



**Capital Investment
Advisory
Services, LLC**

CAPITAL INVESTMENT ADVISORY SERVICES, LLC

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This Brochure provides information about the qualifications and business practices of CAPITAL INVESTMENT ADVISORY SERVICES, LLC. If you have any questions about the contents of this Brochure, please contact us at (919) 831-2370.

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.

CAPITAL INVESTMENT ADVISORY SERVICES, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Item 2 – Material Changes

This Brochure, dated 03/30/2012 serves as an annual amendment and replaces the March 31, 2011 version previously circulated. There are no material changes.

Currently, our Brochure may be requested by contacting Ronald L. King, Chief Compliance Officer at (919) 831-2370 or cic-compliance@capital-invest.com

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Item 4 – Advisory Business

4. A. Advisory Firm Description

Founded in 2008, Capital Investment Advisory Services, LLC (“CIAS”) is an investment advisory firm, based in the Southeastern United States, which provides portfolio management and supervisory services. Richard K. Bryant is the principal owner.

4.B. Types of Advisory Services

Capital Investment Advisory Services, LLC (“CIAS”) may provide investment advisory and management services: (1) as a discretionary investment adviser to institutional and retail separate account clients; (2) as a discretionary portfolio manager to certain clients participating in one or more wrap fee, sub-advisory or “dual contract” programs (*i.e.*, programs in which the client enters into contractual relationships with both CIAS and an intermediary) offered through certain “intermediaries” including, but not limited to, broker-dealers and other investment advisers; and (3) as a sub-adviser to other registered investment advisers.

4.C. Client Investment Objectives/Restrictions

Our investment advisory services are tailored to meet the financial objectives of each individual client. This includes consideration of investment objective, time horizon, risk tolerance, investment guideline, and trading restrictions, if any.

Investments for separately managed client accounts (including wrap fee, dual contract and sub-advisory accounts) are managed in accordance with each client’s stated investment objectives, strategies restrictions and guidelines.

4.D. Wrap-Fee Programs

CIAS may offer clients the ability to participate in a wrap programs sponsored by another firm. Clients are charged a percentage of the assets under management, with no additional commissions for the execution of trades. As such, the wrap fee covers the asset management fees, as well as commissions incurred for trades. A portion of the wrap fee is received by CIAS and this amount is disclosed to the client in the account opening process.

The decision to participate in a wrap-fee program versus a non-wrap fee arrangement is generally determined by the choice of platform recommended by the investment adviser representative.

4.E. Assets Under Management as of 12/31/11:

Discretionary basis: \$,57,556,410.00

Non-Discretionary basis: \$,82,515,578.00

Item 5 – Fees and Compensation

5.A. Adviser Compensation

Fee Schedules

CIAS's fees are described generally below and detailed in each client's advisory agreement or applicable account. Fees for services may be negotiated with each client on an individual basis or with intermediaries, with respect to clients who obtain CIAS's services through the intermediary, on a group basis. As a general matter, advisory fees for clients are billed quarterly in advance and are payable upon receipt, commencing upon opening the account. Fees are normally based on the level of total assets under management, including cash and securities, as of the last business day of the prior calendar quarter. In the event any additional assets are placed under management during a calendar quarter, CIAS's compensation will be calculated and payable on a pro rata basis. CIAS may group multiple accounts of a client (or group of related clients) together for fee billing purposes.

Fees may change over time and, as discussed below, different fee schedules may apply to different types of clients or advisory arrangements. Fees may be negotiated on a basis different from CIAS's stated fee schedules, if circumstances warrant, and CIAS reserves the right to waive or reduce the fees charged to a particular client in its sole and absolute discretion. Specifically, fees may be waived or reduced for accounts held by, or on behalf of, CIAS and its employees, principals, shareholders or affiliates. There may also be differences in fees paid by certain clients based on account inception dates. Thus, some clients may pay more or less than others for the same or similar services depending, for example, on account inception dates, number or value of related accounts, total assets under management by CIAS, fee negotiation, fee waiver or the manner in which CIAS's services are obtained (*i.e.*, directly or through a sub-advisory or dual contract arrangement).

