

CRUZ INVESTMENTS & WEALTH MANAGEMENT

FIRM BROCHURE

(ADV PART 2A)

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This brochure combined with its supplemental brochure provides information about the qualifications and business practices of Cruz Investments and Wealth Management. If you have any questions about the contents of this brochure, please contact Reynaldo Cruz at (630) 897-0333 or service@reycruz.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.

Cruz Investments & Wealth Management is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Cruz Investments & Wealth Management is available on the SEC's website www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Adviser is 163356.

2. MATERIAL CHANGES

The firm does not have any material changes to report since its last annual update on March 28, 2018.

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4. ADVISORY BUSINESS

A. OWNERSHIP/ADVISORY HISTORY

Reynaldo Cruz dba Cruz Investments & Wealth Management (the “Adviser”) is an Illinois sole proprietorship formed in May 2012. It was subsequently registered as an Illinois investment adviser. Additional information about Mr. Cruz can be found under Item 19.

B. ADVISORY SERVICES OFFERED

i. FINANCIAL PLANNING

The Adviser offers financial planning consultations to evaluate a client’s financial situation, goals and risk tolerance. Through a series of personal interviews the Adviser will collect pertinent data, identify goals, objectives, financial problems, potential solutions, prepare specific recommendations and implement recommendations.

Some clients may only require advice on a single aspect of the management of their financial resources. For these clients, the Adviser offers financial planning in a modular format and/or general consulting services that address only those specific areas of concern.

The Adviser’s financial planning services include any one or all of the following:

1. Spreadsheet Analysis, Reports & Consultations – This includes the formation of financial statements that may include a financial summary and cash flow statement as well as analysis of these items to evaluate the client’s current situation and to help build a financial roadmap for the future. The Adviser also may consolidate account information such as account titling, account numbers, cost basis, inception dates, market values and interest/dividend earnings where such information is available.
2. Retirement Planning – This involves advice with respect to alternatives and techniques for accumulating wealth for retirement income or advice relative to appropriate distribution of assets following retirement. Additionally, self-directed retirement assets are evaluated and, where appropriate, recommendations and assistance are provided. Tax consequences and their implications are identified and evaluated in general terms. The Adviser is not engaged in rendering legal or accounting advice, have no lawyers or accountants on staff and therefore refer all matters requiring legal or tax advice to the client’s chosen and properly licensed professionals in these areas.
3. Investment Planning/Asset Allocation/ Fund Choice – This involves advice with respect to asset allocation and investment income accumulation techniques. Evaluations are made of existing and, when applicable, potential investments in terms of their economic and tax characteristics as well as their suitability for meeting client’s objectives. Tax consequences and their implications are identified and evaluated in general terms.
4. Estate Planning – This service generally involves a review of assets and liabilities, the titling of assets and the consideration of trusts. However, the Adviser may provide advice with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques as well as a discussion of gifts, trusts, etc. and the disposition of business interests. Tax consequences and their implications are identified and evaluated in general terms. The client’s

chosen licensed attorney must be used for evaluation and document creation.

5. Insurance Planning – This includes risk management associated with advisory recommendations based on the combination of insurance types that best meet a client’s specific needs, e.g. life, health disability, long-term care, and others as appropriate.

6. College Planning – This includes alternative and strategies with respect to the complete or partial funding of college or other post-secondary education experience. Tax consequences and their implications are identified and evaluated in general terms.

7. Tax Planning – Tax planning is referred to the client’s chosen personal tax advisor. The Adviser may offer advice as to how tax laws may affect various financial decisions, e.g. acquisitions, pension strategy, investing in new opportunities or consolidation of existing investments, and individual taxations issues, among others.

