

## Item 1 – Cover Page

# CIGX, LLC

3350 Riverwood Parkway  
Suite 1900  
Atlanta, Georgia 30339  
[www.cigxfinancial.com](http://www.cigxfinancial.com)  
March 1, 2021

This Brochure provides information about the qualifications and business practices of [CIGX, LLC \[“ADVISOR”\], CRD#149934](#). If you have any questions about the contents of this Brochure, please contact us at 770-374-3146 or [e.schwerd@ecigx.com](mailto:e.schwerd@ecigx.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.

CIGX, LLC is a registered investment adviser. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information, which you may use to determine to hire or retain an Advisor.

Additional information about CIGX, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Erich Schwerd, owner/advisor, at 770) 374-3146 or [e.schwerd@ecigx.com](mailto:e.schwerd@ecigx.com). Our Brochure is also available on our web site [www.cigxfinancial.com](http://www.cigxfinancial.com), also free of charge.

Additional information about CIGX, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with CIGX, LLC, who are registered, or are required to be registered, as investment adviser representatives of CIGX, LLC.

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## Item 4 – Advisory Business

CIGX, LLC was formed in 2002 and has been operating since 2003. CIGX is owned and operated by Erich Schwerd.

CIGX, LLC ("CIGX") offers asset management under the CIGX Global portfolios.

CIGX assists its clients in implementing their investment plan by managing portfolios on a discretionary basis. Under such an arrangement, CIGX has the authority to supervise and direct a portfolio without the prior consultation of the client.

CIGX utilizes primarily exchange trade funds (ETF's) but also uses mutual funds, common stocks, individual bonds, and other investments in its CIGX Global portfolios. Clients have the right to impose certain restrictions or guidelines in their portfolios, such as excluding common stock, prohibiting the sale of certain investments held prior to commencement of the relationship, or excluding an asset class. Such restrictions and guidelines will affect the performance of the portfolio. CIGX uses model portfolios as a basis for its overall investment decisions. However, each account will be treated individually with specific consideration given to each account. For these and other reasons, performance of the portfolios within the same investment objective will vary and clients should not expect their performance to be identical with any other client account.

The investment philosophy is founded on the following principles:

The advisor uses research in economics and finance to develop model portfolios that utilize the following asset classes: equities, bonds, real estate, commodities, alternative investments, and cash. Asset allocation models are based on interpretations of current market conditions and then arranged for risk tolerances, resulting in four asset allocation model portfolios, for conservative, moderate, growth, and aggressive investors. In addition to the asset classes outlined above, the advisor makes determinations on the equity side regarding large versus small company stock, international versus domestic stock, and domestic versus international and corporate versus government bonds on the bond side.

In addition, the advisor attempts to:

Pay a reasonable price

Invest for the long term

Select a company with superior management

Identify a superior business with strong fundamentals

Select a business that experiences gradual rather than rapid change

Define risk not by the volatility of a stock, but rather as the erosion of a company's fundamental earnings power

CIGX purchases securities for the long term, but a sell discipline is necessary. Securities may be sold under the following conditions:

Price Appreciation

A portion of the position is sold when the security becomes overvalued. This reduces overall risk, and gains are realized while continuing to maintain an investment in an appreciating sector.

## Price Decline

Action is considered if the price of a security declines by 15% from its recent high or purchase price. This action creates a safety net and helps preserve portfolio capital.

## Earnings Decline

Stocks will be reviewed if earnings underperform expectations and/or their industry group.

## Better Opportunity

Any holding may be sold and replaced with a security that has greater appreciation potential.

## Out of Tolerance

Models are reviewed and adjusted annually. Quarterly, client accounts are reviewed and analyzed against the assigned model. A 10% or greater out of tolerance versus the current assigned model would trigger an analysis of the necessity for rebalancing. This rebalance would keep the above criteria in mind and seek to minimize trading costs.

CIGX does not represent, warrant, or imply that the services or methods of analysis used by CIGX can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to major market corrections or crashes. No guarantees can be offered that client goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by CIGX will provide a better return than other investment strategies.

Varied fluctuations in the price of investments are a normal characteristic of securities markets due to a variety of influences. Managed account programs should be considered a long-term investment and thus long-term performance are the major goals.

Separately managed accounts: Some investment advisory firms use other investment advisors to manage a portion of a client's account. CIGX does not use separately managed accounts (SMA's).

CIGX, LLC manages assets on a discretionary basis. As of December 31, 2020, CIGX, LLC manages \$23.3 million on a discretionary basis.

CIGX offers financial and retirement planning services and asset allocation recommendations. CIGX will gather financial information and history from clients, including, but not limited to, financial and retirement goals, investment objectives, investment time horizon, financial needs, cash flow analysis, cost of living needs, education needs, savings tendencies, and other applicable financial information required by CIGX to provide the services requested. Based upon the client's situation and needs, CIGX will prepare a written financial plan addressing client's needs.

