

Brochure Document (Part IIA of Form ADV)

January 6, 2011

Capital Investment Advisors, Inc.

Registered Investment Advisor*

1401 Highway A1A ~ Suite 207

Vero Beach, FL 32963

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This brochure provides information about the qualifications and business practices of Capital Investment Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 772 231-3122 or via email at andrea@Followingtrends.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 Capital Investments Advisors, Inc. is available on the Internet at <http://www.sec.gov/IARD/>. You can search this site by a unique identifying number; known as the CRD number. The CRD number for Capital Investment Advisors, Inc. is 116241.

*Registration does not imply a certain level of skill or training.

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MATERIAL CHANGES

The last annual update of this brochure was January 7, 2010. Capital Investment Advisor will be moving from SEC supervision to the State of Florida in 2011. The firm is owned 51% by Andrea D. Mears, and 49% by James A. Schorner.

ADVISORY BUSINESS

Capital Investment Advisors, Inc. (We) offer a variety of investment management services directly to individuals, trusts, estates, charitable organizations, corporations and business entities. The firm was incorporated in 2001. The principal owners are Andrea D. Mears and James A. Schorner.

Advisory Services for Individuals, Trusts, Estates, Charitable Organizations and Corporations

In a typical client engagement, we define the client's investment objectives and risk profile. We then develop an investment strategy for the client based upon the particular needs and circumstances of the client. Assets are then invested in accordance with this strategy pursuant to one of our investment models described below. The client's portfolio is monitored and each client is provided with an annual performance report.

Advisory Services for Retirement Plans / Businesses

In a typical business engagement, we define the client's investment objectives and risk profile. If it includes a retirement plan for the employees, investment objectives and risk profiles are determined. Assets are then invested in accordance with our 401K strategy described below.

INVESTMENT MODELS

Investing in securities involves risk of loss that clients should be prepared to bear, however we remain committed to preserving your wealth and avoiding a substantial loss.

Trend-Following

In 2011, Trend-Following will use a slightly different investment model than in previous years. As always, Trend-Following will continue with market momentum as the principal determination as to be in or out of the stock market. We will incorporate various asset classes whereas the previous Fabian model generally invested in broad-based stock market indexes. This investment model will use Exchange Traded Funds (ETFs) and no-load mutual funds to achieve its goals. We expect to outperform the S&P 500 by investing in the sectors experiencing the greatest upward momentum. The model will indicate which asset classes are being favored by the market as determined by institutional buying. The portfolio will re-balance quarterly to take advantage of the most favorable sectors.

For example, to avoid substantial losses in the 2008 bear market, this model invested in the fixed-income sector. When asset classes moved from bear market to a bull market, the allocation was restored to equities. We believe this model will outperform the previous Fabian Trend-following model within reasonable risk parameters. These portfolios may experience a greater decline in account values during market downturns as investors will stay invested in the best sectors with the expectation that they will recover faster than the stock market average. Nevertheless, we stand behind our motto, "never lose a lot of money."

We will be referring to the Sherman Sheet published daily by W. E. Sherman & Co., L.L.C. in guiding the securities selections we make for your portfolio.

Advisor Choice

This portfolio attempts to achieve long-term appreciation of each client's investments by investing primarily in equity securities of US and foreign companies. Any portion of this portfolio may be in or out of equity/bond positions. The portfolio will utilize mutual funds, ETF's, UIT's, structured products, no-load mutual funds, stocks and bonds. Assets may be invested in any sector, in any currency, or in any country including emerging markets and foreign currencies. The portfolio is typically well diversified and invested when the trend is up in that asset class. The advisor may choose to sell a losing position at any time, or take profits when appropriate.

The Advisor researches multiple sources of information and statistics before making investment decisions, such as, but not limited to: macro-economic issues domestically and abroad, politics, world GDP forecasts, charting, fundamental analysis, technical analysis, cyclical analysis, currency forecasts, and relative strength of stocks or sectors. The following resources may be used when making investment decisions: Colin Twiggs, Charlie Miller, Thomas Bulkowski, Bloomberg, CNBC, Amy Calistri, No-Load Navigator Newsletter, The Sherman Sheet, Breakpoint Trades, Research magazine, etc..

With client written permission, we may purchase investment products outside Fidelity.

