



# Form ADV Part 2A

## Capstone Asset Management Company

June 29, 2015

This brochure ("Brochure") provides information about the qualifications and business practices of Capstone Asset Management Company ("CAMCO"). If you have any questions about the contents of this Brochure, please contact us at 713-260-9000 or [info@Capstonefinancial.com](mailto:info@Capstonefinancial.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

CAMCO is registered with the Securities and Exchange Commission, which oversees its investment management activities. Registration with the Securities and Exchange Commission does not imply a certain level of skill or trading. Our oral and written communications are intended to provide you with information which you may use to determine to hire or retain us to provide investment advice.

Additional information about CAMCO is also available on the SEC's Website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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**Capstone Asset Management Company**

**Form ADV Part 2A**

**June 29, 2015**

**Item 2 Material Changes**

The date of our last Brochure was June 30, 2014. Pursuant to SEC Rules, we will provide you with one or more of the following:

- An updated annual brochure that includes a summary of any material changes to the brochure during the course of the previous business year within 120 days of the close of our business fiscal year. Our business fiscal year end has changed from September 30<sup>th</sup> to March 31<sup>st</sup>;
- A summary of material changes within 120 days of the close of our business fiscal year that includes an offer to provide a copy of the full annual updated brochure and information on how you may obtain the brochure from us;
- An interim amendment to the brochure if new information in response to Item 9 of Part 2A regarding disciplinary information is available; and
- An interim amendment resulting from any material change that could affect the relationship between you and us.

As of March 31, 2015, Steward Financial Holdings, Inc. ("SFH") increased their ownership of Capstone Financial Services, Inc. ("CFS") from majority owner to 100% ownership.

As part of the succession planning for Mr. Edward L. Jaroski's retirement from Capstone, Mr. Michael L. Kern, III CFA, was retained on May 1, 2015. Mr. Kern previously served as President of Stout, Risius, Ross, Inc. where he concentrated on corporate development. Mr. Kern assumed Mr. Jaroski's role as CEO of Capstone Financial Services, Inc. and was also named an Executive Vice President of CAMCO. Mr. Jaroski will remain in his role as President of CAMCO until his retirement, for which a date has not yet been set.

We do not anticipate that these changes will cause any changes in our products and services or in the direction of our private accounts and funds.

We will provide, *free of charge*, a new brochure any time at your request, or as may become necessary based on material changes.

Currently, our Brochure may be requested by contacting our office at (713)260-9000. You may also receive this and any other disclosure documents via electronic delivery, where allowed, by signing and returning to us an Authorization to Deliver Disclosure and Other Documents Electronically.

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

**Capstone Asset Management Company**  
**Form ADV Part 2A**  
**June 29, 2015**

**Item 3 Table of Contents**

|         |   |    |
|---------|---|----|
| Item 1  | Cover Page .....  |    |
| Item 2  | Material Changes .....  | 2  |
| Item 3  | Table of Contents .....   | 3  |
| Item 4  | Advisory Business .....   | 4  |
| Item 5  | Fees and Compensation .....   | 5  |
| Item 6  | Performance-Based Fees and Side-by-Side Management .....                                    | 8  |
| Item 7  | Types of Clients .....  | 8  |
| Item 8  | Methods of Analysis, Investment Strategies and Risk of Loss .....                           | 9  |
| Item 9  | Disciplinary Information .....  | 12 |
| Item 10 | Other Financial Industry Activities and Affiliations .....                                  | 12 |
| Item 11 | Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..... | 12 |
| Item 12 | Brokerage Practices .....   | 15 |
| Item 13 | Review of Accounts .....  | 19 |
| Item 14 | Client Referrals and Other Compensation .....   | 19 |
| Item 15 | Custody .....   | 19 |
| Item 16 | Investment Discretion .....   | 20 |
| Item 17 | Voting Client Securities .....  | 20 |
| Item 18 | Financial Information .....   | 21 |
| Item 19 | Privacy Policy .....  | 21 |
| ITEM 1  | FORM ADV PART 2B SUPPLEMENTAL BROCHURE .....  | 1  |

**Capstone Asset Management Company**  
**Form ADV Part 2A**  
**June 29, 2015**

**Item 4     Advisory Business**

CAMCO is a privately owned SEC-registered investment adviser established in 1987 and headquartered in Houston, Texas. CAMCO offers a wide variety of investment advisory and supervisory services to wrap fee programs, individuals, high net-worth clients, institutions, regulated investment companies ("mutual funds"), endowments, foundations, retirement plans such as pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. CAMCO is wholly owned by Capstone Financial Services, Inc. ("CFS"), which is also a privately owned company. Prior to March 31, 2015, CFS was majority owned by Steward Financial Holdings, Inc., a wholly-owned for-profit subsidiary of AG Financial Services Group. As of March 31, 2015, Steward Financial Holdings, Inc.'s ownership of CFS increased to 100% so that CFS is now a wholly owned subsidiary of Steward Financial Holdings, Inc. On May 1, 2015 Michael L. Kern, III CFA joined CFS as Chief Executive Officer of CFS. Mr. Kern replaces Edward L. Jaroski in this capacity. Mr. Jaroski remains President of CAMCO and Mr. Kern was named as an Executive Vice President of CAMCO on June 23, 2015. No changes to CAMCO's services or operations are anticipated from these developments.

As used in this brochure, the words "firm", "we", "our" and "us" refer to CAMCO and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

CAMCO primarily manages accounts on a discretionary basis. As the client you may impose reasonable restrictions on our ability to invest in certain securities, types of securities, or industry sectors.

CAMCO provides investment advisory and supervisory services based on the individual needs of each of our clients. We review your goals and objectives in developing an investment policy to meet those investment needs and objectives.

CAMCO is the Adviser for the Steward Family of Funds (Steward Small-Mid Cap Enhanced Index Fund, Steward Large Cap Enhanced Index Fund, Steward Global Equity Income Fund, Steward International Enhanced Index Fund, and Steward Select Bond Fund) and Capstone Church Capital Fund (the "Funds"). Capstone Church Capital Fund no longer offers its shares for sale. CAMCO manages the Funds' assets based on the investment goals and objectives as outlined in the Funds' prospectuses. You should refer to the Funds' prospectus and Statement of Additional Information ("SAI") for important information regarding objectives, investments, time-horizons, risks, fees, and additional disclosures. These documents are available on-line at [www.stewardmutualfunds.com](http://www.stewardmutualfunds.com)

CAMCO provides investment advisory and asset allocation services to certain of its clients by advising on equities, options, debt instruments, municipal securities, government securities and/or mutual fund shares for its clients' accounts to provide proper diversification and help meet the clients' stated investment objectives. The specific investment style chosen for each individual client is based upon the goals, objectives and individual needs of the client. Certain asset allocation clients of CAMCO invest in the Steward Family of Funds and are charged an advisory fee by CAMCO in addition to the fees charged by CAMCO to the Funds. Any client may, outside of any advisory relationship with CAMCO, make direct investments in any of the Funds in the Steward Family of Funds.

Prior to making any investment in any investment company ("fund"), investors and prospective investors should carefully review the prospectus and SAI for the particular Steward Fund or Funds you are interested

in, as well as this document, so that you develop a more complete understanding of the terms and conditions applicable for investments in the Steward Funds, as well as obtaining more information about us as the adviser to those Funds.

As of March 31, 2015, CAMCO had discretionary assets under management of approximately \$5.010 billion and \$0 non-discretionary assets under management.