Separate Accounts

CIAS's basic annual fee schedule for separate account clients is typically 2% annually. This fee is calculated as a percentage of assets under management.

Notwithstanding the foregoing, CIAS reserves the right, in its sole discretion, to reduce advisory fees for certain accounts based on the client's particular needs as well as overall financial condition, goals, risk tolerance, and other factors unique to the client's particular circumstances.

Treatment of Un-invested Cash Balances: Un-invested cash balances are sometimes swept into money market funds which may be sponsored by the client's custodian or broker-dealer. When money market funds are used for cash management purposes, the client, in effect, pays two advisory fees with respect to the amount of assets so invested (*i.e.*, the money market fund's fees and expenses and that portion of the CIAS management fee attributable to such assets).

Sub-Advisory and Dual Contract Accounts

Fee schedules for clients participating in sub-advisory or dual contract programs may be separately negotiated with the relevant client or intermediary. Such fee schedules are often, but not necessarily, based on the basic annual fee schedule for separate account clients, detailed above. For instance, the basic (initial) rate may be lower than that applied to separate account client accounts and one or more breakpoints may not apply. As a result, lack of or differing breakpoints may result in sub-advisory or dual contract clients paying more than a separate account client.

Wrap Fee Program Clients

CIAS may recommend clients participate in sub-advisory or dual contract programs where sub-advisor serves as a portfolio manager in a wrap fee program and is compensated by the sponsor, from the total program (i.e., “wrap”) fee paid by program clients.

CIAS may also participate as a portfolio manager in certain wrap fee programs. CIAS may insist on a minimum account size for each wrap fee client. Each wrap fee program sponsor generally charges clients quarterly, in advance, some form of comprehensive fee based upon a percentage of the value of the client’s assets under management in the program. This comprehensive fee may include execution, consulting, custodial and other services performed or arranged by the program sponsor and an amount sufficient to cover the investment advisory services of discretionary managers (such as CIAS). In some wrap fee programs, the discretionary manager’s fee is paid directly by the wrap fee client, pursuant to a separate contract executed between the manager and the wrap fee client. In other wrap fee programs, the manager’s fee is paid directly by the program sponsor. CIAS may participate in both types of wrap fee programs and may be paid its investment management fee out of the wrap fee collected by the sponsor or directly by the wrap fee client.

CIAS’s fees for advice to clients in a wrap fee program may be less than for direct management of such an account outside the of wrap fee program. However, wrap fee clients should be aware that, as discussed above, their total fees and expenses may exceed those which may be available if the services were acquired separately.

5.B. Direct Billing of Advisory Fees

Clients may remit the fees by check directly to CIAS or request that they be deducted directly from the client’s custodial account. In instances where a client has authorized direct billing, CIAS takes steps to assure itself that the client’s qualified custodian sends periodic account statements, no less frequently than quarterly, showing all transactions in the account, including fees paid to CIAS, directly to such clients in accordance with Advisers Act Rule 206(4)-2 (“Custody Rule”).

5.C. Other Non-Advisory Fees

CIAS’s fees are exclusive of transaction fees and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment 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, CIAS’s fee, and CIAS shall not receive any portion of these commissions, fees, and costs.

5.D. Required Advance Payment of Fees

Advisory agreements are typically terminable by the client upon prior written notice to CIAS, as specified in the relevant agreement and by CIAS, generally upon 30 days’ prior written notice to the client. In the event that an advisory contract is terminated prior to the conclusion of a billing period, upon receipt of the notification CIAS will refund to the client any fees charged for the pro-rata period after the date of termination.

5.E. Compensation for Sale of Securities or Other Investment Products

Investment Advisory Representatives of CIAS are also registered representatives with Capital Investment Group, Inc. ("CIG") or Capital Investment Brokerage, Inc. ("CIB"), affiliated broker/dealers. In the capacity of a registered representative, an adviser may receive a commission or remuneration in the execution of transactions through CIG.

