

Albert A. Caporaso & Associates, Inc.

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6/22/2012

**FORM ADV PART 2
BROCHURE**

This brochure provides information about the qualifications and business practices of Albert A. Caporaso & Associates, Inc. If you have any questions about the contents of this brochure, please contact us at 302-998-9898. 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 Albert A. Caporaso & Associates, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Albert A. Caporaso & Associates, Inc. is 104837.

Albert A. Caporaso & Associates, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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Advisory Business

Form ADV Part 2A, Item 4

Albert A. Caporaso & Associates Inc. is a small advisory company solely owned by Albert A. Caporaso. The firm has only one location in Wilmington, DE and owns no other companies or subsidiaries. The company has been in Business as an advisory firm since 1989. Albert A. Caporaso is the firm's only advisor.

The company provides only investment advice. It manages portfolios which consist of stocks of publically traded companies; treasury and government notes and bonds; Corporate notes and Bonds; Municipal Bonds; Certificates of Deposit; and mutual funds.

The investment process starts with determining each client's investment objectives. Acceptable risk levels are also determined. The process leads to an asset allocation model for the client and then to a portfolio which meets the client's profile.

Within reason, the client can restrict certain classes of securities or individual securities from the portfolio. This usually occurs with certain social concerns or when a client has an existing large investment in a specific company.

As of January 1, 2012, the company manages \$28,800,000 on a discretionary basis and \$4,125,000 on a non-discretionary basis.

Fees and Compensation

Form ADV Part 2A, Item 5

Albert A. Caporaso & Associates charges fees based on the market value of the assets under management, the allocation between stocks and bonds and the level of reporting service requested by the client. Fees range between 0.5% and 1% of the market value of the assets. Generally, smaller more risky accounts are charged higher fees than larger, safer accounts. Fees are discussed with the client and to an extent are negotiated so that both parties to the agreement are satisfied.

Fees are charged quarterly. Fees are usually deducted from the client's account. However, clients can choose to be billed. Fees are deducted in the beginning of the fiscal quarter. If a client elects to terminate our services before the end of the quarter, the fees will be prorated on a daily basis and the appropriate refund is made to the client.

In addition to the fees charged by Albert A. Caporaso & Associates, Inc. the client will incur expenses charged by the brokerage firm. These expenses will include trading commissions and could also include custodian fees. If mutual funds are a part of the asset allocation there will be management fees charged by the mutual fund.

Albert A. Caporaso & Associates, Inc. does not receive any compensation from the sale of securities or any other investment product. We do not receive any reimbursement from mutual fund companies or brokerage firms.

Clients have the option to purchase investment products that we recommend through any broker or agent of their choice.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

Albert A. Caporaso & Associates, Inc. does not accept performance-based fees.

Types of Clients

Form ADV Part 2A, Item 7

Albert A. Caporaso & Associates, Inc. provides investment advice primarily to individuals, charitable organizations and small pension plans. We are geared to investors who want their portfolio crafted to meet their personal goals. The core of our philosophy is to know our clients and their investment plans. We appeal to clients with the following characteristics:

- Want to know the person who is making investment decisions about their portfolio.

- Have assets in the range of \$100,000 to \$3,000,000.

- Prefer to own securities they can understand.

- Have a moderate to conservative risk profile.

- Prefer a stable portfolio with a minimum of buying and selling.

Also, we only accept accounts who wish to invest in publically traded stocks, investment grade bonds and notes, CD's and mutual funds. We do not give advice on options and private offerings or on closely held corporations.

Although we have no minimum account size, adequate funds are required to provide diversification. These factors are discussed with every potential client.

Overview

We are a “Balanced Manager” since most of our portfolios consist of stocks for growth and fixed income for interest and lower volatility (risk). By using a mix of stocks and bonds we are more likely to achieve targeted returns while reducing the risk due to volatility in market values. By adhering to the planned asset allocation model we avoid errors of trying to time markets.

Common Stock – Equities

We strive for long term growth by investing in a diversified portfolio of common stocks of well-known, established companies. Companies must have a long history of financial stability. Most of our stock investments have high quality ratings from various research sources.

We try to take advantage of companies who we think will participate in the growth of our economy and the economies of other countries. Our portfolios usually consist of 15 to 30 companies from different sectors and different industries. We prefer low portfolio turnover and usually hold positions for many years. Our experience indicates that low turnover reduces costs and allows companies to grow over complete economic cycles.

We value companies based on their past performance and conservative forecasts of their future growth. Companies are purchased when their market prices are lower than our expected values. If a company’s stock price rises to level which is 20% above our valuation we will sell the stock and replace it with a better value.

If current income is an investment goal, we choose companies from our buy list which pay higher dividends.

We do not pay attention to the following:

- Predictions concerning future movements of the stock market.

- Hot Tips.

- Short term (less than three years) performance of a company.

We monitor common stocks continuously. As prices move up or down and as new information about a company becomes available companies are reevaluated.

Investing in common stocks involves risk. The range of returns varies widely. An investor must be willing to accept market values of stock portfolios being down 50%. Historically, stock market values are down one year in every three or 33% of the time.