## **Item 5 Fees and Compensation**

### **Wrap Program Fees**

CAMCO provides investment advisory services to clients of national and regional broker-dealers or financial consultants through programs, commonly called wrap fee programs, in which the client has executed an all-inclusive investment services agreement with the broker-dealer or financial consultant ("wrap sponsor") for a single all-inclusive fee based on a percentage of the client's assets ("wrap fee"). The wrap fee typically covers fees to the investment adviser and execution by the sponsor of all portfolio transactions. In addition, the wrap sponsor typically provides some or all of the following services:

- recommends selection of the investment adviser;
- pays the advisory fee from the client account;
- monitors and evaluates the performance of the investment adviser; and
- provides custodial services for the account's assets.

The advisory fees paid by wrap sponsors to CAMCO under these programs generally range from 0.20% (20 bps) to 0.60% (60bps) of client assets under management.

CAMCO also provides investment advisory services to clients of broker-dealers in which the client enters into an investment advisory agreement directly with CAMCO for management of the client's portfolio, and the client enters into a separate agreement with the broker-dealer for provision of brokerage, custodial, portfolio monitoring and evaluation services. In these programs the client pays the broker-dealer a fee for its services and separately pays fees to CAMCO, which range from 0.15% (15 bps) to 0.75% (75 bps), of client assets under management. In the event the agreement with CAMCO is terminated in writing for any reason by either of us, the fee shall be pro-rated for the portion of a quarter that the portfolio is being managed by us. This pro-rated period would include any notice required to be given with your investment advisory agreement. There is no penalty for terminating an agreement. The client may either pay these fees directly to CAMCO or authorize deduction of the fees from the account.

Advisory fees paid to CAMCO under wrap fee programs or client-directed brokerage accounts may be lower than fees paid by other CAMCO clients.

### **Mutual Fund and ETF Fees**

A portion of your assets that we manage may be invested in investment companies ("funds"), including mutual funds or exchange traded funds (ETFs). These funds charge an annual internal management fee as outlined in their prospectuses which is deducted directly from your account balance by that fund. For any mutual funds or ETFs not managed by CAMCO, we do not receive any additional fees; however these fees do

**Capstone Asset Management Company**  
**Form ADV Part 2A**  
**June 29, 2015**

represent an additional fee that you are paying above that being charged by us. In addition, there may be other costs associated with establishing and maintaining an account with funds including 12b-1 fees and other expenses of the funds.

As mentioned in Item 4 above, we may allocate a portion of your Private Account assets to certain Funds we manage. In that event we do not waive that portion of our Private Account advisory fee which we earn on those assets that are invested in any of the Funds we manage. We will receive the management fee charged by the Fund.

**Separate Account Fees**

CAMCO provides investment advisory services to clients under which the client enters into an investment advisory agreement directly with CAMCO for management of the client's portfolio. CAMCO receives advisory fees based upon a percentage of the assets under management, generally calculated and payable quarterly in advance. Fees will be based on account asset values on the last business day of the previous quarter, although some accounts may be charged quarterly in arrears. We may require a minimum account size and we may require a minimum annual fee to open an account with us. In the event the agreement is terminated in writing for any reason by either of us, the fee shall be pro-rated for any portion of a quarter that the portfolio is being managed by us. This prorated period would include any notice required to be given in accordance with your investment management agreement. There is no penalty for terminating an account.

The fee that you are being charged by us for the investment management of your assets is exclusive of, and in addition to, brokerage commissions, transaction fees, custodial fees, and any other related costs and expenses. We do not receive any portion of these commissions, fees, other costs and expenses. Fees may be negotiable on a client-by-client basis depending on a number of factors, including the type and nature of services to be provided, the amount of assets to be managed, and/or anticipated future additional assets. The specific annual fee schedule for fees charges by us is identified in the contract between you and us.

To the extent mutual funds and ETFs are selected by CAMCO to develop a client's overall investment strategy, the annual advisory fee paid to CAMCO does not include the customary fees and expenses associated with investing in mutual funds (including Funds managed by CAMCO) and ETFs or other costs of establishing and maintaining an account with such funds, including any Rule 12b-1 fees and expenses, if any. Clients are advised that, in addition to the annual advisory fee, some mutual funds and ETFs in which assets are invested may result in additional expenses.

The following are our primary investment options and the fee schedule for each. These fees are subject to change only with approval by the client prior to such change. Additionally, we may have other less frequently used investment options not listed herein with varying fee schedules.

***Annual fee for Equity Portfolios:***

|                    |                |
|--------------------|----------------|
| First \$500,000    | .85% of Assets |
| Next \$500,000     | .80% of Assets |
| Next \$1.5 million | .75% of Assets |
| Next \$2.5 million | .65% of Assets |
| Over \$5 million   | .55% of Assets |

Capstone Asset Management Company

Form ADV Part 2A

June 29, 2015

***Annual fee for Balanced Portfolios:***

|                    |                |
|--------------------|----------------|
| First \$500,000    | .75% of Assets |
| Next \$500,000     | .70% of Assets |
| Next \$1.5 million | .65% of Assets |
| Next \$2.5 million | .55% of Assets |
| Over \$5.0 million | .45% of Assets |

***Annual fee for Indexation Portfolios:***

|                                 |                |
|---------------------------------|----------------|
| First \$10 million              | .20% of Assets |
| Next \$10 million               | .18% of Assets |
| Next \$30 million               | .15% of Assets |
| Over \$50 million               | .10% of Assets |
| Minimum fee \$2,500 per quarter |                |

***Annual fee for Fixed Income Portfolios:***

|                    |                |
|--------------------|----------------|
| First \$500,000    | .65% of Assets |
| Next \$500,000     | .60% of Assets |
| Next \$1.5 million | .55% of Assets |
| Next \$2.5 million | .50% of Assets |
| Over \$5.0 million | .40% of Assets |

***Annual fee for Tactical Asset Allocation Portfolio (TAAP):***

|                    |                |
|--------------------|----------------|
| First \$500,000    | .65% of Assets |
| Next \$500,000     | .60% of Assets |
| Next \$1.5 million | .55% of Assets |
| Next \$2.5 million | .50% of Assets |
| Over \$5 million   | .40% of Assets |

***Annual fee for Theta Growth:***

|                    |                |
|--------------------|----------------|
| First \$500,000    | .95% of Assets |
| Next \$500,000     | .85% of Assets |
| Next \$1.5 million | .75% of Assets |
| Next \$2.5 million | .70% of Assets |
| Over \$5 million   | .65% of Assets |

***Annual fee for Asset Allocation Services:***

|                    |                 |
|--------------------|-----------------|
| First \$500,000    | 1.00% of Assets |
| Next \$500,000     | .80% of Assets  |
| Next \$4.0 million | .60% of Assets  |
| Over \$5.0 million | .35% of Assets  |

**Capstone Asset Management Company**  
**Form ADV Part 2A**  
**June 29, 2015**

***Advisory Services/Custom Accounts:***

|                    |                 |
|--------------------|-----------------|
| First \$500,000    | 1.00% of Assets |
| Next \$500,000     | .85% of Assets  |
| Next \$1.5million  | .75% of Assets  |
| Next \$2.5 million | .65% of Assets  |
| Over \$5.0million  | .55% of Assets  |

Depending on the type of relationship we have with you, we may request that you authorize and direct the custodian of your account to pay our fees directly to us from the assets in your account. However, it is your option to authorize this process and if you do not approve of the direct deduction from your account, we will submit periodic invoices directly to you or the custodian as you request.