Financial plans are based on the client's financial situation at the time and are based on financial information disclosed by the client. Clients are advised that certain assumptions may be made with respect to interest and inflation rates, and rates of return based on historical trends and performance of the market and overall economy. CIGX cannot offer guarantees or promises that client's financial goals will be met. Further, client must continue to review any plan and update the advisor promptly if there are changes in the client's situation or goals.

Clients are advised that neither CIGX nor its Advisors offer any advice or guidance on a client's property, casualty, or liability insurance needs. Clients are advised that neither CIGX nor its Advisors offer any advice or guidance on tax matters, including tax compliance and tax planning. Clients are urged to consult their tax specialist regarding any investment advice or recommendation offered.

CIGX offers financial planning services on an hourly fee basis of \$100 per hour. Hourly fees are not negotiable. Clients may be provided with an estimate of the amount of time CIGX anticipates it will take to provide the research and analysis. However, there is no way for CIGX to be able to quote an exact fee since time will vary based on several factors, including, but not limited to, the number of meetings with the client, complexity of the situation, questions of the client, amount of research required, organization of the client, knowledge of the client about their financial situation, number of parties involved and services requested.

Client may terminate financial planning services without penalty, upon written notice within five (5) business days after entering into the planning agreement with CIGX. Thereafter, client may terminate planning services at any time upon written notice being received by CIGX. However, client will be invoiced for all time spent if termination occurs prior to presentation of the analysis.

Advisor may be licensed with various insurance companies. Commissions may be earned if the insurance products are purchased through Advisor. Clients are under no obligation to purchase insurance products through Advisor.

Mr. Schwerd spends less than 10% of his time offering insurance products. Mr. Schwerd spends approximately 90% of his time offering financial planning and asset management services.

Mr. Kharazmi expects to spend approximately 20% of his time offering financial planning and asset management services. He spends 80% of his time offering insurance products.

Client is advised that fees for financial planning are strictly for financial planning services. Therefore, client may pay fees or commissions for services obtained such as asset management or products purchased such as securities or insurance.

## **Item 5 – Fees and Compensation**

### **FEES**

Portfolio management fees are payable quarterly, in advance, and are prorated in the event the relationship commences prior to the beginning of a new quarter. Fees are based on the closing value of the account on the last day of the prior quarter. In the event of an account termination, the client can request a refund of the quarterly fee paid during the quarter of termination. The unearned portion of the fee will be refunded to the client. All fees paid to CIGX are separate and distinct from the fees and expenses charged by mutual funds, exchange trade funds, custodians, brokers, and other parties involved, which will be charged directly to the client. CIGX fees are charged based on a percentage of assets under management.

The annual fee schedule for taxable and IRA accounts is as follows:

1.00% for accounts up to \$1,000,000  
0.75% for accounts \$1,000,001 to \$2,000,000  
0.60% for accounts \$2,000,001 to \$3,000,000  
0.50% for accounts over \$3,000,000  
Accounts in excess of \$3 million, the fee is negotiable

All fees are subject to negotiation.

The specific manner in which fees are charged by CIGX, LLC is established in a client's written agreement with CIGX, LLC. CIGX will generally bill its fees on a quarterly basis.

Clients are billed in advance calendar quarters. Clients may also elect to be billed directly for fees or to authorize CIGX, LLC to directly debit fees from client accounts. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will not be refunded.

CIGX fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which shall be incurred by the client. These are third party costs that CIGX does not receive. Clients may incur certain charges imposed by custodians, brokers, third party investment managers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to CIGX's fee, and CIGX, LLC shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that CIGX, LLC considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

CIGX, LLC 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).

## **Item 7 – Types of Clients**

CIGX, LLC provides portfolio management services to individuals of moderate to high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, trusts, endowments, private investment funds, sovereign funds, foreign funds such as UCITs and SICAVs, and other U.S. and international institutions.

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

CIGX requires that each prospective client complete a questionnaire and account opening documents, which include asset and net worth information and information regarding the prospective client's risk tolerance and investment preferences; and uses this information to determine which strategies best suit the

client's goals and objectives. Clients wishing to have access to a variety of markets including commodity markets and foreign markets on a cost effective basis may be directed to the CIGX portfolios. These allow access to markets for a wide range of risk tolerances from conservative to very aggressive. This strategy utilizes, primarily, exchange traded funds. Exchange traded funds are funds concentrated on specific markets. They usual carry relatively low expenses as the funds are not actively managed.

## **Item 9 – 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 CIGX, LLC or the integrity of CIGX, LLC's management. CIGX, LLC has no information applicable to this Item.



## **Item 10 – Other Financial Industry Activities and Affiliations**

CIGX, LLC is not involved in other financial industry activities or affiliated with any other financial services providers. Erich Schwerd does offer life insurance products. Alex Kharazmi offers life, and property and casualty insurance products through AK Insurance Inc. A conflict of interest could exist in identifying insurance issues. CIGX does not bundle these products and there is no requirement that insurance or legal services be provided by CIGX or its affiliates.

