



Capital Analysts, LLC  
Wrap Fee Program Brochure

**As of October 16, 2015**

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This Wrap Fee Program Brochure provides information about the qualifications and business practices of Capital Analysts, LLC, a registered investment adviser with the U.S. Securities and Exchange Commission (SEC). If you have any questions about the contents of this brochure, please contact us at (800) 242-1421. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Furthermore, registration with the SEC does not imply a certain level of skill or training.

Additional information about Capital Analysts, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

*This section provides us the opportunity to highlight for you the material changes in our investment advisory services and operations since our last Form ADV 2A notice to you in August 2015.*

- In October 2015, Capital Analysts made a new program in the CAAMS Wrap Fee Program lineup available to clients. Called CAAMS Strategists, this program is sponsored by Capital Analysts but uses model portfolios developed and managed by third-party portfolio managers. The services and fees associated with this program are described in Item 4.

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Brochure Supplement(s) included:

- Investment Management & Research Team Brochure Supplement (Form ADV Part 2B)

#### **Item 4: Service, Fees and Compensation**

*This section will describe the wrap fee programs offered by Capital Analysts, LLC (Capital Analysts), how we tailor these programs to your individual needs, and which of our wrap fee programs allows you to impose investment restrictions. This section also provides a description of our wrap fees, how and when these wrap fees are collected, and if refunds are available. Other types of fees and expenses that you may incur are described below in the section titled, "Other Costs That You May Incur." Other types of compensation that Capital Analysts and your Advisor may receive, which may create a conflict of interest, are described below in the section titled, "Other Compensation to Capital Analysts and Our Conflicts of Interest."*

#### **General Information Regarding Wrap Fee Programs**

A Wrap Fee Program is an investment advisory program in which you pay one fee to compensate Capital Analysts and your Advisor *and* to pay the clearing and custody fees associated with transactions in the account. Capital Analysts offers Wrap Fee Programs in addition to the advisory services described in Capital Analysts' Form ADV Part 2A Brochure.

Capital Analysts' Wrap Fee Programs are offered on Pershing LLC, a brokerage platform where securities such as stocks, bonds, ETFs and options, all of which have trading costs associated with them, are offered. The Wrap Fee is not based directly upon the actual transaction or execution costs of the transactions in your account.

Depending on the underlying investments and amount of transactions you expect to be executed in your account, a Wrap Fee account may cost you more or less than if you chose another Capital Analysts advisory program that does not offer a Wrap Fee, or if you chose to pay separately for all of your transaction costs (e.g., pay the advisory fee plus all ticket charges).

Similarly, if you are interested in a mutual fund-only portfolio, then a Wrap Fee Program may not be the lowest cost option for you. Certain advisory platforms offered by Capital Analysts have no transaction costs on mutual fund trades, but may also not be available to all registrations or tax types. Your Advisor will review your investment objectives with you to determine the best offering for you.

Your Advisor will work with you to recommend a Wrap Fee Program(s) based on your confidential investor profile, in which you provide to Capital Analysts and your Advisor personal and financial information including, but not limited to, your investment goals, income requirements, time horizon, and tolerance for risk in order to tailor his or her recommendations to your needs and objectives

You may have the opportunity to place reasonable restrictions on the types of investments that are purchased in certain Wrap Fee Programs. Please contact your Advisor to discuss any allowable investment restrictions in the Wrap Fee Program(s) you have selected. Further details regarding your specific Wrap Fee Program can be found in your investment management agreement.

You could purchase services similar to those offered in Capital Analysts' Wrap Fee Programs separately from unaffiliated financial services providers. Wrap Fee Programs may cost you more or less than purchasing the services from another investment adviser. Some cost factors to consider, other than the Wrap Fee itself, when considering an advisory offering include:

- Account custody fees
- Account maintenance and special handling fees, such as wire funds fees
- Volume of trading activity anticipated in your account
- Commissions or ticket charges to be charged in lieu of a Wrap Fee
- Account termination fees
- Account statement and confirmations fees

You should review the costs for each of the management services separately, as well as mutual fund fees and expenses where applicable, when analyzing the cost of Capital Analysts Wrap Fee Programs. Please contact your Advisor for a schedule of fees and costs associated with our Wrap Fee Program(s).

Your Advisor receives a portion of the Wrap Fee you pay. The amount of this compensation may be more than what your Advisor would receive from other advisory services offered by Capital Analysts, or more than if you paid separately for investment advice, brokerage, and other services. Your Advisor may have an incentive to recommend a Wrap Fee Program over other programs or services.

### **Description of Wrap Fee Programs and Fees**

Capital Analysts sponsors the following Wrap Fee Programs.

- I. CAAMS Complete**
  - CAAMS Alternative*
  - CAAMS Yield*
  - CAAMS Custom Income Strategies*
- II. CAAMS AssetBuilder**
- III. CAAMS ETF**
- IV. CAAMS Stock**
- V. CAAMS UMA**
- VI. CAAMS Strategists**
  - J.P. Morgan Global Multi-Asset*
  - DoubleLine Tactical Volatility*
  - Meeder Advisory Services, Inc.*
- VII. CAAMS/Beacon Focus**

CAAMS Wrap Fee Programs, with the exception of the CAAMS Strategists program and certain CAAMS/Beacon Focus portfolios, are exclusively managed on a discretionary basis by Capital Analysts through its Investment Management & Research (IM&R) team. The IM&R team's background is described in more detail in the ADV 2B Brochure Supplement to this brochure.

When you select a CAAMS Wrap Fee Program, you must authorize, in writing, full discretionary trading authority to the IM&R team. "Full discretion" means Capital Analysts may place any security transactions in your account without specific consultation with or authorization by you prior to the transactions being entered. For CAAMS Strategists accounts, you are giving Capital Analysts full discretionary authority to manage and/or effect securities transactions in your account based on the model portfolios developed and provided to the IM&R team by the third-party portfolio manager responsible for the strategy you have selected. For CAAMS/ Beacon Focus accounts, you are giving the IM&R team and the Beacon Focus management team dual discretionary authority to effect securities transactions in your account. Custody and clearing services for CAAMS portfolios are performed by Pershing LLC.