Our employees and their family members, as well as persons affiliated with indirect owners of CAMCO, may be charged a lower fee for us to manage their personal accounts.

**ERISA Accounts**

CAMCO is deemed to be a fiduciary to its advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively.

As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, CAMCO may charge fees for investment advice only about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, for investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees only when such fees are used to offset CAMCO's advisory fees.

**Advisory Fees in General**

You should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Item 6 Performance-Based Fees and Side-by-Side Management**

CAMCO does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on capital appreciation of the assets of a client.

**Item 7 Types of Clients**

CAMCO provides investment management services to individuals, high net-worth clients, institutions, regulated investment companies ("mutual funds"), endowments, foundations, retirement plans such as pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities, unions and Taft-Hartley plans, public funds, banks or thrift institutions, government entities, health care organizations, religious organizations and insurance companies.

Generally we require a minimum opening account size that is dependent upon the type of client and the type of investment. Generally, those minimums are higher for institutional clients. The minimum account size can be waived, increased or decreased at any time for any reason.



**Capstone Asset Management Company**  
**Form ADV Part 2A**  
**June 29, 2015**

Examples of reasons we may choose to waive or decrease the minimum would include; the value of all accounts we manage for you which are controlled by you or which are part of a group of affiliated accounts; the anticipation of additional accounts you may open with us; or the level of complexity required to manage your account(s) is low.

**Grandfathering of Minimum Account Requirements**

Pre-existing advisory clients may be subject to CAMCO's or a previous adviser's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship which may differ from CAMCO's regular fees and minimums. Therefore, CAMCO's minimum account requirements will differ among clients.

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

**Methods of Analysis**

- ***Quantitative Analysis*** seeks to understand behavior by using complex mathematical and statistical modeling, measurement, and research. When a securities analyst focuses on a corporation's financial data in order to project potential future performance, the process is called quantitative analysis. This methodology involves looking at profit-and-loss statements, sales and earnings histories, and the statistical state of the economy rather than at more subjective factors such as management experience, employee attitudes, and brand recognition. The primary risk in using quantitative analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.
- ***Fundamental Analysis*** involves an assessment of the fundamental financial condition and competitive position of a company. This approach generally involves an analysis of the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position versus its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.
- ***Technical Analysis*** involves the examination of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of various quantitative-based calculations, variation metrics and charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that CAMCO will be able to accurately predict such a reoccurrence.
- ***Cyclical Analysis*** is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company that CAMCO is recommending. The risks with cyclical analysis are similar to those of technical analysis.

**Risks for all Forms of Analysis**

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information

**Capstone Asset Management Company**  
**Form ADV Part 2A**  
**June 29, 2015**

about these securities are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

**Investment Strategies**

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance and time horizons, among other considerations:

***Global Equity Income Portfolio***

CAMCO's Global Equity Income strategy pursues its objective through investment in U.S. and non-U.S. dividend-paying stocks that have demonstrated above-median yield, increasing dividends and favorable earnings growth. We invest in the common stocks of companies that represent a broad spectrum of the global economy. Although the strategy invests primarily in large cap stocks, it is also able to invest in mid-cap and small-cap stocks. The non-U.S. investments are primarily in the form of depositary receipts which are U.S. dollar denominated instruments representing securities of non-U.S. issuers that are traded in the U.S. and in non-U.S. markets.

***Custom Equity Indexation***

CAMCO's Custom Equity Index strategy provides long-term investors with a separately managed portfolio of stocks designed to closely track the total return of a benchmark index while applying client-specified constraints to the portfolio. These constraints often include social, ethical or financial criteria. Index portfolios can offer a cost effective approach for achieving diversified market exposure and the possibility of excellent relative returns over time. The strategy utilizes a quantitative methodology that combines a multifactor risk model with an optimization algorithm to create a portfolio that minimizes tracking error relative to its targeted index benchmark.

***Large Cap Growth Portfolio***

CAMCO's Large Cap Growth Portfolio's objective is to provide consistent, above average long-term growth with controlled risk through the management of diversified, growth oriented portfolios and to outperform over time either the Russell 1000 Growth Index or S & P 500 Index.

***Tactical Asset Allocation Portfolio***

CAMCO's Tactical Asset Allocation Portfolio ("TAAP") seeks to enhance investment returns by shifting the asset mix of a portfolio in response to the changing patterns of risk and reward available in the capital markets. TAAP utilizes ETFs. ETFs are baskets of securities that are traded like individual stocks on an exchange. They track a wide variety of sector specific, market specific, international and defensive indices. TAAP portfolios are constructed by combining the strategic and tactical insights of CAMCO's investment team which strategically shifts among a core position, sector specific positions, and defensive ETFs.

***Theta Growth Portfolio***

A "Buy-Write" strategy, also called a "covered call" strategy, is an investment approach in which the investor buys a stock or a basket of stocks and writes (or sells) call options that 'cover' the stock position. The strategy can be used to enhance portfolio returns under certain market conditions and to reduce

volatility. In down markets, the option premium received cushions the price decline in an equity portfolio. The trade-off is that in strong equity markets, the upside potential of the equity investment is limited.

#### ***Current Income Portfolio***

This strategy is designed for investors who are focused on optimizing their bond portfolios for income. Clients who utilize this product invest in bonds primarily for the highest possible levels of interest income, while maintaining investment grade credit quality. We utilize investment grade corporate bonds, mortgage-backed securities, agencies and preferred stocks to achieve the objective.

#### ***Fixed Income Portfolio***

This strategy seeks to provide income and capital appreciation together with capital preservation through the management of high quality domestic bonds. The strategy offers investors a separately managed account consisting of government, agency and investment quality corporate bonds. Our fixed income approach is based on the belief that superior long-term returns can be achieved with less-than-market risk by focusing on high quality securities, and by adding value through active duration management and the selective rotation of market sectors and the securities within those sectors.

#### ***Intermediate Fixed Income Portfolio***

CAMCO's Intermediate Fixed Income strategy seeks to provide capital preservation, current income and capital appreciation opportunities through investment in intermediate maturity bonds. This style assumes less interest rate sensitivity and will often provide less current income than our fixed income strategy. The portfolio allocation includes investments in U.S. Treasury, agency and investment grade corporate issues. The average weighted maturity of this strategy ranges from 3-6 years.

#### ***Municipal Fixed Income Portfolio***

CAMCO's municipal bond strategy seeks to maximize after tax income and preserve capital. We attempt to reduce risk levels in portfolios by managing duration and utilizing "A" and higher rated bonds which are not subject to the alternative minimum tax (AMT) and are generally insured. CAMCO's Municipal Bond strategy is available for national, state specific or customized portfolios.

#### ***Balanced Portfolios***

CAMCO's Balanced strategy has been created for the investor who seeks growth over time and also desires current income. The strategy utilizes stocks and U.S. domestic, investment grade, primarily intermediate-duration bonds.

#### ***Other Investment Strategies***

We use the following strategies in managing client accounts, provided such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance and time horizons, among other considerations: Conservative, Moderate, Balanced Aggressive Growth, Diversified Equity and Core Equity. These strategies offer varying allocations depending on investment goals, among the Steward Family of Funds (Steward Small-Mid Cap Enhanced Index Fund, Steward Large Cap Enhanced Index Fund, Steward Global Equity Income Fund, Steward International Enhanced Index Fund, and Steward Select Bond Fund).

