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CAP ADVISORS LLC INVESTMENT ADVISORY BROCHURE

Revised January 27, 2012

CAP Advisors LLC maintains offices in two locations: 68 Morningside Drive South, Westport, Connecticut; and at 2595 Canyon Boulevard, Suite 120, Boulder, Colorado. Our President, Jeffrey B. Cohen, can be contacted by phone at 203-227-5124 or by email at jeff@capadvisorsllc.com. For an overview of the firm, visit our website www.capadvisorsllc.com.

As an investment management firm, CAP Advisors LLC is required to register with state securities authorities. This registration is not based on a certain level of skill or training, but is a requirement of the Investment Advisers Act of 1940.

We are required to provide specific information about our firm to clients and prospective clients. This Advisory Brochure provides information about the qualifications and business practices of our firm. If you have any questions about the contents of this brochure, please contact us directly. The United States Securities and Exchange Commission (SEC) or any state securities authority have not passed upon or approved our qualifications or business practices or the information that is contained in this brochure. Additional information about our firm is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – MATERIAL CHANGES

Since our last annual update which was filed on March 23, 2011, we have begun the process of transitioning from an SEC-registered adviser to state-registered in order to fulfill the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

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Item 4 - ADVISORY BUSINESS

Established in February, 2000, by Jeffrey B. Cohen, CAP Advisors LLC (CAP) provides investment supervisory services to individual and small business in accordance with each client's investment objectives and risk tolerances. CAP reviews a client's financial information and makes recommendations regarding asset allocations and investment strategies.

The amount of client assets we manage on a discretionary basis as of December 31, 2011 was \$56,438,000. We do not currently have any client assets managed on a non-discretionary basis.

CAP generally invests in stocks, bonds and mutual funds. Clients may impose restrictions on types of assets purchased, such as adhering to a socially responsible investment style, or avoiding a specific company due to personal reasons.

Item 5 - FEES AND COMPENSATION

CAP receives a management fee, charged in arrears, which is due and payable at the end of each billable quarter based on the value of the account(s), calculated as follows:

	<u>Annually</u>	<u>Quarterly</u>
First \$100,000	2.0%	0.5%
Next \$400,000	1.5%	0.375%
Next \$1,500,000	1.0%	0.25%
Over \$2,000,000	0.8%	0.2%

Clients may choose to be billed directly or to have the fees deducted from their assets.

Client accounts commencing or terminating during a quarter will be charged on a pro rata basis for the proportionate number of days under management during the quarter. Fees may be negotiable.

Fees for advisory services paid to CAP are separate from 1) the fees and expenses charged to shareholders of mutual fund shares by the mutual funds, 2) commissions charged to purchase and sell equities and fixed income securities by a custodian, and 3) any other fees charged by the custodian. A complete explanation of expenses charged by mutual funds is contained in each mutual fund's prospectus. Clients are encouraged to read these prospectuses. Also see Item 12 for a full discussion of brokerage practices.

Item 6 - PERFORMANCE-BASED FEES

CAP does not currently charge performance-based fees.

Item 7 - TYPES OF CLIENTS

CAP generally provides investment advice to individuals, small businesses, self-directed 401(k) assets and IRAs; pension and profit sharing plans; and trusts and estates.

Item 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

METHODS OF ANALYSIS

CAP uses a combination of fundamental and technical analyses to research investments. Sources of information include business and financial periodicals, annual reports, prospectuses, technical charting services, mutual fund manager interviews, company official interviews, and institutional research of companies, mutual funds and market trends.

PORTFOLIO ALLOCATION

New clients receive a Client Confidential Questionnaire and Investment Growth Objective and Risk Profile survey. These documents assist clients in selecting a return objective and investment horizon. Assets are then allocated according to the following investment objectives as may be appropriate and agreed upon:

1. Provide liquidity through investments in mutual funds or individual securities.
2. Provide growth potential with a diversified portfolio.
3. Consider how taxes may impact net returns.
4. Anticipate long-term income needs for retirement or survivors.
5. Consider estate liquidity and transferability.
6. Provide opportunities for total return, subject to the investment horizon of the client, with quarterly or more frequent adjustments if appropriate.

INVESTMENT STRATEGIES

CAP Advisors uses a combination of mutual funds, individual equities and cash to create a diversified portfolio with the goal of meeting a client's investment objectives and risk profile. Generally, fixed income investments are achieved through the investment in fixed income mutual funds, although high yield individual equity securities are also used in client accounts. International exposure is usually achieved through the investment in mutual funds as well; however, individual ADR equities also are purchased to create international exposure. Domestic equity exposure will be achieved through either mutual funds, individual equities or a combination depending on the client's objectives and risk preferences. Holding periods for investments for mutual funds will generally be at least three months, while the holding period range for individual equities may be very short period (e.g. one week) or long (6 months – 2 years) depending on equity price movement. Underlying assets are generally reviewed on a weekly basis.