When commissions, 12b-1 fees or other compensation is received by Investment Advisory Representatives, it may serve as inducement to recommend products or securities based on their financial incentive instead of the needs of the client. CIAS generally tries to recommend no-load funds when they are available or other products without sales charges or other fees payable to the representative in order to mitigate this conflict.

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

This item is not applicable.

Item 7 – Types of Clients

CIAS provides portfolio management services to individuals, corporations, pension and profit sharing plans, trusts, estates, charitable institutions, and foundations.

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

8.A. Methods of Analysis and Investment Strategies

Investment Advisory Representatives will generally review assets and liabilities, current and projected income, and existing investment portfolio, if appropriate. CIAS will then prepare a written or verbal analysis and plan for managing the client's assets. The analysis takes into consideration the needs and objectives of the client and suggests appropriate investment strategies consistent with those needs and objectives. The analysis and plan is discussed with the client and will serve as the basis for the Investment Policy Statement or similar investment guidelines, which govern CIAS's efforts in managing these assets. The methods of analysis utilized may include charting, fundamental, technical, and cyclical. Investing in securities involves risk of loss that clients should be prepared to bear.

8.B. Material Risks of Investment Strategies or Methods of Analysis

There can be no guarantee of success of the strategies offered by CIAS. Investment portfolios may be adversely affected by general economic and market conditions such as interest rates, availability of credit, inflation rates, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of security pricing and the liquidity of an investment. These strategies do not employ limitations on in particular sectors, industries, countries, regions or securities. Trading in the portfolios may affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

8.C. Security Recommendation Risks

The investment strategies used by CIAS may involve direct or indirect investments or exposure to equities, corporate debt, municipal securities, U.S. government securities, mutual funds, ETFs, covered

calls, variable annuities, and Certificates of Deposit. Investment in these types of securities involves risk and the potential loss of capital.

Investment in securities involves risk and the possible loss of capital, which clients should be prepared to bear. Equity and fixed income securities have distinct risks, which must be considered when investing. It is also important to keep in mind that past performance of a security is not indicative of future results. Additionally, CIAS may recommend investments in mutual funds. Please refer to the prospectus of any funds that are recommended for risks associated with a particular fund.

Details on some of the potential risks are identified below.

Equity Market Risk – Overall stock market risks may affect the value of the investments in equity strategies. Factors such as U.S. economic growth and market conditions, interest rates, and political events affect the equity markets.

Fixed Income Market Risk – Fixed income securities increase or decrease in value based on changes in interest rates. If rates increase, the value of fixed income securities generally declines. On the other hand, if rates fall, the value of the fixed income securities generally increases.

Management Risk - Our judgments about the attractiveness, value and potential appreciation of a particular asset class or individual security may be incorrect and there is no guarantee that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole or our intrinsic value approach may fail to produce the intended results. Our estimate of intrinsic value may be wrong or even if our estimate of intrinsic value is correct, it may take a long period of time before the price and intrinsic value converge.

Small and Mid Cap Company Risk – Investments in small and mid cap companies may be riskier than investments in larger, more established companies. The securities of these companies may trade less frequently and in smaller volumes than securities of larger companies. In addition, small and mid cap companies may be more vulnerable to economic, market and industry changes. Because smaller companies may have limited product lines, markets or financial resources, or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than larger capitalization companies.

Credit Risk – In some fixed income investments, there is a risk that issuers and counterparties will not make payments on the securities they issue. In addition, the credit quality of securities may be lowered if an issuer's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security which may affect liquidity and our ability to sell the security.

Additionally, CIAS may recommend investments in mutual funds. Please refer to the prospectus of any funds that are recommended for risks associated with a particular fund.

Item 9 – Disciplinary Information

CIAS has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

10.A. Registration of Licensed Representatives

Richard K. Bryant, principal owner of CIAS, is a registered representative of Capital Investment Brokerage, Inc., and Capital Investment Group, Inc., registered broker-dealers.

Ronald, L King, Chief Compliance Officer of CIAS, is a registered representative of Capital Investment Group, Inc. and Capital Investment Brokerage, Inc., registered broker-dealers.