**Capstone Asset Management Company**  
**Form ADV Part 2A**  
**June 29, 2015**

***Custom Asset Allocation***

The Custom Asset Allocation process provides the client the ability to create a custom asset allocation portfolio using stocks, bonds, mutual funds and ETFs to meet their specific income and growth objectives.

**Risk of Loss**

The analysis of securities investments requires subjective assessments and decision-making by experienced investment professionals. However, there is a risk of an error in judgment. An investment in securities is subject to investment risks including interest rate risk, market risk, inflation risk, currency risk, liquidity risk, business risk, financial risk, and the possibility of the loss of some, or all, of the principal amount invested. There can be no assurance that CAMCO will be successful in meeting the client's investment objective. CAMCO's ability to choose suitable securities has a significant impact on the ability of CAMCO to achieve any selected investment objective.

**Item 9     Disciplinary Information**

There are no legal or disciplinary events that we deem are material to a client's or prospective client's evaluation of our firm or the integrity of our management.

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

Capstone Asset Planning Company (CAPCO), a FINRA registered broker-dealer, is also a wholly-owned subsidiary of CFS, CAMCO's parent. CAPCO is the underwriter of the investment companies (the Funds) for which CAMCO provides investment advice. CAPCO receives fees from certain of these Funds for distribution and shareholder services under plans adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940. CAMCO receives fees from certain of these Funds for shareholder services pursuant to plans approved by the Funds' Board of Directors or Trustees.

We currently have management persons that are registered representatives of CAPCO. In the normal course of employment with CAMCO their activities, which may include wholesaling, marketing and other financial professional contact, may require the holding of a securities license. They do not receive compensation from CAPCO.

CAMCO serves as the Investment Adviser to the Steward Small-Mid Cap Enhanced Index Fund, Steward Large Cap Enhanced Index Fund, Steward Global Equity Income Fund, Steward International Enhanced Index Fund, Steward Select Bond Fund and Capstone Church Capital Fund. CAPCO serves as distributor of the Funds. Our advisory services are supervised by the Boards of Directors and Trustees of the Funds.

CFS Consulting Services, LLC (CCS) is a consulting firm that provides securities research services, compliance services and administrative services. CCS is also a wholly owned subsidiary of CFS, CAMCO's parent.

We do not believe these relationships create material conflicts of interest between CAMCO and its clients.

**Item 11    Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

CAMCO has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we

**Capstone Asset Management Company**  
**Form ADV Part 2A**  
**June 29, 2015**

require of our employees, including compliance with applicable federal securities laws.

CAMCO and our personnel owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code of Ethics.

The purpose of our Code of Ethics is to reinforce the fiduciary principles that govern the conduct of our firm and the actions of our advisory personnel. Each member of the firm is instructed to act in the best interests of all of our clients, to avoid any real or potential conflicts of interest and to conduct their personal activities with the utmost integrity.

Our Code of Ethics has been distributed to all members of the firm. The following is a summary of the policies contained in our Code of Ethics:

- Standards of Business Conduct
- Compliance with Federal Securities Law
- Review and/or Approval of Personal Securities Transactions of Certain Persons
- Ability to Purchase the Same Securities Recommended to or Owned by Firm Clients Subject to Approval
- Obligation to Report Violations and Enforcement of Sanctions Where Necessary
- Annual Employee Certification Required

Our Code of Ethics includes policies and procedures for the review of proposed transactions, quarterly securities reporting, initial and annual securities holdings reports that must be submitted by the firm's access persons, and restrictions on the acceptance of significant gifts and the reporting of gifts and business entertainment items incurred by our personnel. Our code also provides for oversight, enforcement and recordkeeping provisions.

CAMCO's Code of Ethics further includes CAMCO's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that any such information may not be used in a personal or professional capacity. A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [info@capstonefinancial.com](mailto:info@capstonefinancial.com), or by calling us at 713-260-9000 or by contacting CAMCO (toll-free) at 1-800-262-6631.

**Interest in Client Transactions**

CAMCO and individuals associated with our firm are prohibited from engaging in Principal Transactions. A principal transaction are those in which our firm, acting on behalf of our own account, buys or sells a security to you or another client.

CAMCO does not permit Agency Cross transactions. An Agency Cross transaction is one in which our firm acts as a broker for both the buyer and seller of a security.

CAMCO and our affiliates are not restricted from forming additional investment funds, entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with a client or Fund and/or may involve substantial time and resources of CAMCO and our affiliates. Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of our management personnel and employees will not be devoted exclusively to the business of a

**Capstone Asset Management Company**  
**Form ADV Part 2A**  
**June 29, 2015**

client or a Fund, but could be allocated between the business of a client or a Fund and other of our business activities and those of our affiliates.

Investments in the Funds may be recommended to advisory clients of CAMCO.

CAMCO manages the Funds on a discretionary basis in accordance with the terms and conditions of each Fund's offering and organizational documents.

**Personal Trading**

Our Code of Ethics is designed to assure that the personal securities transactions by our employees and the activities and interests of our employees will not interfere with:

- Making decisions in your best interests; and
- Implementing such decisions while, at the same time, allowing our employees to invest for their own accounts.

Employees of our firm may purchase or sell securities in their personal accounts that we either may:

- Already have an interest in; or
- Subsequently invest in

As situations like these may represent actual or potential conflicts of interest to you, we have established the following policies and procedures as part of our Code of Ethics to ensure we comply with our regulatory obligations and to provide you, other clients, and other potential clients, with full and fair disclosure of such conflicts or potential conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of your account(s).
- No principal or employee of our firm may buy or sell any security for their personal portfolio(s) where their decision is based on information received because of their employment unless the information is available to the investing public.
- We may ban or otherwise require prior approval for any IPO or private placement investments by any employee or related persons of the firm.
- We maintain a list of what we consider to be "Covered" or "Reportable" securities holdings for our firm, our employees, and anyone associated with our firm that has access to our investment recommendations ("Access Person"). Access Persons must obtain approval for opening securities accounts, must report holdings of Covered or Reportable securities upon becoming Access Persons and annually thereafter, and must submit quarterly transaction reports.
- Certain security purchase and/or sale transactions by an Access Person must be approved prior to placing the order.
- Any individual who violates any of the above restrictions may be subject to varying levels of disciplinary action including termination.

We will maintain all records regarding personal securities transactions as is detailed in Rule 204A-1 of the Investment Advisors Act of 1940.

## **Item 12 Brokerage Practices**

### **Research and Soft Dollar Benefits**

It is the Firm's policy, that in instances where it chooses to utilize soft dollars for the procurement of eligible research services from a broker-dealer or a third party in connection with client securities transactions, it will do so in accordance with the safe harbor afforded by Section 28(e) of the Securities Exchange Act of 1934.

CAMCO believes that most research obtained by it generally benefits several or all of the relevant categories of accounts which it manages, as opposed to solely benefiting one account. Normally research services obtained through transactions in common stocks or bonds may benefit those accounts managed by CAMCO which invest in both common stocks and bonds.

CAMCO has entered into soft dollar agreements for eligible research, research-related products and other brokerage services which assist us in our investment decision making process. CAMCO's policy is to receive research only with respect to accounts for which it exercises brokerage discretion. When CAMCO utilizes soft dollars, we may be using brokerage commissions generated from your trades to purchase the above referenced items. In addition, it is possible that the research, research products, and other brokerage services purchased using your commission dollars may also benefit other clients who have not generated an equal amount or, in some cases, any commissions through transactions. Conversely, you may also benefit from the research, research products, and other brokerage services we receive due to the commissions generated by other clients even though your account did not generate any commissions.