Fixed Income – Bonds, CD's, Money Markets.

When we seek income and a more predictable rate of return we invest in a broad range of debt securities. We focus on investment grade or better. We try to enhance long term returns by being patient and anticipating long term trends in interest rates. Bond portfolios can have 5 to 30 positions depending on the size of the portfolio.

Our first decision is to establish a high level of safety concerning the issuer of the bonds. We recommend securities of federal government, Certificates of Deposits, and bonds of companies which have been rated "AA" or better. These guidelines lower the risk of default.

Based on the tax status of the account we decide on tax-exempt or taxable bonds. When current income is a goal we select bonds with coupon yields to provide the necessary income.

Market values of bond portfolios are affected by changes in interest rates. Generally, as interest rates rise, bond values decline and as interest rates decline bond values increase. The maturity of the bond, (the date on which the investor expects to receive his investment back from the issuer), and the rate of interest paid by the issuer; both have a major impact on the portfolio's volatility and its returns. Our strategy is to try to anticipate the longer term trends in rates and select appropriate bonds to generate acceptable returns. We try to minimize the risk associated with market volatility however, even conservative investors must be aware of changing fixed income values.

The risks associated with bonds are:

- i. The issuer may default and not pay the interest or pay off the debt.
- ii. The market value of a portfolio will decline in an environment of rising interest rates. On an annual basis, market values can be down 10%. Bond prices change continuously as economic news and interest rate forecasts are revised. Therefore, portfolio values are subject to this volatility.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance

Disciplinary Information

Form ADV Part 2A, Item 9

Neither Albert A. Caporaso & Associates Inc. nor Albert A. Caporaso has been involved in any criminal or civil action.

Neither Albert A. Caporaso & Associates Inc. nor Albert A. Caporaso has been in an administrative proceeding before the SEC, or any other federal, state or foreign regulatory agency.

Neither Albert A. Caporaso & Associates Inc. nor Albert A. Caporaso has been in an administrative proceeding before any Self-regulatory Organization.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

Albert A. Caporaso & Associates, Inc. is not registered as broker-dealer or is the firm registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person with the foregoing entities. The firm has no applications pending for such registrations.

Albert A. Caporaso & Associates Inc. has no material interests with any of the following:

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. Sponsor or syndicator of limited partnerships.

To the extent that we make suggestions concerning other professionals in the financial or legal community, we provide names of firms or individuals who we believe can help the client. We receive no compensation or gifts for such referrals. Therefore we avoid any material conflict of interest. We encourage our clients to seek advice from other sources and then choose a firm or individual to help them.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Form ADV Part 2A, Item 11

Albert A. Caporaso & Associates, Inc. has adopted a code of ethics based on the principle that all employees of the firm have a fiduciary duty to place the interest of the client ahead of their own and the company's.

We place the interest of the client first. We do not own or trade individual securities which we recommend and/or place in our client's accounts. Any overlap would be in Exchange Traded Funds which are a proxy for a market index. In all cases the client's objectives and needs are placed ahead of any employee. As such, all research, or investment opportunities which we consider are used solely for clients. We do not participate in Limited Partnerships nor do we recommend such investments to our clients.

We do not accept or solicit gifts from other financial service firms or any individual with whom we do business. Nor do we give gifts to other firms, individuals or clients.

The client's personal and financial information, to which we have access, is kept private. We do not release any information to other firms or individuals without the client's permission.

Brokerage Practices

Form ADV Part 2A, Item 12

Albert A. Caporaso & Associates Inc. does not select broker-dealers for the client. We are able to trade and manage accounts with any brokerage firm with the proper authorizations from the client.

In many cases, the client requests our firm to provide names of broker-dealers. Our recommendations are based on the ability of the Broker to execute trades on the major exchanges and to provide competitive bid and asked prices for fixed income investments. We also prefer firms with a strong customer service ethic. Finally, the costs to our client must be competitive for the services provided.

We do not use brokerage firms because they provide markups or markdowns in exchange for research or other products or services.

It should be noted that many of our clients choose Charles Schwab based on our experience with this company. Charles Schwab does provide access to its own research and the research of Standard and Poor's, Ned Davis, Credit Suisse and others. While we find this information helpful, it is not the reason for our recommendation of Charles Schwab to our clients.

To our knowledge, Albert A. Caporaso & Associates, Inc. does not receive any soft dollar benefits which would cause a client to pay higher commissions or fees. Also, we do not receive referrals from broker-dealers as a favor or compensation for our clients business.

When a client directs us to use a specific brokerage firm we explain the advantages and disadvantages of using that firm. The discussion is based on the ability of a firm to execute trades in equity and fixed income securities and the cost of those trades.

When appropriate and when we have the opportunity to do so, we will aggregate trades for various clients. The goal is to reduce costs and obtain the same price for all our clients.

Research and Other Soft Dollar Benefits

We do not have any soft dollar arrangements.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Review of Accounts

Form ADV Part 2A, Item 13

Albert A. Caporaso reviews clients' accounts each fiscal quarter. Common stocks are monitored daily. Economic events or forecasts may trigger reviews at any time.