8. Consolidation of Financial Situation – As a result of performing some or all of these services listed in bullets 1 through 7, the Adviser may be able to recommend strategies or methods for consolidating the client’s financial situation in order for the client to manage their financial situation more easily and to obtain efficiency, cost savings, and diversification.

ii. QUALIFIED PLAN MANAGEMENT SERVICES

With the Adviser’s Qualified Plan Management program, the assets held in clients’ 401k, 403b, 457 or other company retirement plan assets are managed by the Adviser on a non-discretionary basis. The Adviser will review the holdings of a client’s qualified plan and make recommendations based upon the clients investment needs, goals and objectives.

iii. RECOMMENDATION AND MONITORING OF THIRD PARTY INVESTMENT ADVISERS

The Adviser may provide a recommendation to use the services of a third party investment advisers (“Third Party Advisers”). Prior to recommending a specific Third Party Adviser, the Adviser will evaluate each individual client's investment needs, goals and objectives. After the evaluation, the Adviser will evaluate unaffiliated third party investment advisers and recommend one or more of their services. The recommendation will depend on the client’s circumstances, goals and objectives, strategy desired, account size, risk tolerance, or other factors. The Adviser will work together with the client to determine which Third Party Adviser may be appropriate.

The terms and conditions under which the client will engage the Third Party Adviser shall be set forth in separate written agreements between (1) the client and the Adviser and (2) the client and the Third Party Adviser. The Adviser will continue to render advisory services to the client relative to the ongoing monitoring and review of account performance and will act as the client’s primary investment adviser.

The Adviser will review Third Party Advisers prior to making a recommendation to the client. The Adviser will consider the following factors: reputation, performance, financial strength,

management, price, reporting capabilities, client's goals, client's needs, client's investment objectives, and reporting.

Upon engagement of this service, the Third Party Adviser will be responsible for portfolio management, best execution, portfolio reporting, trading, trade error resolution, and custodian reconciliations. The Adviser will maintain its relationship with the client and monitor the status of the client's accounts with the Third Party Adviser. In the event the Third Part Adviser is not performing to the client's satisfaction, the client will need to contact the Third Party Adviser directly to terminate his/her contract with the Third Party Adviser. At the request of the client, the Adviser will assist in this process along with finding a new a Third Party Adviser.

The Third Party Adviser charge advisory fees based upon a percentage of assets under management. Their management fees are exclusive of and in addition to the Adviser's investment management fee described below in Section 5. The Adviser does not share in the Third Party Adviser's fee or receive referral-based compensation from the Third Party Adviser.

When utilizing the services of a Third Party Adviser, clients will be given a copy of their Form ADV Part 2A. Clients are encouraged to read and understand this disclosure document. Clients may incur additional fees by the Third Party Adviser such as ticket charges or commission for trades, as described in the Third Party Adviser's disclosure documents.

The Adviser will not refer a client to a Third Party Adviser unless it is registered or exempt from registration as an investment adviser in the client's state of residence.

Clients are never obligated to use a recommended Third Party Adviser.

C. TAILORED SERVICES

The Adviser's services are individualized to each client. However, it generally does not allow clients to place restrictions on the types of securities held in their accounts.

D. WRAP PROGRAM

The Adviser does not sponsor a wrap program. This section is not applicable.

E. CLIENT ASSETS MANAGED

As of March 5, 2019, the Adviser does not manage any client assets on a discretionary or non-discretionary basis. All assets are held with a Third Party Investment Adviser.

5. FEES AND COMPENSATION

A. FINANCIAL PLANNING

The aforementioned services are provided on a fixed or hourly fee basis in accordance with the following fee schedule:

Hourly Fee: The Adviser assesses an hourly rate of \$500 an hour for financial planning services when clients request one or two of the financial planning modules or when a client requests a

planning service not covered by a module. The hourly fee is negotiable however the minimum hourly planning fee is \$500. The number of hours will vary depending upon the complexity of the financial situation, the estimate of hours involved, including preparation and research, areas to be specified and estimated in the written agreement for services. The hourly fee can be negotiated with the client.

Fixed Fee: The Adviser assesses a fixed fee when clients request three or more of the modular financial planning services. The fixed fees begin at \$1,500 for two modules and increase in increments of \$1000 for each additional module. The maximum fee for all eight modules is \$10,000. The fixed fee can be negotiated with the client.