The table below provides a comparison of the Wrap Fee Programs offered by Capital Analysts. Please refer to the specific Wrap Fee Program heading below for further information regarding the management and costs of the program you are considering.

The Wrap Fee amounts provided below represent the maximum annual fee that may be charged. The services and costs covered by the Wrap Fee are:

- Investment advice provided by Capital Analysts and/or your Advisor,
- Investment management provided by the IM&R team, and
- Clearing and custody fees associated with transactions in the account, such as ticket charges and confirmation fees, and any inactivity fees assessed on the account

However, your Wrap Fee will *not* cover standard account administrative fees such as statement fees, electronic fund and wire transfer charges, annual IRA custodial fees, and termination fees.

Fees may be lower depending on many factors including, but not limited to, the amount of money invested in the Wrap Fee Program. Ask your Advisor for the breakpoint table for these programs.

<b>Wrap Fee Program Model Portfolio Offerings Managed by IM&amp;R Team</b>		<b>Custodian of Assets</b>	<b>Types of Securities Offered</b>	<b>Maximum Wrap Fee</b>	<b>Minimum Investment</b>
CAAMS Complete		Pershing LLC	Mutual funds and ETFs	1.75%	\$50,000
CAAMS Complete Sleeves	CAAMS Alternative	Pershing LLC	Mutual funds and ETFs	1.75%	\$50,000
	CAAMS Yield	Pershing LLC	Mutual funds and ETFs	1.75%	\$50,000
	CAAMS Custom Income Strategies	Pershing LLC	Customizable to include corporate, municipal, and government debt, and ETFs, stocks, and CDs	1.75%	\$250,000
CAAMS AssetBuilder		Pershing LLC	Mutual funds	1.75%	\$15,000
CAAMS ETF		Pershing LLC	ETFs	1.80%	\$50,000
CAAMS Stock		Pershing LLC	Stocks and ETFs	1.95%	\$100,000
CAAMS UMA		Pershing LLC	Mutual funds, stocks, and ETFs	1.95%	\$100,000
CAAMS Strategists	J.P. Morgan Global Multi-Asset	Pershing LLC	Mutual funds	2.00%	\$50,000
	DoubleLine Tactical Volatility	Pershing LLC	Mutual funds	2.00%	\$50,000
	Meeder Advisory Services, Inc.	Pershing LLC	Mutual funds	2.00%	\$50,000
CAAMS/Beacon Focus*		Pershing LLC	Mutual funds (no-load and load waived), stocks, and exchange-traded funds (ETFs)	1.70%	\$50,000

\*Portfolios are co-managed by the IM&R team with Beacon Financial Partners

The Financial Advisor Fee is the portion of your Wrap Fee paid to your Advisor for his or her role in assisting you in the determination of the appropriate investment advisory program for you, ensuring that the program continues to meet your stated objectives and needs, and providing ongoing monitoring and reports to assist you in evaluating the

effectiveness of the advisory program to meet your needs and objectives. This fee is negotiable with your Advisor and shall never exceed 1.50% annually.

The Capital Analysts Management Fee is the portion of your Wrap Fee paid to Capital Analysts for the asset management of the CAAMS Wrap Fee Program selected by you. The Capital Analysts Management Fee varies depending on the CAAMS Wrap Fee Program selected. See the table above, as well as the descriptions below, for the Capital Analysts Management Fees for each CAAMS Wrap Fee Program. Unless otherwise stated, all fees are negotiable at Capital Analysts' sole discretion. The Capital Analysts Management Fee schedules reflected below are graduated fee schedules applied to your assets under management. They do not represent breakpoints.

Some mutual funds used in the CAAMS Wrap Fee Programs pay an annual distribution fee of up to 0.25%. This could potentially result in total compensation to your Advisor and Capital Analysts or its affiliates of 2.25%.

The CAAMS Wrap Fee Programs are assessed a minimum annual Capital Analysts Management Fee, represented as a fixed dollar amount. If your account is charged this dollar amount, the Capital Analysts Management Fee as a percentage of your account assets will be greater than rather than the percentage reflected in the fee schedule.

All Capital Analysts Wrap Programs, except the CAAMS Custom Income Portfolios, are managed as Model Portfolios which means the portfolio is managed to the stated objectives of the portfolio, not to you or your account. Details regarding each CAAMS Wrap Fee Program are below.

## **I. CAAMS Complete**

CAAMS Complete is comprised of model portfolios offering you a choice of taxable and tax-deferred portfolios with automatic rebalancing. CAAMS Complete uses a screening and rating methodology. Capital Analysts Performance Statistics Leaders (CAPSL) is a comprehensive proprietary mutual fund research tool. On a quarterly basis, the IM&R team analyzes a database of thousands of mutual funds. Funds are sorted by investment objective. The top 500 funds in each category then undergo an eight-factor quantitative analysis. Finalists are further subjected to style analysis and a qualitative analysis. The final CAPSL list of 100 funds represents less than 1% of the mutual fund universe. This CAPSL list and a select list of ETFs form the basis for CAAMS Complete and CAAMS AssetBuilder portfolios, with the exception of the CAAMS Custom Income Strategies portfolios, which are constructed on a client-by-client basis, generally utilizing corporate, government and municipal bond laddering.

Seven portfolios are managed by the IM&R team to different risk levels or objectives, each available as taxable or tax-deferred:

- Current Income
- Capital Preservation
- Conservative Growth & Income
- Balanced
- Capital Growth
- Aggressive Growth
- High Equity

In addition to the seven portfolios above, CAAMS Complete offers specialized "sleeves" to be used in conjunction with other more broadly diversified portfolios.

### *CAAMS Alternatives*

CAAMS Alternatives model portfolio uses alternative mutual funds and ETFs to gain exposure to alternative investments in order to complement a larger diversified portfolio.

