



Client Relationship Summary

March 1, 2024

Item 1 – INTRODUCTION

Capital Advantage, Inc. (“Registrant”, “we” or “us”) is registered with the U.S. Securities and Exchange Commission (“SEC”) as a Registered Investment Adviser (“RIA”). As an RIA, our services and compensation structure differ from that of a registered broker-dealer, and it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at www.investor.gov/crs. The site also provides educational materials about broker-dealers, investment advisers and investing.

Item 2 – RELATIONSHIP AND SERVICES

What investment services and advice can you provide me?

We provide investment advisory services, including discretionary investment management and financial planning and consulting services to individuals, trusts, and estates (our “retail investors”).

When a retail investor engages us to provide investment management services we shall monitor, on a continuous basis, the investments in the accounts over which we have investment authority as part of our investment management service. Furthermore, when engaged on a discretionary basis, we shall have the authority, without prior consultation with you (unless you impose restrictions on our discretionary authority), to buy, sell, trade and allocate the investments within your account(s) consistent with your investment objectives. Our discretionary authority over your account(s) shall continue until our engagement is terminated.

When a retail investor engages us to provide financial planning and consulting services, we rely upon the information provided for our review and do not verify or monitor any such information while providing this service. Our financial planning and consulting services are completed upon the communication of our recommendations to the retail investor.

We do not limit the scope of our investment advisory services to proprietary products or a limited group or type of investment.

We generally impose a minimum asset level of \$500,000 and a minimum quarterly fee of \$1,125 for investment management services, which minimum may be waived or reduced at our sole discretion.

Conversation Starters:

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

Additional Information: For more detailed information about our *Advisory Business* and the *Types of Clients* we generally service, please see Items 4 and 7, respectively, in our [ADV Part 2A](#).

Item 3 – FEES, COSTS, CONFLICTS, AND STANDARD OF CONDUCT

What fees will I pay?

We provide our investment advisory services on a fee basis. When engaged to provide investment management services, we shall charge a fee calculated as a percentage of your assets under our management (our “AUM Fee”). Our annual AUM Fee is negotiable and shall generally range from 0.50% to 1.25% of client assets, depending on a number of factors including the dollar amount of assets placed under our management, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, grandfathered fee schedules, Capital Advantage employees and family members, courtesy accounts, competition, negotiations with client, etc. We typically deduct our AUM Fee from one or more of your investment accounts, in arrears, on a quarterly basis. Because our AUM Fee is calculated as a percentage of your

assets under management, the more assets you have in your advisory account, the more you will pay us for our investment management services. Therefore, we have an incentive to encourage you to increase the assets maintained in accounts we manage. Our financial planning and consulting services are generally provided inclusive of our AUM Fee.

Other Fees and Costs: Your investment assets will be held with a qualified custodian. Custodians generally charge brokerage commissions and/or transaction fees for effecting certain securities transactions (for example, transaction and redemption fees may be charged for certain mutual fund transactions). These charges will be assessed in accordance with the qualified custodian's transaction fee/brokerage commission fee schedule. In addition, relative to certain mutual fund and exchange traded fund purchases, certain charges will be imposed at the fund level (e.g., management fees and other fund expenses).

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

Conversation Starters:

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

Additional Information: For more detailed information about our fees and costs related to our management of your account, please see Item 5 in our [ADV Part 2A](#).

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

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

- * We may recommend a particular custodian from whom we receive support services and/or products, certain of which assist us to better monitor and service your account.
- * We may recommend rollovers out of employer-sponsored retirement plans and into individual retirement accounts that we manage for an asset-based fee, which could have the effect of increasing our compensation.

Conversation Starters:

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

Additional Information: For more detailed information about our conflicts of interest, please see our [ADV Part 2A](#).

How do your financial professionals make money?

Our financial professionals are compensated on an hourly basis and may receive additional bonus compensation based upon overall professional performance, net new assets brought to our firm, and revenue our firm earns from our advisory services. This is a conflict of interest because it creates an incentive for our financial professionals to recommend our investment advisory services to you. In addition, some of our financial professionals are equity owners of the firm, in which case they stand to receive a share of firm profits. You should discuss your financial professional's compensation directly with your financial professional.

Item 4 – DISCIPLINARY HISTORY

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

No. We encourage you to visit www.investor.gov/crs to research our firm and our financial professionals. Furthermore, we encourage you to ask your financial professional: *As a financial professional, do you have any disciplinary history? If so, for what type of conduct?*

Item 5 – ADDITIONAL INFORMATION

Additional information about our firm is available on the SEC's website at www.adviserinfo.sec.gov. You may contact our Chief Compliance Officer at any time to request a current copy of our ADV Part 2A or our *relationship summary*. Our Chief Compliance Officer may be reached by phone: 925-299-1500.

Conversation Starters:

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