All fees for planning services are agreed upon in advance in writing and due at that time. For prepaid fees in excess of \$500.00, services will be completed within six months of the date fees are received.

The client may cancel the financial planning agreement for any reason during the first five (5) days from the date of signing the agreement and will receive a refund of 100% of all fees paid without cost or penalty. After the first five (5) days, written termination will result in a pro-rated refund of any prepaid and unearned fee to the client based upon the number of hours worked on the financial plan at rate of \$500 per hour. To cancel the agreement, the client must notify firm in writing at Cruz Investments & Wealth Management, 605 North Broadway, 2nd Floor, Aurora, IL 60505 and return any materials received to that date.

B. QUALIFIED PLAN MANAGEMENT SERVICES

The Qualified Plan Management Services are provided on an hourly fee basis. The hourly fee is \$500 per hour. The hourly fee can be negotiated with the client. All fees are billed as the service is provided. The client will receive an invoice that is due within 30-days of receipt.

The client may cancel the financial planning agreement for any reason during the first five (5) days from the date of signing the agreement and will receive a refund of 100% of all fees paid without cost or penalty. To cancel the agreement, the client must notify firm in writing at Cruz Investments & Wealth Management, 605 North Broadway, 2nd Floor, Aurora, IL 60505 and return any materials received to that date.

C. RECOMMENDATION AND MONITORING OF THIRD PARTY INVESTMENT ADVISERS

Advisory fees for the Recommendation and Monitoring of Third Party Advisers will be a percentage of the assets under management. The Fee for this service will not exceed 2.00% per year. The Fee will be calculated, accrued and due quarterly in advance or arrears, as negotiated with the client. Under some circumstances the Adviser's fees may be lower than the standard rate and can be negotiated. Accordingly, rates may vary based on a variety of factors. For example, in determining fees, rates, and minimums, the Adviser may aggregate related accounts and, for billing purposes, treat them like one account.

Fees will not be based upon a share of capital gains or capital appreciation of the funds or of any

portion of the funds under advisory contract. Fees for services to be performed will not be collected six or more months in advance. Cash balances and investments in money market funds, demand deposit accounts, and certificates of deposit at banks or brokerage firms are covered by the Account and are included in the fee calculations.

The Adviser does not deduct investment management fees from the client's qualified custodian account. Clients will have two options: 1) receive a quarterly invoice to be paid within 10-days of receipt or 2) elect to have all fees, the Third Party Adviser fees and the Adviser's fees, deducted directly from their account by the qualified custodian that holds the client's funds and securities. When elected, the Third Party Adviser will withdraw the fees and forwards the Adviser's investment management fees. The Adviser does not withdraw fees.

A client may terminate this service for any reason at any time and, within the first five (5) business days after signing the contract, without any cost or penalty. Thereafter, the contract may be terminated at any time by giving ten (10) days written notice to the firm. Upon written notice of termination, fees will be prorated based upon the number of days that services were rendered. Any excess fees will be returned to the client. The client must contact the Third Party Adviser directly to terminate his/her contract with the Third Party Adviser.

6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

The Adviser does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

7. TYPES OF CLIENTS

The Adviser offers its services to individuals and high net worth individuals. The Adviser does not require a minimum account size or that a client have a minimum net worth to open an account. However, the various Third Party Advisers may have minimum account sizes or other requirements. The Adviser will discuss these requirements when it gives its recommendation.

8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The Adviser primarily uses asset allocation to form client portfolios.

Asset Allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance and investment horizon among various asset classes. The asset classes typically include equities, fixed-income, and cash and equivalents. Each class has different levels of risk and return, so each will behave differently over time.

The Adviser's analysis of securities and advice relating thereto may be based upon information obtained from financial newspapers and magazines, research materials prepared by others, corporate ratings services, and annual reports, prospectuses and filings made with the Securities

and Exchange Commission. The Adviser also may use computer models for performance analysis, asset allocation and risk management.