### *CAAMS Yield*

The CAAMS Yield model portfolio is focused on generating income. The portfolio typically allocates to income producing mutual funds and ETFs to gain exposure to both high-dividend equities and yield-bearing bonds.

### *CAAMS Custom Income Strategies*

One of the few custom-managed portfolio in Capital Analysts Wrap Fee Programs is the CAAMS Custom Income Strategies program. Custom management means your account is constructed and managed to meet your specific objectives, on an ongoing discretionary basis. All other Capital Analysts Wrap Programs are managed as Model Portfolios where the portfolio is managed to the stated objectives of the portfolio, not to you or your account. You and your Advisor will work together to determine your specific risk tolerance and potential income needs. Your portfolio will be structured accordingly by the IM&R team using a laddered bond strategy which may use corporate, municipal, and government debt, as well as other investments such as ETFs, preferred and common stocks, and closed-end funds to help increase yield. These portfolios have a higher minimum investment size than other CAAMS Complete programs.

## **Fees and Expenses**

<b>Assets Under Management</b>	<b>Capital Analysts Management Fee*</b>	<b>Maximum Financial Advisor Fee</b>	<b>Maximum Wrap Fee</b>
First \$500,000	0.25%	1.50%	1.75%
Next \$500,000	0.20%	1.50%	1.70%
Next \$1,000,000	0.15%	1.50%	1.65%
Over \$2,000,000	0.10%	1.50%	1.60%

\*Minimum Capital Analysts Management Fee is \$250 per year, assessed at \$62.50 per quarter

## **II. CAAMS AssetBuilder**

CAAMS AssetBuilder is comprised of model portfolios offering you a choice of three risk levels – Conservative, Moderate, and Aggressive – with automatic rebalancing. CAAMS AssetBuilder utilizes the same selection discipline as used for CAAMS Complete - the Capital Analysts Performance Statistics Leaders (CAPSL) proprietary mutual fund research tool.

## **Fees and Expenses**

<b>Assets Under Management</b>	<b>Capital Analysts Management Fee*</b>	<b>Maximum Financial Advisor Fee</b>	<b>Maximum Wrap Fee</b>
First \$500,000	0.25%	1.50%	1.75%
Next \$500,000	0.20%	1.50%	1.70%
Next \$1,000,000	0.15%	1.50%	1.65%
Over \$2,000,000	0.10%	1.50%	1.60%

\*Minimum Capital Analysts Management Fee is \$250 per year, assessed at \$62.50 per quarter

## **III. CAAMS ETF Portfolios**

CAAMS ETF is comprised of model portfolios that invest primarily in exchange-traded funds (ETFs) and certain mutual funds and allocate among asset classes and styles. Eight portfolios are managed by the IM&R team to different risk levels or objectives:

- Current Income
- Capital Preservation
- Conservative Growth & Income
- Balanced



- Capital Growth
- Aggressive Growth
- High Equity
- International

Custom portfolios managed by the IM&R team may also be available in the CAAMS ETF Wrap Fee Program. CAAMS ETF melds Capital Analysts' asset allocation models with select ETFs to create portfolios that correlate closely to industry benchmarks. The IM&R team analyzes hundreds of ETFs representing multiple asset classes to determine those ETFs with both a high and low correlation to the asset allocation model. The IM&R team then recreates the portfolios utilizing 10-15 ETFs representing different asset classes and styles, including non-correlating assets such as real estate and commodities. This is followed by strategic and tactical analysis. Portfolios are rebalanced and reallocated, as necessary.

### **Fees and Expenses**

<b>Assets Under Management</b>	<b>Capital Analysts Management Fee*</b>	<b>Maximum Financial Advisor Fee</b>	<b>Maximum Wrap Fee</b>
First \$500,000	0.30%	1.50%	1.80%
Next \$500,000	0.25%	1.50%	1.75%
Next \$1,000,000	0.20%	1.50%	1.70%
Over \$2,000,000	0.15%	1.50%	1.65%

\*Minimum Capital Analysts Management Fee is \$250 per year, assessed at \$62.50 per quarter

### **IV. CAAMS Stock**

CAAMS Stock is composed of model portfolios offering core multi-cap, multi-style equity portfolios diversified by individual stocks across industry groups and sectors. Where applicable, the IM&R team will also work with you and your Advisor to identify tax loss harvesting opportunities in your CAAMS Stock account.

CAAMS Stock portfolios represent select groups of stocks chosen primarily from the industry groups and economic sectors in the S&P Composite 1500. ETF that track components of the S&P Composite 1500 or other broad-based indexes, as well as ETFs that track international or dividend stock indexes, may be used for some portfolios.

Six portfolios are managed by the IM&R team to different objectives:

- Core Equity
- Core Equity Plus
- Global Equity
- Capital Appreciation
- Equity Income
- Dividend Growth

### **Fees and Expenses**

<b>Assets Under Management</b>	<b>Capital Analysts Management Fee*</b>	<b>Maximum Financial Advisor Fee</b>	<b>Maximum Wrap Fee</b>
First \$500,000	0.45%	1.50%	1.95%
Next \$500,000	0.35%	1.50%	1.85%
Next \$1,000,000	0.25%	1.50%	1.75%
Over \$2,000,000	0.20%	1.50%	1.70%

\*Minimum Capital Analysts Management Fee is \$250 per year, assessed at \$62.50 per quarter

## V. CAAMS Unified Management Account (UMA)

CAAMS UMA portfolios use both active and passive investment approaches in a single account that combines individual securities, ETFs, and mutual funds. These portfolios are appropriate for investors who are interested in a professionally managed account providing the tax efficiency of individual securities and ETFs, and who want their holdings diversified across asset classes and industry groups.

Five portfolios are managed by the IM&R team to different risk levels or objectives:

- Conservative
- Balanced
- Growth
- Aggressive Growth
- High Equity

Custom portfolios managed by the IM&R team may also be available in the CAAMS UMA Wrap Fee Program.