We also encourage periodic reviews with clients. Annual reviews are adequate in most cases but we often meet with clients every three months. We encourage clients to call us with any investment questions or when a personal situation causes a change to their financial plans.

We provide clients with a written report every three months. The reports are tailored to a client's needs. At a minimum, the report will include the market value of the portfolio, the asset allocation, fees charged and performance.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

Albert A. Caporaso obtains new clients from referrals of existing clients and other individuals. We have no formal arrangements with individuals, clients or firms for these referrals. We provide no compensation or gifts of material value for referrals. We have no solicitation agreements with other firms who refer us possible clients.

Custody

Form ADV Part 2A, Item 15

Albert A. Caporaso & Associates, Inc. does not have custody of client funds or securities. As such, all clients receive statements from brokerage, bank or other qualified custodians. We encourage our clients to review all statements carefully. If there are questions, the client should feel free to contact the custodian or our firm.

The client should also carefully compare statements from custodians to those they receive from Albert A. Caporaso & Associates, Inc.

Investment Discretion

Form ADV Part 2A, Item 16

Albert A. Caporaso & Associates, Inc. accepts discretionary authority to manage securities accounts on behalf of its clients. Clients execute a limited power of attorney which allows Albert A. Caporaso to place trades and direct the custodian to send funds to the owner of the account.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms

You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security.

In some situations, we will agree to talk to a client and receive approval before making an investment. This is fully discussed with the client and is an infrequent occurrence. On the other hand, if the client directs us to make a trade for personal reasons or concerns, we will always oblige.

Voting Client Securities

Form ADV Part 2A, Item 17

Albert A. Caporaso & Associates, Inc. does not accept authority to vote client securities. We encourage the client to review any information provided by companies and to submit their proxies. Clients generally receive their proxies from custodians. Clients can call us with any questions about these solicitations.

Financial Information

Form ADV Part 2A, Item 18

Albert A. Caporaso & Associates, Inc. does not accept fees more than six months in advance. Bills for each fiscal quarter's fees are collected in that quarter. To the extent fees are paid during the current quarter and a client terminates our contract in that quarter, fees will be prorated on a daily basis and refunded to the client.

Requirements for State-Registered Advisers

Form ADV Part 2A, Item 19

Albert A. Caporaso is the President of Albert A. Caporaso & Associates, Inc. Please refer to Mr. Caporaso's Form ADV, Part 2B, provided as a supplement to this brochure, for additional information on Mr. Caporaso's formal education and business background.

Albert A. Caporaso & Associates, Inc. is not actively engaged in any other business beyond the provision of investment advisory services as disclosed in the *Advisory Business* section above.

Neither our firm, nor any of our supervised persons, are compensated for advisory services with performance-based fees. Please refer to the *Performance-Based Fees and Side-By-Side Management* section above for additional information.

Neither our firm nor any of our management persons has been involved in any disciplinary event or arbitration claim.

Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

Albert A. Caporaso

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June 22, 2012

**FORM ADV PART 2B
BROCHURE SUPPLEMENT**

This brochure supplement provides information about Albert A. Caporaso that supplements the Albert A. Caporaso & Associates, Inc. brochure. You should have received a copy of that brochure. Please contact us at 302-998-9898 if you did not receive Albert A. Caporaso & Associates, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Albert A. Caporaso is available on the SEC's website at www.adviserinfo.sec.gov.

Form ADV Brochure Supplement for Albert A. Caporaso

Item 2 Educational Background and Business Experience

The business background information provided below is for the last five years.

Your Financial Adviser: Albert A. Caporaso

Year of Birth: 1942

Education:

- United States Military Academy, BS, Engineering, 1964
- Harvard Business School, Management Development, 1973

Business Background:

- Albert A. Caporaso & Associates, Inc., President, 01/1990 - Present

Item 3 Disciplinary Information

Mr. Albert A. Caporaso does not have, nor has he ever had, any disciplinary disclosure.

Item 4 Other Business Activities

Albert A. Caporaso does not receive any additional compensation for providing advisory services beyond the fee based compensation he receives through Albert A. Caporaso & Associates, Inc. Mr. Caporaso is not actively engaged in any other business or occupation (investment-related or otherwise) beyond his capacity as President of Albert A. Caporaso & Associates, Inc. Moreover, Mr. Caporaso does not receive any commissions, bonuses or other compensation based on the sale of securities or other investment products.

Item 5 Additional Compensation

Albert A. Caporaso does not receive any additional compensation for providing advisory services beyond that received as a result of his capacity as President of Albert A. Caporaso & Associates, Inc.

Item 6 Supervision

Albert A. Caporaso is the owner and sole investment adviser representative of Albert A. Caporaso & Associates, Inc.; therefore, supervision is not required. Mr. Caporaso can be reached at (302) 998-9898. We have written supervisory procedures in place that are reasonably designed to detect and prevent violations of the securities laws, rules and regulations.

Item 7 Requirements for State Registered Advisers

Albert A. Caporaso does not have, or has ever had, any reportable arbitration claims, has not been found liable in a reportable civil, self-regulatory organization or administrative proceeding, and has not been the subject of a bankruptcy petition.