All of the Investment Advisor Representatives of CIAS, while not management persons, are registered representatives of Capital Investment Group, Inc. or Capital Investment Brokerage, Inc., both of which are registered broker-dealers.

10.B. No Other Registrations

CIAS's management persons are not registered, nor do any management persons have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

10.C. Material Relationships or Arrangements

Richard K. Bryant, primary owner for CIAS is principal of Capital Advisers, Inc. and Capital Investment Counsel, Inc., both of which are federally registered investment advisers, as well as CIC Advisers, LLC, a state registered investment adviser. Mr. Bryant is also a principal of Capital Investment Group, Inc., and Capital Investment Brokerage, Inc., both of which are registered broker-dealers.

Ronald L. King, Chief Compliance Officer for CIAS, also serves as Chief Compliance Officer for Capital Investment Counsel, Inc., CIC Advisers, LLC, Capital Investment Group, Inc., and Capital Investment Brokerage, Inc.

Brokerage Conflicts of Interest

In addition to Mr. Bryant and Mr. King's roles with the registered broker-dealers identified above, Investment Adviser Representatives for CIAS are all registered representatives of Capital Investment Group, Inc. or Capital Investment Brokerage, Inc. Purchase and sales recommendations are made public to our affiliated broker/dealer at the time of the initial purchase or sale to our clients, if such account is housed at the affiliated broker/dealer.

Adviser Conflicts of Interest

On occasion, representatives may solicit clients for portfolio management and supervisory services of affiliated investment advisory firms, Capital Advisers, Inc. and Capital Investment Counsel, Inc. The representative may have a financial incentive to recommend using one of these affiliated entities.

10.D. Recommendation of Other Investment Advisers

While CIAS may recommend advisers or direct client assets to be invested through other advisers, no additional compensation is received by CIAS or its Investment Adviser Representatives other than management fees as disclosed in the advisory agreement or other disclosure documents.

Item 11 – Code of Ethics

11.A. Code of Ethics

CIAS has developed policies and practices, including a Code of Ethics (“Code”), to adhere to best practices and address potential conflicts of interest that may arise. The Code provides for, among other things: 1) the review and reporting of personal securities transactions by access persons; 2) prompt reporting of any violation of the Code; 3) recordkeeping and supervisory aspects pertaining to the Code; 4) confidentiality of client information, and; 5) general standards of ethical business.

A basic tenet of CIAS’s Code is that the interests of clients are always placed first. The Code includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its clients. All access persons are required to contact CIAS’s Chief Compliance Officer, or his designee, in order to pre-clear personal securities transactions in specified securities, including IPOs and limited offerings.

The Code also requires that all covered persons comply with ethical restraints relating to clients and their accounts, including restrictions on gifts and provisions intended to prevent violations of laws prohibiting insider trading.

A copy of the Code is available to any client or prospective client upon request.

11.B. Recommendations of Securities and Material Financial Interests

CIAS does recommend securities for which a related person has a material financial interest.

11.C. Personal Trading

CIAS does not generally recommend the purchase of equity securities or their derivatives for clients. Investment recommendations are typically limited to mutual funds, selection of other investment advisers, wrap platforms and other similar arrangements. As such, the conflicts of interest associated with employees trading in individual securities that are also bought for clients do not typically exist. CIAS is aware of its responsibility to monitor this type of activity should it become more applicable to its business.

11.D. Timing of Personal Trading

CIAS does not generally recommend the purchase of equity securities or their derivatives for clients. Investment recommendations are typically limited to mutual funds, selection of other investment advisers, wrap platforms and other similar arrangements. As such, the conflicts of interest associated with timing of employee trading in individual securities that are also bought for clients do not typically exist. CIAS is aware of its responsibility to monitor this type of activity should it become more applicable to its business.

Item 12 – Brokerage Practices

12.A. Selection of Broker-Dealers

CIAS does not typically select broker-dealers for its clients. The broker-dealer will normally be determined by the platform that is used to invest the client's money or by the recommended broker-dealer of the outside manager selected to invest the client assets.