Asset Preservation

Mimics Advisor Choice but may choose to have a greater portion in cash or income producing positions, or may invest smaller amounts or choose not to participate when risk/reward scenarios are not as favorable. This portfolio attempts to achieve long-term appreciation of each client's investments by investing primarily in equity securities of US and foreign companies. Any portion of this portfolio may be in or out of long or short equity/bond positions. The portfolio will utilize mutual funds, ETF's, UIT's, structured products, no-load mutual funds, stocks and bonds. Assets may be invested in any sector, in any currency, or in any country including emerging markets and foreign currencies. The portfolio is typically well diversified and invested when the trend is up in that asset class. The advisor may choose to sell a losing position at any time, or take profits when appropriate.

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401K Portfolios Maintained Outside Fidelity

We define the client's investment objectives and risk profile. We then develop an investment strategy for using the available choices within the 401K plan. As these portfolios are long-term investments, all or portions of the 401K may remain invested during market corrections. Typically, a 401K plan does not offer a means to short stocks or bonds, so we may move to cash during drastic declines to protect principal from severe loss. We will rebalance within the guidelines of the 401K restrictions.

Risks

Investments are subject to a number of risks, including the risk that security prices may decline over short or even extended periods, adverse economic, political or financial market conditions, and interest rate increases. The following types of risks may significantly affect the performance of a client's investment portfolio.

Smaller Capitalization Stocks

Assets may be invested in smaller capitalization securities or mutual funds, which involve greater risks than larger capitalization securities or mutual funds. The price of smaller capitalization securities or mutual funds may be more volatile. In addition, issuers of such securities or mutual funds often have limited product lines, markets, and financial resources.

Market Volatility

Values in equity markets can go down. Adverse issuer, political, economic or market events can cause significant declines in the values of both debt and equity securities.

Interest Rates

Increases in interest rates may cause the price of debt securities to decline.

Foreign Securities

Assets may be invested in foreign-equity securities or mutual funds, which involve risks in addition to those associated with domestic investments. These risks include adverse legal, political, or economic developments. Since the economies of foreign countries generally are heavily dependent upon international trade, trade barriers and exchange controls may adversely affect companies located in such countries

Because the securities purchased in a foreign market may be denominated or quoted in currencies other than the US dollar, changes in foreign currency exchange rates may also affect the value of securities.

Foreign governments may impose withholding taxes, exchange controls or other governmental restrictions. There is also the possibility of expropriation of assets and confiscatory taxation. There may be less publicly available information about foreign companies than about comparable US companies. Foreign companies also may have accounting, auditing, and financial reporting standards that are less uniform or stringent than those applicable to US companies.

Over-the-Counter Securities and Private Investments

The manager may invest client assets in equity securities traded on the over-the-counter market and in private placements, and alternative investments if pre-approved by the client. Such securities present greater liquidity risks than exchange-traded securities or mutual funds.

Illiquid Securities

The firm will not invest in illiquid securities without first discussing with a client. Private placements or alternative investments may have lock up periods limiting the client access to cash and/or sale.

CAPITAL INVESTMENT ADVISORS, INC.

We serve as the investment manager for each client account. We are a separate business and are not a subsidiary of James A. Schorner, P.A. Mr. Schorner is a 49% partner in Capital Investment Advisors, Inc.

Money Management and Financial Planning

Ninety-nine percent (99%) of our time is associated with management of client assets. The balance of the time is spent with financial planning or consultations.

Other Industry Activities and Affiliates

At this time we are not affiliated with a broker-dealer. Andrea D. Mears is employed by Capital Investment Advisors, Inc. Fidelity Wealth Advisors is the only custodian for fee-based accounts.

OTHER BUSINESS ACTIVITIES

Andrea is licensed as a health/life insurance agent with the state of Florida, and from time to time sells insurance products of certain insurance companies. She is also licensed to sell variable annuities and variable life insurance products, as well as long term care programs. She devotes the majority of her time as an investment manager, and a lesser extent of her time to the sale of insurance products.

If Andrea recommends the purchase of an Insurance related product within a financial plan, client understands that they may implement that transaction with any Insurance agent or any other company. If the client desires to have Andrea place this business, she will be compensated by the insurance company via commissions.

Review of Client Accounts

We review client accounts at least quarterly. We verify that trades have been properly executed and that the positions held by clients are appropriate. We issue quarterly performance reports to clients that show the value of their account and the gain or loss for that period and year-to-date.