Once a strategy is approved by the client, CAP manages on a discretionary basis the purchase and sale of securities for the client's account.

RISK OF LOSS

There is no guarantee that any strategies used will be effective. Investing in securities involves risk of loss that clients should be prepared to bear. Material risks inherent in the investment in stocks, bonds and mutual funds include the risk of market and business fluctuation, interest rate fluctuation, financing risk, taxation and tax law risks, and cyclical risks including volatility and recovery.

Item 9 - DISCIPLINARY INFORMATION

CAP Advisors LLC and each of our management personnel have not been involved in any criminal or civil action; SEC, federal, state or foreign regulatory administrative proceeding; or self-regulatory organization proceeding.

Item 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

CAP's only business is providing investment advice as described above.

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

CAP or individuals associated with CAP may buy or sell securities identical to those recommended to customers for their personal accounts. In addition, related persons may have an interest or position in a security which may also be recommended to a client. As these situations may represent a conflict of interest, CAP has adopted a Code of Ethics which governs personal trading by its access persons, other employees and their related accounts. Access persons are permitted to maintain personal securities accounts provided that such accounts are disclosed and that any personal trading is consistent with applicable law and with our Code of Ethics. Subject to compliance with the Code of Ethics, employees may buy, sell or hold, for their own personal trading accounts, securities that CAP also may buy, sell or hold for clients. The timing of such employee trading may or may not coincide with the trading of the same securities for clients.

The Code contains policies and procedures that, among other things:

- prohibit employees from taking personal advantage of opportunities belonging to clients,
- prohibit trading on the basis of material nonpublic information,
- place limitations on personal trading by access persons and impose preclearance (in certain cases) and reporting obligations with respect to trading
- require initial and annual reports of securities holdings and monthly transaction reports by access persons, and
- subject any individual not in observance of the above to termination.

CAP's Code of Ethics is available upon request.

Item 12 – BROKERAGE PRACTICES

INVESTMENT DISCRETION

CAP has the authority to determine, without obtaining specific client consent, the amount and type of securities to be bought and sold and the selection of the broker-dealer. The investment strategy, the use or non-use of margin and the custodian relationship are determined as a general policy with each client at the time of account opening. Parameters of advisory discretion are set at that time.

The amount and type of investments are determined for each client based upon such client's financial situation, investment objectives and risk tolerance. In this context, CAP has the flexibility to make a broad range of securities investments. Limitations on CAP's authority are guided by (i) the investment objectives of its clients and (ii) its responsibility to act as a fiduciary when handling clients' accounts.

CUSTODIAN / BROKER-DEALER DISCRETION

In general, transactions occur at the custodian/broker-dealer where the client's account is maintained. It is CAP's general practice to seek the lowest available commission rates commensurate with the assurance of reliable and qualified brokerage services (trading and custodial). All client accounts are currently held at Charles Schwab & Company which CAP believes offers the best combination of execution costs and services for its clients on an overall basis. CAP may also recommend Charles Schwab as a custodian/broker-dealer for new clients' accounts.

In making its selection of (or recommending) brokers-dealers ("Brokers"), CAP may take into account a variety of factors, including, among others, the Broker's reliability, reputation, financial stability, ability to execute trades, commission rate and service. CAP need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost to be charged by the Brokers it selects. Because Brokers may be selected based on factors other than "execution only" commission rates, a client may be deemed to be paying for other products and services, provided by the Broker which are included in the commission rate. CAP will make a good faith determination that the amount of commission is reasonable in relation to the value of the services received

Generally, CAP aggregates sale and purchase orders of individual stocks held in clients' accounts with similar orders being made simultaneously for other clients' accounts, employees' accounts, or other affiliated accounts. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold and time of purchase during the business day. In such event, the average price of all securities purchased or sold will be determined, and clients may be charged or credited, as the case may be, the average transaction price. Prior to making such aggregated or block trades, CAP will create an allocation worksheet detailing the amount of shares to be executed for each account. If the total number of shares are purchased or sold, all accounts will receive their full allocation of shares. If less than the total number of shares are purchased

or sold, shares will generally be allocated on a pro rata basis. At times, it may be less expensive for a client with a relatively small amount of shares to be given a full allocation. In these instances, CAP will endeavor to randomly assign full allocations to those accounts with relatively small share allocations.

Certain clients may direct that their brokerage transactions be executed through certain Brokers. A client who directs CAP to use a specific Broker may pay higher commission rates, forego certain benefits or receive less favorable execution on some transactions than non-directing clients at least in part because the directed Broker may charge higher commissions or provide less favorable service or because such transactions may be excluded from combined orders and any corresponding economies of scale. In such situations, transactions for such clients may also not be executed at the same time as transactions for clients who do not direct CAP to use a specific Broker have been executed. There also may be additional credit and/or settlement risk in using such broker.