Examples of such eligible research products and services include advice, both directly and in writing, as to the value of the securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities, as well as furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts. Brokerage services, for this purpose, include effecting securities transactions and, between the time the order is transmitted and the securities are delivered or credited to the applicable CAMCO account, performing functions incidental to the transaction (such as clearance, settlement, and custody) or required in connection therewith by rules of the Securities and Exchange Commission ("SEC") or applicable self-regulatory organizations and in accordance with relevant SEC guidance.

In selecting dealers and in negotiating commissions, in addition to price and brokerage and research products and services provided, CAMCO considers among other factors the firm's reliability, the quality of its execution services on a continuing basis and its financial condition.

There also may be instances in which we receive non-eligible products such as computer systems specifically used for some research services, trade accounting systems, etc., which are not eligible for soft dollar use. In those cases CAMCO will evaluate the costs associated with such non-eligible use and will make a good faith determination as to the portion to be allocated to CAMCO for direct payment from its own funds.

There may also be instances in which the Firm receives some benefit simply by utilizing certain broker-dealers based on the amount of assets, including those directed by the client, which are maintained with those broker-dealers. These benefits are available to all investment advisory firms who meet the broker-dealer's minimum guidelines. In some cases we receive research and services from some broker-dealers that while not covered in a soft dollar agreement, nonetheless, may be a benefit to our firm. Without this arrangement with these broker-dealers, we might be compelled to purchase the same or similar services at

**Capstone Asset Management Company**  
**Form ADV Part 2A**  
**June 29, 2015**

our own expense.

As a result of receiving these services for no additional cost, we may have an incentive to continue to use or expand the use of such broker-dealers. We have examined this potential conflict of interest when we chose to enter into these relationships and have determined that the relationships are in the best interests of our clients and satisfy our client obligations, including our duty to seek best execution.

You may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates and responsiveness.

Accordingly, while we will seek competitive rates, to the benefit of you and other clients, we may not necessarily obtain the lowest possible commission rates for your specific account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by you may be used to pay for research that is not used in managing your specific account.

Large retail broker-dealers may also provide us products and services that assist us in managing and administering your account(s). These include software and other technology that:

- Provides access to your account data including trade confirmations and account statements;
- Facilitates trade execution and allocation of aggregated trade orders for multiple client accounts;
- Provides research, pricing and other market data;
- Facilitates payment of our fees from client accounts; and
- Assists with back-office functions, recordkeeping, and client reporting.

We may also receive other services intended to help us manage and further develop our business enterprise. These services may include:

- Compliance, legal and business consulting;
- Publications and conferences on practice management and business planning; and
- Access to employee benefits providers, human capital consultants and insurance providers.

Large retail broker-dealers may also make available third-party vendors for some of the services rendered to us. These broker-dealers may discount or waive fees they would otherwise charge for some of these services, or they may pay all or a part of the fees of the third-party providing these services to our firm. These broker-dealers may also provide benefits such as educational events or occasional business entertainment of our personnel.

In evaluating whether to recommend that you custody your assets at one of these broker-dealers, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider. Thus this decision is not based solely on the nature, cost or quality of custody and brokerage services provided by the broker-dealer. This may create a potential conflict of interest.



**Capstone Asset Management Company**  
**Form ADV Part 2A**  
**June 29, 2015**

**Best Execution**

For accounts for which CAMCO is given authority to select brokers and negotiate commission rates, CAMCO's policy in selecting brokers is to seek best execution. In determining best execution, CAMCO will consider research and brokerage services provided by the firm in addition to price and other factors. This may involve paying a commission to a broker, dealer or exchange member on a transaction that exceeds the commission that CAMCO might have obtained if the transaction had been executed through another broker, dealer or exchange member if it is determined by CAMCO in good faith that the amount of commission is reasonable in relation to the value of research and brokerage services provided by such broker, dealer or exchange member. Such research must provide lawful and appropriate assistance to CAMCO in carrying out its investment decision-making responsibilities.

**Directed Brokerage**

Where CAMCO has discretionary authority, it may determine without consultation with the client on a transaction-by-transaction basis, the securities to be bought or sold, and the amount of securities to be bought or sold, subject to and in accordance with the investment objective and investment restrictions of the client. CAMCO manages both accounts in which CAMCO is given authority by the client to select brokers and negotiate commissions, and accounts in which the client designates the broker-dealer to which brokerage should be directed.

You are under no obligation to use any particular broker-dealer. We are regularly asked if we would recommend a particular broker-dealer. Because we have established relationships with several broker-dealers and receive services as outlined in the section titled "Research and Soft Dollar Benefits", and they are firms whom we feel can provide our customers with high quality service, we may suggest them. However, you are free to use any broker-dealer that you may choose.

If you allow us to choose the broker-dealer for your account, your investment management agreement with us will reflect that you are providing us with the authority to determine the broker-dealer to use. In addition, you will also be allowing us to choose the commission costs that will be charged to you for these transactions.

You may change your broker-dealer at any time, as well as amend or revoke discretionary authority at any time by providing us with written notice.

If you should request that we utilize a specific broker-dealer that is someone we do not utilize on a regular basis you should be aware that your choice may interfere with our ability to "batch" or combine your trades with other client trades. This may impact the price at which your security is bought or sold and may impact the commission cost you pay for your order.

**Brokerage for Client Referrals**

Our firm does not receive or participate in any program whereby we receive client referrals in exchange for using any particular broker-dealer.

**Trade Aggregation and Allocation**

Transactions for each Client account generally will be effected independently unless the Firm decides to purchase or sell the same securities for multiple Firm clients at approximately the same time **and** from the same brokerage firm.

## Capstone Asset Management Company

### Form ADV Part 2A

June 29, 2015

At that point our firm may, **but is not obligated to**, combine or “batch” your orders with orders of other clients and CAMCO employees. The process of combining these orders often allows us to negotiate more favorable commission rates. We also can allocate equitably among you, other clients, and employees the differences between prices, commissions, and other transaction costs that we and you may not have received had each order been placed independently. This allows you to receive the average price paid or received as well as to share in the purchase or sale pro-rata in the event that an order is only partially completed. Our firm will not receive any additional compensation as a result of aggregating these orders.

We also may choose not to aggregate orders. Reasons that we may not aggregate an order may include:

- Only a small percentage of an order is completed and thus the shares may be assigned to the account with the smallest order or position, or that is out of line with respect to a security or sector weightings.
- Allocations may be given to one account when that account has investment limitations which restrict it from purchasing other securities which are expected to produce similar investment results.
- If an account reaches an investment guideline limit and cannot participate in an allocation which may occur due to unforeseen changes in account assets after an order is placed.
- Sale allocations may be given to accounts that are low in cash.
- When a pro rata allocation would result in a de minimis allocation in one or more accounts.
- In the case where a proportion of an order is filled in all accounts, shares may be allocated to one or more accounts on a random basis.

#### **Wrap Fee Program Considerations**

Owners of accounts which are involved in wrap programs and client-directed brokerage accounts designate a registered representative of the wrap sponsor or broker-dealer through whom portfolio transactions in their account will be effected.