Investment Discretion

We generally have investment discretion over the assets of each client. We may therefore, without first obtaining client consent, buy and sell securities or mutual funds, determine the broker-dealers to be used, and determine the commission rate to be paid, if any. Clients that grant us discretionary authority, have the right to modify established objectives and impose reasonable investment restrictions on their accounts by giving written notice to us.

For us to exercise investment discretion over an account, the client must agree to a Level II limited power of attorney and investment management agreement, each of which gives us the express authority to make discretionary trades. As of January 1, 2011 we have discretionary authority over 100% of the assets under our investment management.

Proxy Voting

We do not vote on behalf of the client. The client retains the right to vote all proxies, which are solicited for securities held in the Portfolio. Any proxy solicitation received at the Company's place of business will be immediately forwarded to the Client for their evaluation and decision.

FEES AND EXPENSES

Annual fees for investment management are calculated based on beginning of quarter market value. Fees represent our ordinary services such as account activation, research and decision making for the investments considered or purchased in your account. Fees may vary from the schedule due to particular circumstances or if we negotiate otherwise, but in no case will fees be higher than stated below:

Up to \$500,000	1.20%
Over \$500,000 up to \$999,999	1.00%
Amounts \$1,000,000 to \$2,999,999	.85%
Above \$3,000,000	.65%

Management fees are billed quarterly in advance at the beginning of each quarter. Fees are paid from the client's account electronically. Clients will receive a quarterly statement showing the fees that were deducted from their account and the method used to derive the fees. Accounts established during the quarter will be pro-rated based on the value of the account and the number of days remaining in the current quarter. Clients leaving the firm will be reimbursed for unearned management fees.

In addition to the investment management fee, we may charge an \$85.00 fee for changes to the registration of an account. This would include the addition or deletion of a trustee or moving assets from a joint account or individual account to a trustee account. We also charge to enter the cost or other basis for assets transferred to your Fidelity account.

We may charge \$45 for each extraordinary service such as, but not limited to, distributions of funds (other than automated, periodic distributions), more than one change of address per year, more than one change of bank per year, collection of assets from other brokers or banks if the account is not managed by us for at least one year, requests to print and mail duplicate statements or previous year tax forms and other non-investment management services.

These fees may be changed in the future, however we will notify you before the fee change is applied and you will have the option to terminate your agreement with us before the date that the fee change is made.

Prior to the effective date of any change in fees, we will notify you in writing. You then have the option of terminating your agreement with us before the effective date of the fee increase.

Financial Planning and other Fees

For financial planning or consultative work, the hourly fee is \$150.00 per hour. This may include, but is not limited to, providing advice on income from investments, income/expense budgeting, long-term care or Medicaid planning, or providing analysis on currently-held securities, annuities or life insurance policies.

COMPENSATION

Andrea, from time to time, may earn commissions for the firm by selling insurance products. This creates a conflict of interest because she has the financial incentive to recommend these insurance products to clients instead of insurance companies that may not pay a commission. Capital requires Andrea to disclose the conflict prior to recommending any insurance products to a client for which she will receive a commission.

INVESTMENT ADVICE AND SUPERVISION

Andrea provides investment advisory services to clients and is self-supervised.

OPENING AND CLOSING ACCOUNTS

You are responsible for verifying transferring positions and providing the cost or other basis for transferred positions.

The minimum family relationship is \$300,000. Additions to accounts may be made in any amount. Our clients include individuals, trusts, retirement plans, and other entities. When you become a client you complete an account application and questionnaire designed to determine your investment profile.

We have accounts titled in the names of individuals, joint tenancy with right of survivorship, tenants by the entirety, tenants in common, trusts, transfer to minors, transfer on death, business entities, Roth and traditional IRA accounts.

We charge a fee of \$150 to open SEP, SIMPLE, 401(k) and other retirement plan accounts due to the additional paperwork involved. We may open these accounts in amounts less than the minimum referred to above.

Investors may obtain account balances and holdings, and review recent account history electronically through our website, www.followingtrends.com. The manager has instituted security procedures designed to verify the identity of the client. For example, the manager may request personalized security codes or other information from clients to set up this on-line account view option.