### Fees and Expenses

Assets Under Management	Capital Analysts Management Fee*	Maximum Financial Advisor Fee	Maximum Wrap Fee
First \$500,000	0.45%	1.50%	1.95%
Next \$500,000	0.35%	1.50%	1.85%
Next \$1,000,000	0.25%	1.50%	1.75%
Over \$2,000,000	0.20%	1.50%	1.70%

\*Minimum Capital Analysts Management Fee is \$250 per year, assessed at \$62.50 per quarter

## VI. CAAMS Strategists

CAAMS Strategists provide access to mutual fund model portfolios developed and managed by certain Strategists selected by Capital Analysts and the IM&R team. Strategists are registered investment advisers unaffiliated with Capital Analysts, but have entered into agreement(s) to provide the model portfolios, as well as certain research and marketing services.

The current Strategists are J.P. Morgan Investment Management Inc. and DoubleLine Capital LP, each offering the respective portfolios described below.

### *J.P. Morgan Global Multi-Asset*

Developed and managed by J.P. Morgan Investment Management Inc., the Global Multi-Asset strategy provides five (5) risk-based model portfolios. J.P. Morgan uses both strategic and tactical asset allocation driven by both quantitative and qualitative analysis across widely diversified asset classes. The portfolios exclusively use mutual funds managed by J.P. Morgan to implement this strategy.

- Conservative
- Moderate Conservative
- Moderate
- Moderate Growth
- Growth

### *DoubleLine Tactical Volatility*

Developed and managed by DoubleLine Capital LP, the Low-Volatility strategy provides two (2) total return fixed-income model portfolios. DoubleLine employs active management of asset class exposure, sector allocations, and security selection to manage volatility in the portfolios over a full market cycle. Tactical allocations may be made as opportunities arise. The portfolios exclusively use mutual funds managed by DoubleLine to implement this strategy.

- Conservative
- Moderate Conservative

### *Meeder*

Developed and managed by Meeder Advisory Services, Inc., the Meeder tactical allocations are offered in six (6) risk-based model portfolios. Meeder uses tactical asset allocation to adjust among asset and subasset classes based on short- to intermediate-term market forecasts, with the objective of exploiting inefficiencies or temporary imbalances among them. The portfolios exclusively use mutual funds managed by Meeder to implement this strategy.

- Flexible Income
- Conservative
- Moderate Conservative
- Balanced
- Moderate Growth
- Growth

## **Fees and Expenses**

<b>Assets Under Management</b>	<b>Capital Analysts Management Fee*</b>	<b>Maximum Financial Advisor Fee</b>	<b>Maximum Wrap Fee</b>
First \$100,000	0.50%	1.50%	2.00%
Next \$400,000	0.45%	1.50%	1.95%
Next \$500,000	0.35%	1.50%	1.85%
Over \$1,000,000	0.25%	1.50%	1.75%

## **VII. CAAMS/Beacon Focus**

CAAMS/Beacon Focus portfolios are open architecture model portfolios using no-load and load-waived mutual funds, individual stocks, and exchange-traded funds (ETFs).

Some CAAMS Focus portfolios are co-managed with certain Capital Analysts Advisors who are associated with Beacon Financial Partners, an independent, non-affiliated financial planning and investment management firm offering services through Capital Analysts, LLC and Lincoln Investment Planning, LLC as broker-dealer. These co-managed model portfolios are called Beacon Focus. All services and fees associated with the program are the same as CAAMS Focus. More information regarding Beacon Financial Partners and the Beacon Focus management team is available through that team's Form ADV 2B Brochure Supplement, a copy of which accompanies this brochure.

## **Fees and Costs**

<b>Assets Under Management</b>	<b>Capital Analysts Management Fee*</b>	<b>Maximum Financial Advisor Fee</b>	<b>Maximum Wrap Fee</b>
Above \$50,000	0.20%	1.50%	1.70%

\*Minimum Capital Analysts Management Fee is \$250 per year, assessed at \$62.50 per quarter

## **Additional Information Regarding Wrap Program Fees**

The Wrap Fee Programs described above may cost more or less than if you were to purchase such services separately. Certain factors, such as trading frequency can impact the cost effectiveness of such Wrap Fee Programs. Generally, in an account where there is infrequent trading, a regular brokerage account incurring transaction fees along with the separate purchase of such investment advice for a fee may be less expensive. As your Advisor shares in the total fee assessed for the Wrap Fee Program, he or she may have an incentive to recommend a Wrap Fee Program in lieu of other investment advisory services.

Should you transfer security holdings that require liquidation into your Wrap Fee account, you may incur one-time ticket charges, as indicated in your investment management agreement or listed in the Lincoln Investment Brokerage Account Fee Schedule for Accounts Held at Pershing LLC.

You are responsible to notify your Advisor of any changes in your financial situation or investment objectives or to give any investment restrictions that you wish to impose so that your Advisor can suggest the appropriate advisory service for you. If you wish to impose investment restrictions, Capital Analysts' programs may not be the appropriate advisory service for you as they may not be able to accommodate your investment restrictions. For all CAAMS Wrap Fee Programs, fees are billed on a quarterly basis. In your investment management agreement, you give Capital Analysts authorization to instruct the account custodian, Pershing LLC, to directly debit fees owed to Capital Analysts from your account. Fees may be deducted from cash holdings or by liquidating assets held in the account at the discretion of Capital Analysts. Fees are assessed in advance or arrears, as indicated in your agreement with Capital Analysts, and are based on the market value of all assets held within the account (including cash and cash equivalents) on the last business day of the calendar quarter.

Accounts initiated during a calendar quarter will be charged a prorated fee based on the number of calendar days left in the quarter. For advisory services terminated during the calendar quarter, any prepaid, unearned fees will be refunded on a *pro rata* basis, and any earned, unpaid fees will be due and payable on a *pro rata* basis. Advisory fees may be prorated for each capital contribution and withdrawal of \$100 or more made during the applicable calendar quarter. Account fees and/or method of calculation may be changed with thirty days written notice to you by Capital Analysts.

In general, a client may terminate Capital Analysts' or its Advisor's advisory services at any time upon written notice to us. The death of an investor also constitutes termination of any agreement with Capital Analysts, though an executor or other authorized representative may choose to continue services under a new or modified agreement. Unearned fees will be refunded to clients on a *pro rata* basis for asset management services.