Transactions in wrap program accounts are effected “net”, i.e., without commission, and a portion of the fee paid by the client to the wrap sponsor is generally considered as being in lieu of commissions. Transactions for client-directed brokerage accounts are most often effected net, without commission; but the client may choose to have his transactions effected with a commission charged per transaction at a schedule that he may negotiate with his brokerage firm. Because CAMCO, for client-directed brokerage accounts, is required to execute transactions only with the broker-dealer selected by the client, CAMCO will not be free to seek best price and execution by placing transactions with other brokers and dealers and may not be able to obtain discounted rates for the client by combining his transactions with those of other clients for trading as a block; therefore, these clients may not necessarily obtain commission rates as favorable as other CAMCO clients.

The client may wish to satisfy himself that the broker-dealer offering the wrap program can provide adequate price and execution of most transactions. The client should also consider that, depending upon the level of the fee charged by the wrap sponsor or the broker-dealer, the amount of portfolio activity in the client’s account, the value of custodial and other services which are provided under the arrangement, and other factors, the fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if CAMCO were free to negotiate commissions and seek best execution of transactions for the client’s account. A conflict of interest may exist between CAMCO’s duty to obtain the most favorable commission rates and its receipt of future referrals from the client’s broker-dealer or wrap fee sponsor.

**Capstone Asset Management Company**  
**Form ADV Part 2A**  
**June 29, 2015**

**Item 13 Review of Accounts**

While the underlying securities within client accounts are continually monitored, your accounts may be reviewed on a monthly or quarterly basis depending on the account's origination and your investment management agreement. Accounts are reviewed in the context of each client's or investment product's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or market, political or economic environment.

In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer or custodian, we make available quarterly reports summarizing account performance and balances.

**Item 14 Client Referrals and Other Compensation**

CAMCO has entered into contractual arrangements with individuals who may solicit clients for CAMCO. The arrangements are made in writing pursuant to Rule 206 (4) -3 under the Investment Advisers Act of 1940 ("Advisers Act"), as amended. Rule 206 (4)-3 requires, among other things, that such solicitors comply with requirements of the Rule and other applicable law, as well as their contract with CAMCO. The solicitor must, at the time of his solicitation, provide the client with a copy of CAMCO's brochure required by Rule 204-3 under the Advisers Act ("Brochure"). The solicitor must also provide the client with a separate document describing the solicitation arrangement, disclosing any affiliation between CAMCO and the solicitor, his compensation for solicitation and whether advisory fees for solicited clients are higher than those for other clients due to compensation paid to the solicitor.

**Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that depending on the type of relationship that we have with you, we may request that you direct your custodian to allow our firm to directly debit your management fees from your account(s). Again, the approval of the direct debit of fees is solely your choice. You have no obligation to allow us to do so.

Technically, SEC rules consider the action of direct debiting of fees to be considered maintaining custody. However, if this is the only manner in which we are considered to have custody and certain conditions are met, then we will not be subject to the requirements established for true custody of your assets.

If you agree to allow us to direct debit fees from your account(s) we will require authorization in writing from you. Each billing period we will notify your qualified custodian of the amount of the fee to be deducted from your account(s). On at least a quarterly basis, the custodian is required to send to you and us a statement showing all transactions, including management fees disbursed from your account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted from your account, it is important for you to carefully review the custodial statements to verify the accuracy of the calculation, among other things. You should contact us directly if you believe there may be an error in your statement.

In addition to the periodic statements that you receive directly from your custodians, we may also send or provide via electronic format, account statements directly to you on a periodic basis based on the

**Capstone Asset Management Company**  
**Form ADV Part 2A**  
**June 29, 2015**

requirements of your agreement.

**In the event that you receive a statement from us, we urge you to carefully compare the information provided on the statements you receive from us to the statements you receive from the custodian to ensure that all account transactions, including the debit of management fees, holdings and values are correct and current.**

CAMCO does not maintain actual or constructive custody over its clients' accounts. Client funds are held in custody at a number of qualified custodians chosen by the clients.

## **Item 16 Investment Discretion**

Generally, we accept both discretionary and non-discretionary accounts. We may request that we be given discretionary authority from the outset of our advisory relationship so that we may provide discretionary asset management services for your accounts. However, you may deny such authority and request that we manage your account on a non-discretionary basis. If we do manage your account on a discretionary basis and that authority is denied or revoked in the future we may, at our sole discretion, choose to terminate any advisory relationship with you.

When you agree to give us discretionary authority we can place trades in your account without contacting you prior to each trade to obtain your permission.

Our discretionary authority includes the ability to do the following without contacting you:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell.

In all cases this discretion is to be used in a manner consistent with the stated investment objectives for your account.

When we select securities and determine the amounts of those securities to buy or sell we will observe the policies, limitations or restrictions which you may have given us to follow.

You give us discretionary authority when you sign a discretionary investment management agreement with our firm and you may limit this authority by giving us written instructions in advance of entering into an agreement. You may also limit this authority at any time after entering into an agreement while that agreement remains in effect by once again providing us with written instructions. These limitations and other instructions will become a part of your permanent file. Examples include restrictions against owning certain stocks and bonds and limitations on the percentage of cash held at any one time.

## **Item 17 Voting Client Securities**

CAMCO has adopted and implemented written Proxy Voting Policies and Procedures ("Proxy Voting Procedures") which are designed to reasonably ensure that CAMCO votes proxies in the best interest of its advisory clients for whom it has voting authority.

The Proxy Voting Procedures describe the positions CAMCO generally takes in voting proxies on particular issues and require CAMCO to keep records noting the reasons for any vote that differs from its stated policies. CAMCO's guidelines address matters that are commonly submitted to shareholders of a company

**Capstone Asset Management Company**  
**Form ADV Part 2A**  
**June 29, 2015**

for voting, such as issues relating to corporate governance, auditors, the board of directors, capital structure, executive and director compensation, and mergers. The Proxy Officer is obligated to maintain records of all votes received, all votes cast and other relevant information.

The Proxy Voting Procedures also provide that, in the event a particular proxy vote would involve a conflict between the interests of CAMCO and its affiliates, and those of one or more clients of CAMCO, CAMCO may select one of the following procedures for voting the proxies:

- arranging for the proxies to be voted in proportion to votes of security holders who are not CAMCO clients;
- referring the voting decision to the client; and
- obtaining a waiver of the conflict from the client to permit voting in accordance with CAMCO's established voting policies.

You may obtain a copy of CAMCO's Proxy Voting Policy or information about how CAMCO voted client proxies by contacting CAMCO (toll-free) at 1-800-262-6631.

### **Item 18 Financial Information**

Registered investment advisers, such as CAMCO, are required to provide you with certain financial information or disclosures about their financial condition.

- CAMCO has no financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients; and
- CAMCO has not been the subject of a bankruptcy proceeding.

We do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance, therefore we have no material additional financial disclosures.

### **Item 19 Privacy Policy**

#### **WE ARE COMMITTED TO PROTECTING YOUR PRIVACY**

CAMCO appreciates the privacy concerns and expectations of our customers. We are committed to maintaining a high level of privacy and confidentiality when it comes to your personal information and we use that information only as permitted by law. This privacy policy contains information about how we fulfill this commitment to you. In compliance with government regulations, we will provide this notice to you annually.

#### **OUR COMMITMENT TO YOU**

We value the trust of our customers and will continue to recognize the importance of holding your personal financial information as confidential.