Either of us may terminate the investment management relationship upon 30 days written notice. Securities positions will be liquidated or delivered in kind, as per the Client request. Capital Investment Advisors, Inc. does not charge a closing fee, however, Fidelity may charge a closing fee.

BROKERAGE

When placing trades for clients, we allocate brokerage transactions to Fidelity Institutional Brokerage Services, LLC, Member NYSE, SIPC for execution on securities markets at the prices and transaction fees set by Fidelity. We are not paid securities commissions nor do we share in the Fidelity transaction fees.

Brokerage Allocation

We have selected Fidelity Institutional Brokerage Services, LLC, Member NYSE, SIPC for transactions in securities. Clients with Prime Brokerage Accounts, may purchase outside Fidelity.

Aggregation of Trades

Investment decisions for each client are made independently for each client. Nevertheless, it sometimes happens that the same security may be appropriate for more than one client, so that the same security may be purchased or sold simultaneously for more than one client's account. When two or more clients are simultaneously engaged in the purchase or sale of the same security, the prices and amounts are allocated in accordance with procedures believed to be appropriate for each client. In most cases, the transaction will be averaged as to price with transaction costs shared pro-rata based on each client's participation in the transaction. Available investments are allocated as to amount as nearly as practicable in proportion to the amounts purchased or sold for each such client. If an aggregated transaction is not filled completely, we will allocate the partially filled transaction on an equitable basis, either by a pro-rata allocation or a random assignment of the allocation.

We will aggregate transactions only if we believe that aggregation is in the best interest of the applicable clients, is consistent with its duty to seek best execution for our clients, and is consistent with the terms of its investment advisory agreement with each client for whom transactions are being aggregated. Nevertheless, the system we employ may have a detrimental effect on the price or value of the security as far as each client is concerned. In other cases, however, the ability of the clients to participate in volume transactions will produce better execution prices for the funds.

Use of a Custodian

We use Fidelity Institutional Brokerage Services, LLC, Member NYSE, as the custodian of our funds. They have commission rates that are below the industry and comparable to discount brokerage rates. Their platform offers us many services, such as retirement services, financial planning services, research, wealth management strategies, insurance, and management tools that allow us to provide the level of service to clients that we have set forth. In addition, the technology platform meets our needs and continues to be updated to meet future needs.

PERSONAL TRADES

We have adopted a code of ethics and insider trading policies and procedures that govern personal securities trades by its employees and certain other persons ("access persons"). Each access person must receive prior approval for opening a personal securities account and report securities transactions to the firm on a monthly basis. Prior to making an equity securities trade, an access person generally must clear the trade with the firm. Any access person or CIA employee, under no circumstances, will be able to buy or sell on the same day at beneficial prices, a security currently held by a CIA client. Also, under no circumstances may securities trades made by certain access persons (e.g., a portfolio manager) be made 5 days before or after a client trade if that would possibly provide an undue benefit to the access person because of material public information or material non-public information. Access persons are required to direct broker-dealers where they maintain accounts, to send duplicated confirmations and account statements to the firm.

We periodically review the trades of access persons and take other actions in attempt to detect violations of the firm's code of ethics and insider trading policies and procedures. Employees who commit violations are subject to a variety of sanctions, including monetary penalties, suspension or termination.

We have adopted procedures designed to prevent employees from committing prohibited insider trading. Employees in possession of material, nonpublic information may not trade in securities to which the information relates to tip such information to others. In certain instances, the firm will employ information blocking devices (e.g., "Chinese Walls"), watch lists, and restricted lists as a means of preventing illegal insider trading.

Our employees may invest in the same securities as our clients, including related securities such as options and derivatives. In addition, employees may have an interest or position in certain securities that may also be recommended to a client. Such positions and such trades made at or about the same time as client trades present a conflict of interest between our personnel and clients. We address this conflict through the procedures described above, which are designed to ensure that no client is disadvantaged in any way by trades of our employees. For example, our employees must pre-clear trades and no employee may purchase or sell any security prior to a transaction involving the same or related security being implemented for an advisory account.

REFERRAL ARRANGEMENTS

We may receive referrals from clients and other parties. It is our policy to not compensate the referring party unless we have a solicitation agreement with that party. If there is a signed solicitation agreement, this will be disclosed to you.

