiliated with Caldwell, Taylor and Brown, Ltd., a certified public accounting firm, where O. Charles Brown is a principal shareholder. Clients are advised that fees for accounting services are in addition to fees paid for advisory services. Clients to whom advisory services are provided are frequently clients who also might be receiving accounting services. As a general rule, Mr. Brown's services to Caldwell, Taylor and Brown, Ltd. and its clients are separate from the services provided or supervised by CTB Financial. However, CTB Financial offers to its clients with

investment portfolios in excess of \$500,000 the preparation of one personal (individual) tax return by Caldwell, Taylor and Brown (a CPA firm) inclusive of their asset management fee. This service includes personal tax returns only and does not include business tax returns, children's tax returns or fiduciary tax returns.

None of CTB Financial's staff or principals own or act as registered representatives for any broker-dealer firm.

## Item 11: CODE OF ETHICS

CTB Financial has adopted a Code of Ethics for all supervised persons of the firm describing its standard of business conduct and fiduciary duty to its clients. All supervised persons at CTB Financial must acknowledge the terms of the Code of Ethics annually, or more frequently, if amended. CTB Financial's employees and persons associated with CTB Financial are required to follow this Code of Ethics. Subject to satisfying this policy and applicable laws, officers and employees of CTB Financial and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for CTB Financials' clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of CTB Financial will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of CTB Financial's clients. Employee trading is monitored for compliance with the Code of Ethics, and to reasonably prevent conflicts of interest between CTB Financial and its clients.

Clients or prospective clients of CTB Financial may obtain a copy of its Code of Ethics without charge by calling our offices at (952) 546-5456.

## Item 12: BROKERAGE PRACTICE

CTB Financial does not own or operate its own custodian facility. The majority of CTB Financial's clients currently work with Charles Schwab & Co., Inc. (Schwab). Factors

considered in selecting a custodian include the ease with which CTB Financial can conduct day-to-day administration of accounts with such custodians; the ease with which clients can open accounts, obtain information and execute trades with such custodians; the capability to execute, clear and settle trades; reputation, financial strength and stability; and reasonableness of transaction commissions and fees.

In considering the reasonableness of commissions, the client should take into account the expense of commissions and account fees relative to other available custodians, in conjunction with an evaluation of the services provided.

Schwab and other providers also make available to CTB Financial other products and services that benefit CTB Financial but may not directly benefit its Client's accounts. Many of these products and services may be used to service all or some substantial number of client accounts, or are intended to help CTB Financial manage and further develop its business enterprise. This may include benefits such as educational events for clients or personnel. CTB Financial may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, which may create a potential conflict of interest.

## Item 13: REVIEW OF ACCOUNTS

Periodically, CTB Financial reviews client investment portfolios and repositions assets to bring them closer to their target allocations, unless the client has requested otherwise. More frequent re-allocations may occur when investors give instructions to change their target allocations or make significant additions to or withdrawals from their accounts.

A representative of CTB Financial is available for the client's consultation during normal business hours.

## Item 14: CLIENT REFERRALS AND OTHER COMPENSATION

CTB Financial does not pay or accept referral fees and does not engage or compensate (directly or indirectly) non-affiliated persons or entities to provide endorsements related to the firm's advisory activities.

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CTB Financial employees and officers may be eligible to receive additional compensation from CTB Financial based on new business brought to the firm for which they are responsible. This may present a conflict of interest because the employees have a financial incentive to refer a client to CTB Financial. Such compensation does not increase the advisory fees paid by clients.

## Item 15: CUSTODY

CTB Financial does not take direct custody of client assets. CTB Financial has the ability to withdraw or direct the payment of advisory fees and may retain custody in instances of standing third-party letters of authorization. Advisory fees are reflected on the statements you will receive from CTB Financial and the chosen custodian that holds your investment assets.

You should receive regular account statements from your custodian. CTB Financial encourages you to carefully review such statements and compare the custodial statements to the CTB Financial reports that we provide. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

If you identify issues related to the information in your custodial statements or if your custodian stops sending at least quarterly statements, please call CTB Financial at (952) 546-5456.

## Item 16: INVESTMENT DISCRETION

CTB Financial provides discretionary investment management to its clients. This means that CTB Financial's clients authorize it to carry out rebalancing transactions in their accounts within certain target allocation bans, without obtaining specific client consent for each transaction, unless otherwise instructed. CTB Financial exercises independent judgment in connection with the timing and execution of the purchase and sale of assets according to its understanding of its clients' stated goals and preferences.

## Item 17: VOTING CLIENT SECURITIES

CTB Financial does not receive the authority to vote proxies for issuers represented in clients' accounts.

## Item 18: FINANCIAL INFORMATION

CTB Financial does not require pre-payment of fees six months in advance and is therefore not required to disclose certain information related to its financial condition. CTB Financial is not aware of any financial commitment that is likely to impair its abilities to provide the services identified above. CTB Financial has not been the subject of a bankruptcy proceeding.