We will use information responsibly in order to protect you from fraud, offer you improved products and services and comply with legal obligations.

We will maintain accurate customer information and respond promptly to customer requests to correct information.

We will require companies with which we do business to use our customer information appropriately and to

**Capstone Asset Management Company**  
**Form ADV Part 2A**  
**June 29, 2015**

safeguard the confidentiality of such information.

**COLLECTION OF INFORMATION**

We collect nonpublic personal information about you from the following sources:

- Information that we receive from you personally on applications, forms, or other correspondence, such as your name, address, phone number, social security number, and e-mail address.
- Information about your transactions with us, such as your account holdings and transaction history.

**DISCLOSURE OF INFORMATION**

We do not disclose any information about our customers or former customers to third parties except to the extent necessary to service your account, as permitted by law.

**WE PROTECT NON-PUBLIC PERSONAL INFORMATION ABOUT FORMER CUSTOMERS**

If you decide to close your account(s), we will continue to adhere to the privacy policies and practices provided in this notice.

**WE HAVE SAFEGUARDS IN PLACE**

We have safeguards in place to protect the confidentiality, security and integrity of your non-public personal information. We restrict access to non-public personal information to those who need to know that information in order to service your account. We maintain physical, electronic and procedural safeguards that comply with government requirements to guard non-public personal information.

We appreciate the opportunity to serve your investment needs. We pledge to follow the policies, safeguards and guidelines as described in this notice and to protect the confidentiality of your information. Your relationship is very important to us, and we will take great care to honor these commitments to you.

**For more information about CAMCO's privacy policies, please call (800)262-6631.**

**ITEM 1**

**FORM ADV PART 2B SUPPLEMENTAL BROCHURE**

**Capstone Asset Management Company**  
**3700 West Sam Houston Parkway South, Suite 250**  
**Houston, Texas, 77042 (713)260-9000 [www.capstonefinancial.com](http://www.capstonefinancial.com)**

Edward L. Jaroski  
Michael L. Kern, III CFA  
Scott H. Wynant  
Claude C. Cody, IV CFA  
Melville L. Cody  
Gregory C. Falzone, CIMA, CRPC, AIF  
Victoria L. Fernandez  
Patrick N. Garboden

Carla D. Homer  
Bob Lamb, CFP  
Thomas G. Severson  
Paul C. Townsen  
Zachary P. Wehner  
Douglas E. Willingham, CTFA  
John R. Wolf

This brochure supplement provides information about the above named professionals that supplements the Capstone Asset Management Company (“CAMCO”) brochure. You should have received a copy of that brochure.

Please contact us by email at [info@capstonefinancial.com](mailto:info@capstonefinancial.com) if you did not receive CAMCO’s brochure or if you have any questions about the contents of this supplement.

Additional information about the above named professionals is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Educational Background and Business Experience

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The qualifications of persons who will be involved in the investment advisory services will be examined for excellence in training, experience and professional reputation. While no set criteria exist for every individual to be employed, persons with account responsibilities will generally have degrees in finance, business or significant relevant experience.

Some persons involved in the investment field will hold certain professional designations. Individuals employed by CAMCO hold the Chartered Financial Analyst (CFA), Certified Trust and Financial Advisor (CTFA), Certified Financial Planner (CFP), Certified Retirement Planning Counselor (CRPC) and/or Accredited Investment Fiduciary (AIF) designations. The minimum qualifications for each of these designations are summarized below.

A Chartered Financial Analyst (CFA Charterholder) must pass three six-hour exams (Levels I, II, III) covering a broad-based curriculum of investment principles, meet certain professional and ethical requirements, and become a regular member of the CFA Institute.

A Certified Trust and Financial Advisor (CTFA) is issued by the American Bankers Association to individuals who pass three qualifying examinations, complete the core education requirements, meet certain professional and ethical requirements and complete continuing education requirements.

A Certified Investment Management Analyst (CIMA) must pass a series of qualifying examinations, complete the core education requirements meet minimum finance experience, professional and ethical requirements and complete continuing education requirements.

A Certified Financial Planner (CFP) is issued by the Certified Financial Planner Board of Standards in the United States to individuals who are required to have a bachelor's degree from an accredited college or university and to pass the CFP Certification Examination, complete the core education requirements, and meet ethics and continuing education requirements.

A Chartered Retirement Planning Counselor (CRPC) is issued by the College for Financial Planning to individuals who pass a final designation exam and meet continuing education requirements.

An Accredited Investment Fiduciary (AIF) is issued by the Center for Fiduciary Studies to individuals who meet a combination of education, relevant industry experience and/or professional development, pass a final certification exam and meet continuing education requirements.



Capstone Asset Management Company  
Form ADV, Part 2B– Supplemental Brochure  
June 29, 2015

The name, year of birth, formal education and business background for the preceding five years for the persons involved in investment advisory services for CAMCO are detailed below:

|                             |   |                         |
|-----------------------------|---|-------------------------|
| <b>Edward L. Jaroski</b>    | <b>President</b>  | <b>Birth Year: 1946</b> |
| <b>Portfolio Manager</b>    |   |                         |
| <b>Education:</b>           | Temple University, BBA in Accounting                              |                         |
| <b>Business:</b>            |   |                         |
| 1987 to Present             | Capstone Asset Management Company                                 |                         |
| 1987 to Present             | Capstone Financial Services, Inc.                                 |                         |
| 1987 to Present             | Capstone Asset Planning Company                                   |                         |
| 2008 to 2012                | Capstone Financial Solutions, LLC                                 |                         |
| 2008 to Present             | CFS Consulting Services, LLC                                      |                         |
| 2010 to 2012                | Roger H. Jenswold & Company, Inc.                                 |                         |
| <b>Michael L. Kern, III</b> | <b>Executive Vice President</b>                                   | <b>Birth Year: 1973</b> |
| <b>Education:</b>           | <b>Wayne State University</b> , BS-Finance and Business Economics |                         |
|                             | Chartered Financial Analyst                                       |                         |
| <b>Business:</b>            |   |                         |
| 2015 to Present             | Capstone Asset Management Company                                 |                         |
| 2015 to Present             | Capstone Financial Services, Inc.                                 |                         |
| 1996 to 2015                | Stout Risius Ross, Inc.   |                         |
| <b>Scott H. Wynant</b>      | <b>Executive Vice President</b>                                   | <b>Birth Year: 1954</b> |
| <b>Education:</b>           | University of Oregon, BA in Business Administration               |                         |
| <b>Business:</b>            |   |                         |
| 2008 to Present             | Capstone Asset Management Company                                 |                         |
| 2008 to Present             | Capstone Financial Services, Inc.                                 |                         |
| 2008 to Present             | Capstone Asset Planning Company                                   |                         |
| 2008 to 2012                | Capstone Financial Solutions, LLC                                 |                         |
| 2008 to Present             | CFS Consulting Services, LLC                                      |                         |
| 2010 to 2012                | Roger H. Jenswold & Company, Inc.                                 |                         |
| <b>John R. Wolf</b>         | <b>Senior Vice President</b>                                      | <b>Birth Year: 1961</b> |
|                             | <b>Equity Portfolio Manager</b>                                   |                         |
| <b>Education:</b>           | Hofstra University, BBA in Accounting                             |                         |
|                             | Manhattan College, MBA in Finance                                 |                         |
| <b>Business:</b>            |   |                         |
| 1996 to Present             | Capstone Asset Management Company                                 |                         |
| 1996 to Present             | Capstone Asset Planning Company                                   |                         |
| 2008 to Present             | CFS Consulting Services, LLC                                      |                         |
| 2010 to 2012                | Roger H. Jenswold & Company, Inc.                                 |                         |