B. INVESTMENT RISKS

All investments bear different types and degrees of risk and **investing in securities involves risk of loss that clients should be prepared to bear.** While the Adviser uses investment strategies that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. The client needs to ask questions about risks he/she does not understand, the Adviser would be pleased to discuss them.

The Adviser strives to render its best judgment on behalf of its clients. Still, it cannot assure or guarantee clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser but is not a reliable predictor of future performance. The Adviser continuously strives to provide outstanding long-term investment performance, but many economic and market variables beyond its control can affect the performance of an investment portfolio.

An investment could lose money over short or even long periods. A client should expect his/her account value and returns to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets. A client's account performance could be hurt by:

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.
- **Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates.
- **Manager risk:** The chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.
- **International investing risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices, as well as regulatory and financial reporting standards, that differ from those of the U.S.

9. DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10-years that would be material to your evaluation of the Adviser or the integrity of its management.

The Adviser does not have any information applicable to this Item as we have not been subject to any administrative, civil, criminal or regulatory proceedings.

10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. BROKER-DEALER AFFILIATIONS

The Adviser's owner, Mr. Cruz, is a registered representative and an investment adviser representative of Madison Avenue Securities, LLC, a registered broker-dealer and investment adviser. Mr. Cruz may recommend these services to clients. This creates a conflict of interest because these services pay him commissions and fees that are separate from his investment adviser fees described above. However, Mr. Cruz attempts to mitigate any conflicts of interest to the best of his ability by placing the client's interests ahead of his own through his fiduciary duty. Also, it is the Adviser's policy that recommended securities purchases do not have to be purchased through Mr. Cruz.

B. FUTURES/COMMODITIES FIRM AFFILIATION

The Adviser is not affiliated with a futures or commodities broker.

C. OTHER INDUSTRY AFFILIATIONS

The Adviser owner, Mr. Cruz, is an independent insurance agent (life, annuity and Health). Mr. Cruz may recommend these services to clients. This other business activity pays Mr. Cruz commissions that are separate from the fees described above. This is a conflict of interest because the commissions give Mr. Cruz a financial incentive to recommend and sell clients the insurance products. However, Mr. Cruz attempts to mitigate any conflicts of interest to the best of his ability by placing the client's interests ahead of his own, through his fiduciary duty and by informing clients that they are never obligated to purchase recommended insurance through him.

D. SELECTION AND MONITORING OF THIRD PARTY INVESTMENT ADVISERS

The Adviser may recommend the services of a third party investment adviser. Please see Items 4 and 5 for additional details about this service.

11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. DESCRIPTION

The Adviser's Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. The Adviser will provide a copy of its Code of Ethics to any client or prospective client upon request.

The Adviser's Code of Ethics covers all supervised persons and it describes the firm's high standard of business conduct, and fiduciary duty to the clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

B. MATERIAL INTEREST IN SECURITIES

The Adviser does not have a material interest in any securities. Additionally, it is the Adviser's policy that it will not affect any principal or agency cross securities transactions for client accounts. The Adviser will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

C. INVESTING IN OR RECOMMENDING THE SAME SECURITIES

The Adviser does not allow its associated persons to buy or sell for their personal account(s) the same securities that it recommends in client accounts. All associates person's positions are reviewed in an effort to prevent such employees from benefiting from transactions placed on behalf of advisory accounts.

12. BROKERAGE PRACTICES

A. RECOMMENDED BROKERAGE

The Adviser does not recommend broker-dealers or custodian. However, recommended Third Party Advisers may recommend broker-dealers and/or custodian. This will be disclosed in the

Third Party Adviser's ADV Part 2A, which is given to the client upon solicitation. Clients are encouraged to read and review this disclosure document.

i. RESEARCH AND SOFT DOLLARS BENEFITS

“Soft dollars” are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. In order to stem the potential conflicts of interest that may arise from “soft dollar” arrangements, the Adviser pursues a policy of not entering into any such arrangements, either orally or in writing.

ii. BROKERAGE FOR CLIENT REFERRALS

The Adviser does not receive client referrals or any other incentive from any custodian or any third party.

iii. DIRECTED BROKERAGE

Some clients may direct us to a specific broker-dealer to execute securities transactions for their accounts. When so directed, the Adviser may not be able to effectively negotiate lower brokerage commissions or achieve best execution on clients' transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the clients' account because the Adviser cannot negotiate favorable prices.