Capital Analysts may offer employees, its Advisors, and family members a discount or waiver of Wrap Fee Program fees.

## **Other Fees in Wrap Fee Accounts**

The Wrap Fee will cover your clearing and custody costs associated with transactions in the account, such as ticket charges and confirmation fees, and any inactivity fees assessed on the account. You will, however, be responsible for other administrative charges that may be imposed by Pershing LLC, such as wire transfer and electronic fund fees, statement delivery charges, and other fees and taxes on brokerage accounts and securities transactions. For information on the fees applicable to Wrap Fee accounts held at Pershing LLC, please refer to the Lincoln Investment Brokerage Account Fee Schedule for Accounts Held at Pershing LLC or ask your Advisor.

## **Other Costs That You May Incur**

Total advisory fees paid and other costs associated with your portfolio impact the overall performance of your portfolio. It is important to review these costs when making your advisory and investment decisions.

Costs may include the following:

1. **Internal Expenses.** Internal management fees or other expenses charged by the mutual fund or sub-account of a variable annuity (also known as the internal expense). All mutual funds and annuity companies charge a fee for the management and operations of their offerings. The higher the internal expense, the more impact it will have on the performance of your portfolio.
2. **Brokerage Account Fees.** Capital Analysts offers its Wrap Fee Programs exclusively through Pershing LLC. Pershing LLC may assess fees other than those transaction costs covered by your Wrap Fee, including wire fees, trade-away fees, statement and confirmation fees, retirement plan recordkeeping or custodial fees, and low balance or account termination fees.
3. **Mutual Fund Short-term Trading Redemption Fees.** Some mutual funds impose short-term trading redemption fees of up to 2% for active trading or exchanging in and out of their funds. This could affect you or your investment advisor's ability to properly manage your portfolio as these costs will impact the performance of your portfolio or may be an incentive not to trade.
4. **Variable Annuity Rider and Contract Costs.** These costs may include, but are not limited to, annual base annuity contract charges, optional benefit riders, underlying sub-account expenses, and potential surrender fees.
5. **Rights of Accumulation.** Many mutual funds offer rights of accumulation or other sales charge discounts. The mutual fund company may or may not count your assets held in an advisory service as eligible for a reduced sales charge on other mutual fund purchases. You should consult the fund's prospectus for the product sponsor's specific rules.

#### **Other Compensation to Capital Analysts and Our Conflicts of Interest**

Capital Analysts recognizes its fiduciary responsibility to place your interests above ours and that other compensation received by us, or an affiliate, from other sources presents a conflict of interest and could be looked upon by you as an incentive for us to recommend investment products based on compensation rather than on your financial needs. Capital Analysts, as an investment adviser, receives no compensation other than the advisory fees paid by you.

Most Advisors of Capital Analysts are also registered representatives and investment advisory representatives of Lincoln Investment Planning, LLC (Lincoln Investment), a broker-dealer and registered investment adviser under common control with Capital Analysts, and may offer advisory services, non-advisory broker-dealer services, or insurance to clients through Lincoln Investment. This relationship may present a conflict of interest. Through his or her affiliation with Lincoln Investment, your Advisor may be in a position where he or she can offer the same or similar advisory services to you under different fee and compensation structures.

Your Advisor, through his or her association with Lincoln Investment, may share in any of the following forms of compensation as a result of advisory services, non-advisory broker-dealer services, or insurance:

#### **12b-1 Fees**

Some mutual funds pay to Lincoln Investment ongoing distributions fees, also referred to as servicing fees or 12b-1 fees. These fees differ by share class. For instance, Class A share 12b-1 annual fees range from 0.00% to 0.50%; Class B share 12b-1 annual fees range from 0.23% to 1.00%; and Class C share annual 12b-1 fees range from 0.40% to 0.95%, based on the value of your investment in the fund. In many of our investment advisory programs, we also offer no-load funds which do not pay 12b-1 fees. Please ask your Advisor or refer to the fund prospectus to determine which funds pay Lincoln 12b-1 fees.

Lincoln Investment may or may not share the 12b-1 fees it receives with your Advisor. You should ask your Advisor if he/she receives or shares in the 12b-1 fees associated with the investment recommendations made to you. This may create a financial incentive for your Advisor to offer you those products for which he/she does qualify to share in 12b-1 fees.

Lincoln Investment's policy as to which Capital Analysts Advisor share in the 12b-1 fees varies based on such Advisor factors as: (1) whether the Advisor is in a company agency or independent agency branch office; (2) whether the Advisor qualifies for Lincoln Investment's achievement clubs by meeting certain production criteria; (3) whether the product paying the 12b-1 fee is a Strategic Partner and/or (4) whether the product issuing the 12b-1 fees maintains an electronic relationship with Lincoln Investment for the sharing of client information.

Any 12b-1 fees derived from the assets in a qualified employer retirement plan governed under ERISA will be refunded to the plan/plan participants.

### **Commissions or other compensation on recommendations**

Our Advisors could recommend to you both the purchase and sale of non-advisory broker-dealer services or insurance products.

Lincoln Investment shares with each Advisor a percentage of the commission received based on the *type* of product sold (e.g., mutual fund or variable annuity), and not specifically on the named product or sponsor of the product.

Most of Capital Analysts' Advisors are independent contractors who may also offer other non-security financial services and products, such as, life, health, disability, long term care and fixed annuity insurance products, real estate and retirement plan administration services. These services may be offered independent of The Lincoln Investment Companies.

Your Advisor may have more than one relationship with you – one as an Advisor providing services on an advisory account and one as a registered representative/agent over a non-advisory account where he or she may receive a sales commission for the sale of securities or insurance products. In these situations, our Advisor may have greater financial incentives to offer you both investment and /or insurance sales as well as advisory services.