## **Item 11 – Code of Ethics**

CIGX has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its 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 at CIGX must acknowledge the terms of the Code of Ethics annually, or as amended.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of CIGX 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 materially not interfere with the best interest of CIGX's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between CIGX and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with CIGX's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. "ADVISOR" will retain records of the trade order

specifying each participating account and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

CIGX's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Erich Schwerd.

It is CIGX's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Advisor 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.

## **Item 12 - Brokerage Practices**

Clients can choose the custodian, so long as the custodian permits the services of advisory firms. For clients with no preference for a custodian, CIGX will generally recommend a custodian. In recommending brokers and dealers, Advisor will generally seek best execution. Best execution means the Advisor will comply with its fiduciary duty to obtain best execution as defined by the Securities Exchange Act of 1934, and will take into account such relevant factors as price, facilities, reliability, financial responsibility, the ability to effect transactions (particularly regarding timing and order size), research and related services provided to the Advisor (notwithstanding that the account may not be the direct or exclusive beneficiary of such services, and other factors the Advisor considers to be relevant.

### **Item 13 – Review of Accounts**

Advisor will review each client account at least quarterly. This review includes review of account performance, asset allocation, cash balance, and transaction history. CIGX may also review accounts upon request of the client. Unless the client has requested not to receive quarterly reports, each client receives a printed report quarterly.

### **Item 14 – Client Referrals and Other Compensation**

At present, CIGX does not compensate any person for client referrals or receive or dispense other compensation.

### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank, or other qualified custodian that holds and maintains client’s investment assets. CIGX urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

CIGX usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, CIGX observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to CIGX in writing.

## **Item 17 – Voting *Client* Securities Proxies**

As a matter of firm policy and practice, CIGX does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. CIGX may provide advice to clients regarding the clients' voting of proxies.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about CIGX's financial condition. CIGX has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **Item 19 – Requirements for State-Registered Advisers**

Biography and Professional Credentials:

I.

Erich J. Schwerd, JD, MBA

Date of Birth: 1971

Education:

- Emory University, Atlanta, GA, 1989-1993, B.A. '93 in International Studies
- Indiana University, Bloomington, IN, 1993-1996, JD '96
- Kennesaw State University, Kennesaw, GA, 2000-2002, '02 MBA

Business Background:

- CIGX, LLC, an investment advisor -- member/advisor 10/03 to the present
- \*Horizon Funds Management, LLC -- Chief Compliance Officer 06/10-11/11
- 1st Global Capital Corporation, registered representative 3/06 to 10/09
- 1st Global Insurance, Inc., an insurance agency 03/06 to 10/09
- 1st Global Advisors, an investment advisory firm – IAR-Advisor, 03/06 to 10/09
- The Strategic Financial Alliance, registered representative and investment advisor representative, 07/04 to 3/06

## B. OTHER BUSINESS ACTIVITIES

### I.

Erich Schwerd may be licensed with various insurance companies. Commissions may be earned if the insurance products are purchased through Erich Schwerd. Clients are under no obligation to purchase insurance products through Erich Schwerd or any other affiliated entity.

Mr. Schwerd spends less than 10% of his time offering insurance products. Mr. Schwerd spends approximately 90% of his time offering financial planning and asset management services.

In June of 2010, Erich Schwerd joined Horizon Funds Management, LLC, an SEC registered investment advisor, created to advise the Horizon Funds Trust Co. family of mutual funds. He served as Chief Compliance Officer until November of 2011.

### II.

Alex Kharazmi, ChFC, CLU

Date of Birth: 6/21/1948

Education:

The American College; 2002-2003, CLU and ChFC

Georgia Institute of Technology; 1977-1979; M.S. City Planning

Georgia Institute of Technology; 1971-75; B.S. Civil Engineering

Business Background:

CIGX, LLC, a registered investment advisor, -- investment advisor representative 1/15/2013 – present

Securities Management & Research, Inc. -- registered representative 06/1995 - 01/2011

Fidelity Equity Services, Inc – registered representative 11/93 - 4/95

New England Securities – registered representative 4/92 – 11/93

### B. Other Business Activity

-- Mr. Kharazmi owns and operates AK Insurance, Inc. a life and property&casualty insurance business. He is also a licensed real estate broker and owner of Dependable Realty, Inc.

Clients are under no obligation to purchase insurance products through AK Insurance or any other affiliated entity.

Mr. Kharazmi expects to spend 80% of his time in the property and casualty business and 20% of his time in the investment advisory and life business.

C. Performance Based Fees

Does not apply

D. Additional Disclosures

There are no additional disclosures

E. Other Conflicts of Interest

There are no other conflicts of interest not mentioned in Item 10 above.