Capstone Asset Management Company  
Form ADV, Part 2B– Supplemental Brochure  
June 29, 2015

|                              |  |                         |
|------------------------------|--|-------------------------|
| <b>Claude C. Cody IV</b>     | <b>Senior Vice President<br/>Portfolio Manager</b>                                   | <b>Birth Year: 1951</b> |
| <b>Education:</b>            | Vanderbilt University, BA<br>University of Texas, MBA<br>Chartered Financial Analyst |                         |
| <b>Business:</b>             |  |                         |
| 2009 to Present              | Capstone Asset Management Company  |                         |
| 2009 to 2012                 | Capstone Financial Solutions, LLC  |                         |
| 2005 to 2012                 | Roger H. Jenswold & Company, Inc.  |                         |
| <b>Melville L. Cody</b>      | <b>Senior Vice President<br/>Equity Portfolio Manager</b>                            | <b>Birth Year: 1954</b> |
| <b>Education:</b>            | University of Texas, BA in Finance<br>University of Texas, MBA                       |                         |
| <b>Business:</b>             |  |                         |
| 2009 to Present              | Capstone Asset Management Company  |                         |
| 2009 to 2012                 | Capstone Financial Solutions, LLC  |                         |
| 2005 to 2012                 | Roger H. Jenswold & Company, Inc.  |                         |
| <b>Thomas G. Severson</b>    | <b>Senior Vice President<br/>Equity Portfolio Manager</b>                            | <b>Birth Year: 1968</b> |
| <b>Education:</b>            | University of Wisconsin, BA  |                         |
| <b>Business:</b>             |  |                         |
| 2007 to Present              | Capstone Asset Management Company  |                         |
| 2010 to 2012                 | Roger H. Jenswold & Company, Inc.  |                         |
| <b>Victoria L. Fernandez</b> | <b>Senior Vice President<br/>Fixed Income Portfolio Manager</b>                      | <b>Birth Year: 1973</b> |
| <b>Education:</b>            | Rice University, BA  |                         |
| <b>Business:</b>             |  |                         |
| 2012 to Present              | Capstone Asset Management Company  |                         |
| 1994 to 2012                 | Fayez Sarofim  |                         |
| <b>Bob Lamb</b>              | <b>Senior Vice President<br/>Client Service and Operations</b>                       | <b>Birth Year: 1976</b> |
| <b>Education:</b>            | Chadron State College, Bachelor of Science<br>Certified Financial Planner            |                         |
| <b>Business:</b>             |  |                         |
| 2013 to Present              | Capstone Asset Management Company  |                         |
| 2005 to Oct 2013             | AG Financial Services Group  |                         |

Capstone Asset Management Company  
Form ADV, Part 2B– Supplemental Brochure  
June 29, 2015

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| <b>Douglas E. Willingham</b><br><b>Education:</b><br><br><b>Business:</b><br>2008 to Present                           | <b>Vice President</b><br>Missouri State University, BS in Accounting<br>Certified Trust and Financial Advisor<br><br>Capstone Asset Management Company  | <b>Birth Year: 1954</b> |
| <b>Patrick N. Garboden</b><br><b>Education:</b><br><b>Business:</b><br>2008 to Present<br>2008 to 2012<br>2010 to 2012 | <b>Vice President</b><br><b>Fixed Income Portfolio Manager, Municipal Bonds</b><br>Attended University of Oregon School of Business<br><br>Capstone Asset Management Company<br>Capstone Financial Solutions, LLC<br>Roger H. Jenswold & Company, Inc.  | <b>Birth Year: 1957</b> |
| <b>Carla D. Homer</b><br><b>Education:</b><br><b>Business:</b><br>1998 to Present<br>1998 to Present                   | <b>Vice President</b><br><b>Chief Compliance Officer</b><br>University of Houston-Clearlake, Bachelors of Science in Accounting<br><br>Capstone Asset Management Company<br>Capstone Asset Planning Company   | <b>Birth Year: 1959</b> |
| <b>Gregory C. Falzone</b><br><b>Education:</b><br><br><br><b>Business:</b><br>2011 to Present<br>2004 to 2011          | <b>Vice President</b><br>Bridgewater State University (Bridgewater, MA)<br>B.S. in Management Science with Marketing Concentration<br>Certified Investment Management Analyst<br>Chartered Retirement Planning Counselor<br>Accredited Investment Fiduciary<br><br>Capstone Asset Management Company<br>Golden Capital Management | <b>Birth Year: 1973</b> |
| <b>Paul C. Townsen</b><br><b>Education:</b><br><b>Business:</b><br>1993 to Present                                     | <b>Vice President</b><br><b>Portfolio Manager</b><br>Incarnate Word University, BBA- Finance<br><br>Capstone Asset Management Company   | <b>Birth Year: 1971</b> |
| <b>Zachary P. Wehner</b><br><b>Education:</b><br><br><b>Business:</b><br>2014 to Present                               | <b>Assistant Vice President</b><br><b>Junior Portfolio Manager, Equities</b><br>University of Houston, JD, MBA<br>Southern Methodist University, BBA-Accounting, BA-History<br><br>Capstone Asset Management Company  | <b>Birth Year: 1988</b> |

### Item 3 Disciplinary Information

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There are no legal or disciplinary actions to report on any of the aforementioned professionals.

### Item 4 Other Business Activities

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Edward Jaroski, Bob Lamb, John Wolf, Scott Wynant, Patrick Garboden, Doug Willingham, and Michael L. Kern, III are also registered representatives of Capstone Asset Planning Company (“CAPCO”), a registered broker-dealer. Mr. Jaroski, Mr. Lamb, Mr. Wolf, Mr. Wynant, Mr. Garboden, Mr. Willingham, and Mr. Kern hold these registrations solely to permit them to solicit business for five mutual funds (Steward Small-Mid Cap, Steward Large Cap, Steward International, Steward Global Equity Income Fund and Steward Select Bond Fund) for which CAMCO provides advisory services. Their status as registered representatives of a broker-dealer does not present a conflict of interest with those of CAMCO’s clients. CAMCO discloses to all clients that it is adviser to these funds. Carla Homer is registered as the Financial and Operations Principle for CAPCO.

Mr. Kern is a member of the Board of Directors of his former firm, Stout Risius Ross, Inc. Stout Risius Ross, Inc. is a financial advisory firm that specializes in Investment Banking, Valuation and Financial Opinions, and Dispute Advisory and Forensic Services. His status as a member of the Board of Directors of Stout Risius Ross, Inc. does not present a conflict of interest with those of CAMCO's clients.

No other supervised persons of CAMCO are actively engaged in any other investment-related business or occupation.

### Item 5 Additional Compensation

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None of the above mentioned professionals receive any additional compensation from non-clients for providing advisory services.

### Item 6 Supervision

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Edward Jaroski – President, Scott Wynant – Executive Vice President, Michael L. Kern, III – Executive Vice President, Bob Lamb – Senior Vice President, John Wolf – Senior Vice President, and Victoria Fernandez – Senior Vice President compose the Management Team which manages the day-to-day operations of the firm.

All other above professionals are supervised by the Management Team. The Management Team can be reached at 800-262-6631.

CAMCO has a Board of Directors which supervises the activities of the firm.