For some of the investment advisory programs offered by Capital Analysts, Lincoln Investment acts as the introducing broker dealer to Pershing LLC, who acts as the clearing firm and custodian. Pershing LLC will share with Lincoln Investment, as the introducing broker dealer on the Capital Analysts advisory accounts, a portion of its 12b-1 fee and /or shareholder servicing fee revenues it derives from Capital Analysts' advisory accounts. Lincoln Investment will also receive from Pershing LLC a portion of the revenue received by Pershing LLC derived from cash balances in money market funds and margin debt interest associated with Capital Analysts advisory accounts maintained at Pershing. This compensation will not be shared with Capital Analysts or its Advisors. Lincoln Investment may mark-up the commission on some transactions executed through Pershing LLC, including ticket charges. In some cases, Capital Analysts may allow your Advisor to absorb such ticket charges. This arrangement may incentivize the Advisor to trade your account less. Capital Analysts has a policy of not allowing the absorption of ticket charges by product sponsor companies and will not participate in directed brokerage transactions.

### **Advisor Due Diligence Seminars**

Advisors are invited from time-to-time by product sponsors to due diligence and educational meetings or seminars hosted by the product sponsor. Capital Analysts must grant permission to our Advisors to attend any meeting or seminar hosted by a product sponsor. Capital Analysts approves events that are limited to education only and allows the product sponsor to reimburse the Advisor, through Lincoln Investment, for travel expenses only.

### **Sales Incentives**

Lincoln Investment offers sales contests that may provide additional incentives to your Advisor to offer one product or service over another. Lincoln offers sales contests based on such criteria as gross compensation to the Advisor, net sales of Lincoln and Capital Analysts managed advisory programs, net sales of Advisor managed programs, and net sales of third party managed advisory programs. These contests may provide your Advisor with an incentive to offer you fee-based advisory services over commission-based brokerage services. Top achievers in these contests may receive Lincoln-sponsored trips, cash prizes, bonus commissions, extra club points, monetary donations in their name to a charity of their choice or other nominal prizes. No contest is offered which will award the Advisor based upon a specific investment product or on a specific product sponsor. Lincoln Investment will not accept any business that is not deemed suitable for the investor. Lincoln Investment's Advisors may also be licensed and appointed with various insurance companies to offer insurance products to you. Although Lincoln Investment does not offer specific product sales incentives for securities products, issuers of non-securities insurance products, such as fixed annuity issuers, may offer sales incentives to our Advisors in the form of cash bonuses and trips if certain sales thresholds are met. You should ask your Advisor about these incentives at the time of sale.

### **Additional Compensation**

Lincoln Investment has partnered with a select group of product sponsors who assist Capital Analysts in marketing efforts and training.

Lincoln Investment's Strategic Partners provide financial support to Lincoln Investment for sales events, such as recognition clubs, sales conferences, and may reimburse Lincoln Investment for approved Advisor expenses such as due diligence meetings, client meetings or seminars, and general mailings. In return, they are provided access Capital Analysts Advisors.

This financial support is paid to Lincoln Investment in the form of flat-dollar event sponsorship fees, asset-based or sales-based compensation. This compensation is not shared directly with Capital Analysts or Advisors.

### **Other Potential Conflicts**

*Gifts and Entertainment:* Offering or receiving a gift or entertainment could create a conflict of interest. Capital Analysts has instituted a policy that prohibits excessive and/or too frequent gifts or entertainment activities to mitigate this conflict.

*Political Contributions:* Providing political contributions could create the perception that Capital Analysts or its Advisors are seeking *quid pro quo* arrangement.

*Charitable Donations:* Lincoln or Advisor charitable donations could create the perception that the firm or Advisor is seeking a *quid pro quo* arrangement.

## **Item 5: Account Requirements and Types of Clients**

### **Types of Clients**

Capital Analysts provides advisory services to individuals, businesses, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, trusts, and other institutions.

### **Account Requirements**

Capital Analysts imposes a minimum dollar value of assets for its Wrap Fee accounts as described below. These minimum account requirements may be waived at our sole discretion.

<b>Wrap Fee Program Name</b>	<b>Minimum Investment</b>
CAAMS Complete (including Alternatives and Yield)	\$50,000
CAAMS Custom Income Strategies	\$250,000
CAAMS AssetBuilder	\$15,000
CAAMS ETF	\$50,000
CAAMS Stock	\$100,000
CAAMS UMA	\$100,000
CAAMS Strategist	\$50,000
CAAMS/Beacon Focus	\$50,000

### **Item 6: Portfolio Manager Selection and Evaluation**

All CAAMS Wrap Fee Programs are managed with discretion by the Investment Management & Research (IM&R) team or the Beacon Focus management team. The CAAMS Wrap Fee Programs do not utilize any other third-party portfolio managers.

See the *Methods of Analysis, Investment Strategies and Risk of Loss* section below for more information about how the teams manage the CAAMS Wrap Fee Programs.

#### **Other Advisory Business**

Capital Analysts offers the following additional investment advisory services for a fee. A description of each service is provided in Capital Analysts' Form ADV 2A Brochure, a copy of which can be requested from your Capital Analysts Advisor.

1. Advisor Managed Model and Client Custom Portfolios
2. Third Party Managed Model and Custom Portfolios
3. Periodic Investment Consulting
4. Financial Planning Services
5. ERISA Retirement Plan Advice

#### **Performance-Based Fees and Side-by-Side Management**

Capital Analysts and our Advisors do not receive performance based fees. A performance based fee is an advisory fee that compensates the Advisor for the Advisor's success in managing a client's money or "a fee based on the share of the capital gains and appreciation of a client's funds." A performance based fee may induce an adviser to take greater and undue risks with client's funds in an attempt to generate higher compensation to the adviser.

Your Advisory Fees with Capital Analysts are typically assessed as a percentage of the total value of your advisory account assets as of each calendar quarter-end and are not performance based fees.