CUSTODY

Fidelity Institutional Brokerage Fidelity Institutional Brokerage Services, LLC, Member NYSE, is custodian of the assets in our client's accounts. Fidelity Institutional Wealth Services performs the following services for clients: (1) custody; (2) trade execution; (3) advice on specific securities; and (4) certain back office services, including preparation of client account statements, downloading client account information, and fulfillment services. Fidelity currently waives custodial fees in exchange for transactional fees generated by the account relationship and other relationships they have established with mutual fund carriers.

ABOUT THE ADVISOR, DIRECTORS, AND THE FIRM

Andrea D. Mears, Chief Investment Officer, is a 51% shareholder of Capital Investment Advisors, Inc. and serves as Vice-President and Treasurer CDR number 2843116

Andrea D. Mears is the Chief Investment Advisor. As advisor, Andrea helps clients identify their financial goals, investment preferences and risk tolerance. She then develops and implements an investment strategy for each client tailored to their financial needs. In addition, she stands ready to respond to identified changes in the client's financial circumstances and to implement investment decisions based on these changed circumstances.

Andrea performs quantitative and fundamental research on stocks, bonds, and other securities and provides investment advice to clients on our behalf.

In her capacity, Andrea has the responsibility for the management of the daily business within Capital Investment Advisors, Inc. which includes supervising firm employees and managing the financial affairs of the firm.

PROFESSIONAL BACKGROUND for ANDREA D. MEARS

May 2005 - Present

Capital Investment Advisors, Inc, a Registered Investment Adviser. Andrea holds the position of Chief Investment Officer

August 2005 – December 2006

Registered Representative of Purshe Kaplan Sterling Investments, member NASD/SIPC Headquartered at 18 Corporate Woods Blvd., Albany, NY 12211

1999 – May 2005

Sigma Planning Corporation, a Registered Investment Advisor, as an Investment Advisory Representative, and as a Registered Representative with Sigma Financial Corporation, a broker/dealer NASD, SIPC

1996 - 1999

New York Life Insurance Company as a Life Insurance Agent, and New York Life and Annuity Corporation as a Registered Representative.

1994 - 1996

American Express / GE Capital a Long Term Care specialist and licensed Life/Health Insurance Agent.

1991 - 1994

Tropical Shipping, as assistant manager on the island of St. Barthelemy, French West Indies.
Principal owner of USA Direct, an importer of hotel & restaurant supplies.

DESIGNATIONS, REGISTRATIONS AND LICENSES

Licensed Insurance Agent - Life, Health, (1994) and Variable Annuity (1996)

National Association of Securities Dealers licensed Series 6, 63 and Series 65. Andrea has passed five classes in the Certified Financial Planner series.

Andrea has previously served as Vice-president of the Garden Club of Indian River County, President of the Planned Giving Council of IRC, and President of the Alzheimer/Parkinson Association of IRC.

PROFESSIONAL BACKGROUND for JAMES A SCHORNER

James A. Schorner, Esq., CPA, is a 49% shareholder of Capital Investment Advisors, Inc. and serves as Vice President. CRD number 4465833

James A. Schorner, P.A.. 1982 – Current

James A. Schorner holds a Juris Doctor from University of Pittsburgh. He was previously employed with Touche Ross & Co. (now known as Deloitte & Touche) as a manager in their tax department.

He practices as an attorney, is a Certified Public Accountant, and is a member of the Florida Bar and the Planned Giving Council of Indian River.

Capital Investment Advisors, Inc. Privacy Policy

Like all providers of personal financial services, are now required by law to inform their clients of their policies regarding privacy of client information. Investment professionals have been and continue to be bound by professional standards of confidentiality that are even more stringent than those required by law. Therefore, we have always protected your right to privacy.

Types of Nonpublic Personal Information We Collect

We collect nonpublic personal information about you that is provided to us by you or obtained by us with your authorization.

Parties to Whom We Disclose Information

For current and former clients, we do not disclose any nonpublic personal information obtained in the course of our practice except as required or permitted by law. Permitted disclosures include, for instance, providing information to our employees, and in limited situations, to unrelated third parties who need to know that information to assist us in providing services to you. In all such situations, we stress the confidential nature of information being shared.

Protecting the Confidentiality and Security of Current and Former Clients' Information

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, we maintain physical, electronic, and procedural safeguards that comply with our professional standards.

Please call if you have any questions, because your privacy, our professional ethics, and the ability to provide you with quality financial services are very important to us. 772 231-5300