Item 13 – REVIEW OF ACCOUNTS

PORTFOLIO REVIEW

Security holdings are generally reviewed weekly by an investment adviser representative. Triggering factors for further reviews could be a change in investment strategy; securities reaching price objectives; internal financial markets event (e.g. significant market movement) or external event (e.g. sudden change in political environment). Investment adviser representatives may have no more than 180 assigned clients.

CLIENT REPORTS

Clients are provided with monthly statements by the account's custodian and quarterly reports by CAP. Various reports may be available depending upon discussions between a client and CAP. Such reports may include portfolio vs. index performance; asset or sector allocation analysis; reallocation recommendations; account valuations; realized and unrealized gains and losses.

Item 14 – CLIENT REFERRALS AND OTHER COMPENSATION

CAP participates in the institutional services programs offered by Schwab. While there is no direct linkage between the investment advice given and participation in these programs, economic benefits are received which would not be received if CAP did not participate in the institutional services programs. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements; access to trading desks serving institutional services clients exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client accounts; access to electronic trade order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. The benefits received through participation in these institutional programs may or may not depend upon the amount of transactions directed to, or amount of assets custodied at such firms.

Item 15 - CUSTODY

CAP does not have custody of client funds or securities other than when directly debiting client accounts for advisory fees. The brokerage firm for client accounts (Schwab) maintains actual custody of client assets. Clients will receive account statements directly from Schwab on a monthly basis. Clients should carefully review those statements promptly when they are received. We also urge clients to compare these account statements to the quarterly reports they will receive from us.

Item 16 – INVESTMENT DISCRETION

CAP has discretionary authority to manage securities accounts on behalf of our clients. When clients enter into the Investment Advisory Agreement, they appoint us as their Agent and Attorney-in-fact of the assets held in the account(s) to be managed. As mentioned in Item 4, clients may choose to avoid investing in certain securities or sectors or may choose to invest in a restrictive strategy, e.g. socially responsible.

Item 17 – VOTING CLIENT SECURITIES

By default, clients receive proxies to vote on issues which require shareholder approval. A client may authorize CAP to receive and vote such proxies in their stead. If a client appoints us to vote proxies, we will seek to act solely in the best financial and economic interests of our clients. We seek to avoid material conflicts of interest through detailed, pre-determined proxy voting guidelines in an objective and consistent manner across client accounts, based on internal and external research and without consideration of any client relationship factors. Every voting proposal is reviewed, categorized and analyzed in accordance with our written guidelines. Our guidelines are reviewed periodically and updated as necessary to reflect new issues and any changes in our policies on specific issues. Items that can be categorized will be voted in accordance with any applicable guidelines. Proposals that cannot be categorized under the guidelines will be further analyzed and voted upon under the above general guidelines. Additionally, we review any proposal where we have identified a particular company, particular industry or particular issue for special scrutiny.

We will furnish a copy of our Proxy Voting Policy, any related procedures, and our voting guidelines to clients upon request. This information will only be disclosed to those who have an interest in the account for which shares are voted, and after the vote is recorded.

Item 18 – FINANCIAL INFORMATION

We do not have any financial issues which might impair our ability to meet our contractual commitment to our clients.

Item 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS

PRINCIPAL OFFICERS AND MANAGEMENT PERSONS

Jeffrey B. Cohen (born 2/27/1961)

EDUCATION

- Wharton School of Business, University of Pennsylvania, BSE 1983
- Albert Einstein College of Medicine, 1983-84
- New York University Graduate School of Business Administration, MBA 1988

BUSINESS BACKGROUND

- CAP Advisors LLC – founder, President – 2/2000
- Sloate, Weisman Murray & Company, Inc. (“SWM”), a Registered Investment Adviser - 3/1987 to 2/2000
 - Principal, senior portfolio manager and Co-Chief Investment Officer
 - Co-managed institutional and individual client accounts, as well as the Strong Value Fund (a registered mutual fund) and Amadeus Partners, L.P., a private investment fund.
- Morgan Guaranty Trust – Credit Analyst officer – 6/1984 – 3/1987

Jolie J. Wolf (born 1/24/1955)

EDUCATION

- University of Colorado, B.S. Finance 1977

BUSINESS BACKGROUND

- CAP Advisors LLC – Chief Compliance Officer and Associate Financial Strategist - 9/2006.
- Truhlar Financial Strategies, Inc - Chief Compliance Officer and Associate Financial Strategist 1985 to 2006
- Royal Alliance Associates, Inc. – Registered Representative - 6/1985 to 6/1998