#### **Method of Analysis, Investment Strategies and Risk of Loss**

The IM&R team meets regularly to review current holdings and market conditions, make changes as appropriate, and ensure that the investment philosophy is consistently applied to each model portfolio. With regard to the CAAMS/Beacon Focus portfolios, the Beacon Focus management team also consults with the IM&R team. The management of all CAAMS Wrap Fee Programs includes investment selection and monitoring, portfolio construction, and portfolio rebalancing and realignment in accordance with the investment objectives of the managed model portfolio.

Investment strategies include both long-term solutions and short-term strategies, where appropriate, that coordinate with either the client's stated objectives (when managing a custom portfolio) or the objectives of the model portfolio (when managing the model to a stated objective rather than the client's portfolio.) Our goal is to manage



the portfolio with the appropriate asset mix to optimize portfolio return within the given level of risk tolerance. Option writing may be used from time to time.

The investment management strategies of the CAAMS Wrap Fee Programs differ by Program and by model or custom portfolio, and can be strategic or tactical. Investing in securities involves risk of loss that you, the investor, should be prepared to bear.

The advisory services and advice offered by Capital Analysts and its Advisors primarily attempt to provide to you a risk-appropriate diversified portfolio. A risk-appropriate diversified portfolio applies the disciplines and theories of asset allocation. Asset allocation means, first and foremost, working to design a portfolio that sufficiently allocates your assets across different asset classes to help reduce the exposure to any single asset class and market loss you could incur in your account(s) if you didn't diversify. It is important to understand that asset allocation, although a proven theory to reduce risk to a portfolio, does not guarantee a profit or protect against loss.

Asset classes include, but are not limited to, domestic and international equities, domestic and international bonds, cash and cash equivalents, as well as alternative investment types such as real estate and commodities. Equities can be further broken down by market capitalization (company size based on annual revenues) ranging from large companies (large-cap) to medium and small companies (medium- and small-cap). Bonds, meanwhile, can be further broken down by issuer type – such as corporate, municipal, and government – and by duration, ranging from short term to long.

The IM&R team, once it establishes an asset allocation model portfolio, may periodically re-balance the account to any stated asset allocation.

The asset classes used by the IM&R team and Beacon Focus management team in implementing the methods of analysis and investment strategies described above carry material risks.

- **Equities:** The price of equities fluctuate due to many factors including changes in interest rates, global events, industry and company specific events, investor expectations, and general market conditions. You may receive more or less than the original purchase price when selling a security. Concentrated positions in equities typically pose additional risks as a downturn in your investment will cause a more significant loss. Diversification assists in reducing concentration risk. For its stock research, Capital Analysts applies various fundamental and technical screens to the investable universe of stocks and compares the results with current research recommendations of major independent services including Value Line, Standard & Poor's, Argus Research and Zacks Investment Research. Additional Wall Street analyst research is also factored into the stock selection process.
- **Fixed Income Investments:** One of the most important risks associated with fixed-income securities is interest rate risk, the risk encountered in the relationship between bond prices and interest rates. The price of a bond will change in the opposite direction of movements in prevailing interest rates. For example, as interest rates rise, bond prices will generally fall. If an investor has to sell a bond prior to the maturity date, an increase in interest rates could mean that the bondholder will experience a capital loss (i.e., selling the bond below its original purchase price).  
Reinvestment risk is the risk that the interest rate at which the interim cash flows can be reinvested will decline and thus reinvestments will receive a lower interest rate. Reinvestment risk is greater for longer holding periods.  
Default risk is commonly referred to as "credit risk" and is based on the probability that the issuer of the debt obligation may default. Default risk is rated by quality ratings assigned by commercial rating companies.  
Call risk is the risk related to call provisions on debt obligations. You should be aware of four risks associated with call provisions.

- 1) The cash flow patterns of callable bonds are not known with certainty.

- 2) Since the issuer will typically exercise their right to call the bonds when interest rates have dropped, you may be exposed to reinvestment risk. You would have to reinvest the proceeds after the bond is called at relatively lower interest rates.
- 3) The potential for capital appreciation of a callable bond is reduced relative to that of a non-callable bond, because its price may not rise much above the price at which the issuer can call the issue.
- 4) If the issue is purchased at a premium, you may lose the difference between the purchase price and call price.

Inflation risk arises because the value of the cash flows being received from a debt obligation may actually lose purchasing power over the course of time due to the effects of inflation.

Liquidity risk depends on the ease with which an asset can be sold at or near its current value. The best indicator to measure an issue's liquidity is the size of the spread between the bid price and the ask price quoted by a dealer. A wider spread on the asset indicates a greater liquidity risk. If you plan on holding a bond until its maturity date, liquidity risk is less of a concern.

Finally, exchange rate risk, which is encountered in non-dollar denominated bonds or bonds whose payments occur in a foreign currency, has unknown U.S. currency cash flows. The dollar cash flows are dependent on the exchange rate at the time the payments are received. For example, consider a bond whose coupon payment is paid out in Japanese yen. If the yen depreciates relative to the U.S. dollar, fewer net dollars will be received. Conversely, if the yen should appreciate relative to the U.S. dollar, the investor will benefit by receiving more net dollars.

- **International Investing:** Investing in the global market can assist with diversification of a portfolio but it is important to consider some of the unique risks with such a strategy. Each country has unique rules and regulations covering corporations and their stock markets which offer investors varying degrees of protection. Additionally, investing in foreign markets subjects your investment to currency risk.
- **Exchange Traded Funds (ETFs):** While investing in ETFs has similar risks as investing in individual equities, ETFs typically invest in a diverse group of securities. The level of diversification varies by ETF. While ETFs reduce the effects of concentration risk as compared to investing in a single security, certain ETFs are susceptible to industry, commodity or country risk. Investing in a diverse selection of ETFs may help to reduce this risk. Another important factor to consider with ETFs is that the portfolio of securities in which they invest are typically not actively managed. Leveraged and Inverse ETFs bear unique risks that investors who wish to trade in these securities must understand; due to the significant risk involved in these securities, Capital Analysts will approve their use only on an exception basis.
- **Options:** Certain options strategies are highly specialized contracts based on securities and entail greater than ordinary investment risks.