1. Research and Other Soft Dollar Benefits – CIAS does receive soft dollars.
2. Brokerage for Client Referrals – CIAS does not select broker-dealers based on the receipt of client referrals.
3. Directed Brokerage – Brokerage is determined mutually between the Client and CIAS based on the individual circumstances.

12.B. Aggregation of Orders

Due to the customization of each client's investment strategy, trades are not typically aggregated.

Item 13 – Review of Accounts

13.A. Periodic Review of Accounts

Each Investment Advisor Representative will review his or her accounts, at a minimum, on a quarterly basis.

13.B. Non-Periodic Review of Accounts

The Investment Advisor Representative may review accounts, more frequently than quarterly, based on triggering events, such as changes in client objectives, financial conditions, economic events, changes in assets under management, or in a client's personal situation.

13.C. Client Reports

Clients receive reports, at least quarterly, detailing all holdings and activity from the brokerage firm that has custody of their assets or from the sponsor of a variable annuity when applicable.

Certain Investment Advisory Representatives of CIAS also send quarterly statements directly to clients.

Item 14 – Client Referrals and Other Compensation

14.A. Compensation from Non-Clients

CIAS does not currently receive compensation from non-clients.

14.B. Referral Arrangements

CIAS may have referral arrangements with organizations whose goals and objectives are similar to CIAS's. Such organizations may be law firms, accounting firms, financial planning firms or any other similar organization. To the extent that CIAS pays cash referral fees, the referral agreement and the related activities will be in compliance with Rule 206(4)-3 under the Advisers Act. Rule 206(4)-3 specifies certain standards that must be met by an investment adviser prior to the payment of a cash fee directly or indirectly, for a client solicitation or referral. All fee sharing arrangements will be disclosed to the client and CIAS's fee will remain the same regardless of whether a fee is paid.

CIAS employees may receive compensation which depends, in whole or in part, on new business generated by that employee. Such compensation is not added to clients' fees nor are fees charged to such clients any higher, as a result of the solicitation, than those charged to similar clients who were not introduced by such an employee.

Item 15 – Custody

CIAS does not custody client funds and securities. All assets are held at financial institutions selected by the firm unless the client selects an alternative firm institution.

At a minimum, statements are furnished quarterly to the client by the brokerage firm, as the custodian, which holds and maintains clients' investment assets, and executes transactions. Some clients may also receive statements from CIAS, and recipients of these statements should carefully review them and compare to statements of the custodian. Please report any inconsistencies to us.

Item 16 – Investment Discretion

CIAS seeks and requests discretion with respect to a client's account concerning the following: 1) securities to be bought and sold; 2) quantity of such securities to be bought and sold; and 3) commission rates to be paid. CIAS does seek to buy or sell any security of any quantity in individually managed accounts. Decisions regarding the selection of securities and quantities bought or sold are based upon CIAS's investment philosophy, client objectives, and the financial condition of the client. Not all clients receive the same selection or the same quantity due to a number of factors such as existing portfolio positions, available cash, preferences, timing, etc. All things being equal, the same research is available for all clients without restriction at no additional commission or other cost.

Servicing, best execution, product availability, and pricing are all of primary concerns in suggesting the use of brokers. There may be instances in which a client may pay commissions higher than those obtainable from other brokers, in return for products and services. However, CIAS seeks to obtain competitive and reasonable price and execution quality under the circumstances. CIAS does not base its decision on soft dollars or research in suggesting brokers. Also, when an advisor serves in a dual role as registered representative, commission rates may be negotiated.

Item 17 – Voting Client Securities

CIAS does not vote proxies on behalf of advisory clients. When applicable, clients will receive proxies directly from the respective custodian or transfer agent. In the case of separately managed accounts managed by other investment advisers, proxies may be voted by the manager or they may be delivered to you for voting.

Item 18 – Financial Information

18.A. Advance Payment of Fees.

CIAS does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

18.B. Financial Condition

CIAS has no financial commitments that impair its ability to meet contractual and fiduciary commitments to clients.

18.C. No Bankruptcy Proceedings

CIAS has not been the subject of a bankruptcy proceeding.