B. TRADE AGGREGATION

The Adviser does not trade client accounts. This section is not applicable.

13. REVIEW OF ACCOUNTS

A. PERIODIC REVIEWS

Mr. Cruz, the Adviser's owner, meets with clients on a biennial basis to discuss and review their accounts.

B. OTHER REVIEWS

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a client's financial situation (such as retirement, termination of employment, physical move or inheritance).

C. REPORTS

Clients receive quarterly statements from their custodian. The Adviser urges clients to carefully review such statements.

14. CLIENT REFERRALS AND OTHER COMPENSATION

A. OTHER COMPENSATION

The Adviser does not receive any other compensation for providing investment advice to clients.

B. CLIENT REFERRALS

The Adviser does not pay for client referrals or use solicitors.

15. CUSTODY

All client funds, securities and accounts are held at third-party custodians. The Adviser does not take possession of a client's securities. However, the client will be asked to authorize the Third Party Adviser with the ability to deduct the management fees directly from the client's account. This authorization will be to deduct the management fee only. The client's custodian shall also send a quarterly statement indicating the amount of fees withdrawn from the client's Account. The Adviser urges clients to carefully review such statements.

16. INVESTMENT DISCRETION

All accounts are managed on a non-discretionary basis. A non-discretionary investment account means the client retains full discretion to supervise, manage, and direct the assets of the account. The client maintains full power and authority to purchase, sell, invest, reinvest, exchange, convert, and trade the assets in the Account in any manner deemed appropriate and to place all orders for the purchase and sale of Account assets with or through brokers, dealers, or issuers selected by the client. The client is free to manage the account with or without the Adviser's recommendation and all with or without any prior consultation.

17. VOTING CLIENT SECURITIES

The Adviser will not be responsible for responding to proxies of securities held in clients' accounts. Proxy solicitation materials will be forwarded to clients for response and voting. In the event a client has a question about a proxy solicitation, the client should contact Mr. Cruz.

18. FINANCIAL INFORMATION

A. BALANCE SHEET

The Adviser does not require or solicit prepayment of more than \$5000 in fees per client and six months or more in advance. Therefore, it does not have to provide a balance sheet.

B. FINANCIAL CONDITION

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Adviser's financial condition. The Adviser has no financial commitment that impairs its ability to service its clients.

C. BANKRUPTCY

The Adviser has not been the subject of a bankruptcy proceeding.

19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

We have one principal executive officer, Reynaldo Cruz (“Mr. Cruz”). Mr. Cruz’s biographical information is provided in the attached brochure supplement document.

Mr. Cruz is required to disclose additional information if they have other business activities. Mr. Cruz is a registered representative of Madison Avenue Securities, LLC and a licensed insurance agent. He also is owner of Cruz Tax Advisory, LLC and creator of Sparton Eye Candy, LLC. These activities and any conflicts of interest associated therewith are discussed in Item 10 and his brochure supplement.

Mr. Cruz is also required to disclose additional information if they receive performance-based fees, or have any relationship or arrangement with an issuer of securities. They have no information to report on these topics because none of these apply to them. Finally, they have to disclose if they have been involved in any of the following events listed below:

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
 - a. an investment or an investment-related business or activity;
 - b. fraud, false statement(s), or omissions;
 - c. theft, embezzlement, or other wrongful taking of property;
 - d. bribery, forgery, counterfeiting, or extortion; or
 - e. dishonest, unfair, or unethical practices.
2. An award or other being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
 - a. an investment or an investment-related business or activity;
 - b. fraud, false statement(s), or omissions;
 - c. theft, embezzlement, or other wrongful taking of property;
 - d. bribery, forgery, counterfeiting, or extortion; or
 - e. dishonest, unfair, or unethical practices.

None of these apply to our owner.