For further information regarding the risks associated with the portfolios managed by Capital Analysts and its Advisors and the best suited investment strategies for your account(s), please review the risk level of the Wrap Fee Program portfolio you have selected and your mutual fund prospectuses, or consult with your Advisor.

### **Voting Client Securities**

The Investment Management & Research team, through the Proxy Voting Committee, votes proxies on behalf of all Wrap Fee Program clients, with the exception of proxies for securities held in CAAMS Strategist accounts. The Committee does not vote proxies for any other Capital Analysts accounts, and no Capital Analysts Advisors may vote proxies on behalf of clients. Proxies for securities held in CAAMS Strategist accounts are voted by the client.

The Capital Analysts Proxy Voting Policy and Procedures are designed to ensure that when the responsibility for voting client proxies rests with Capital Analysts, such proxies are voted in the clients' best economic interest. Economic interest means in a manner most likely to protect and promote the long-term economic value of the securities held in the clients' accounts. The Proxy Voting Committee, guided by the Proxy Voting Policy and Procedures, is responsible for arriving at voting decisions that support economically advantageous corporate practices, while leaving direct oversight of company management and strategy to the Board of Directors and allow

the markets to value corporate assets appropriately. The procedures offer guidelines and factors to consider for various categories of shareholder votes.

In addition, Capital Analysts could encounter a material conflict in voting client proxies. Capital Analysts has a duty to recognize a material conflict and to resolve the conflict before voting the proxy. Material conflicts of interest include situations where Capital Analysts or a member of the Investment Management & Research team has a business or familial relationship with an executive officer or member of the Board of Directors of a company for which the firm is voting proxies. Members of the IM&R team are required to disclose all business and familial relationships that may present a material conflict of interest with respect to a future proxy vote, and the Proxy Voting Committee will abstain from voting the proxies of a company where such a material conflict exists.

To obtain a copy of the full Capital Analysts Proxy Voting Policy and Procedures, or to inquire on how a particular proxy was voted on your behalf, contact your Advisor.

### **Item 7: Client Information Provided to Portfolio Managers**

When your Wrap Fee Program account is opened, your Advisor will assist you in completing a confidential investor profile containing personal and financial information such as your risk tolerance, investment objectives, net worth, and investing time horizon. This information may be communicated to the IM&R team when the Wrap Fee Program offers custom portfolio management. Your Advisor will contact you annually thereafter to confirm there have been no changes in your risk tolerance, investment objectives or financial situation which would need to be communicated to the portfolio manager or Sub-Advisor.

Capital Analysts, the IM&R team, your Advisor, and any other portfolio manager(s) rely on the accuracy of the information you provide to manage your account(s). You are responsible to notify your Advisor of any changes in your financial situation or investment objectives.

### **Item 8: Client Contact with Portfolio Managers**

You may contact and consult with Capital Analysts, your Advisor, and the IM&R team in writing, over the phone or electronically. The IM&R team may hold regular conference calls to discuss investment strategies or current market events. In general, you should contact Capital Analysts and the IM&R team through, or together with, your Advisor so that the financial advice you receive is consistent.

### **Item 9: Additional Information**

#### ***Disciplinary Information***

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Capital Analysts or the integrity of Capital Analysts' management. Capital Analysts has no disciplinary history.

Your Advisor should provide along with this Brochure a Supplement that describes your Advisor's education, business experience, professional designation and material legal or disciplinary history, if any.

#### ***Other Financial Industry Activities and Affiliations***

##### **Relationship with Lincoln Investment**

As noted earlier, Capital Analysts is an affiliate of Lincoln Investment, which is a registered broker-dealer and investment adviser, as well as a general insurance agency. This relationship may present a conflict of interest. Additionally, through its relationship with Lincoln Investment, Capital Analysts introduces client accounts to Pershing LLC, a broker-dealer and member of the New York Stock Exchange, which provides custody and clearing of securities, including exchange traded securities. Pershing LLC carries accounts on

a fully disclosed basis. Lincoln Investment is also an introducing broker member of the National Futures Association to facilitate the offering and sale of managed futures contracts to clients. Please refer to the "Other Compensation to Capital Analysts and Our Conflicts of Interest" section under Item 5 of this brochure for more information.

### **Advisors' Other Business Activities and Affiliations**

Capital Analysts' Advisors are independent contractors, many of whom hold themselves out to the public under a name other than Capital Analysts and offer other financial services independent of Capital Analysts, such as, life, health, disability, long term care and fixed annuity insurance products, real estate, business planning services and retirement plan administration services. A few of our Advisors may also be qualified lawyers and accountants or hold certain professional designations not required by us to conduct their business. These services are offered independent of Capital Analysts as outside business activities and Capital Analysts assumes no responsibility or supervision over these activities. Please refer to the "Other Compensation to Capital Analysts and Other Conflicts of Interest" section under Item 5 of this brochure, or refer to your Advisor's ADV 2B brochure supplement, for more information regarding outside business activities and how we address these conflicts. You may go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or [www.brokercheck.finra.org](http://www.brokercheck.finra.org) for further information regarding your Advisors' other business activities or affiliations.

### **Independent Registered Investment Advisers**

Capital Analysts may permit certain Advisors to maintain their own independent registered investment advisers through which they may offer advisory services similar to those services offered by Capital Analysts. In some cases, Capital Analysts allows these Advisors to offer Capital Analysts' advisory services to their investment advisory clients. In these situations, Capital Analysts acts as a sub-adviser or independent third party portfolio manager to the Advisors' investment adviser clients. Capital Analysts assumes no suitability responsibility for the sub-advisory programs offered on behalf of these Advisors and their independent investment adviser clients.

Advisors affiliated with other registered investment advisory firms must provide to their clients that firm's Form ADV Part 2A and advisory agreements and disclosures. To inquire as to whether your Advisor is affiliated with a separate registered investment advisory firm, you may go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or [www.brokercheck.finra.org](http://www.brokercheck.finra.org)

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

#### **Code of Ethics**

As a fiduciary, Capital Analysts has established a Code of Ethics under which all Capital Analysts employees and Advisors must comply. Capital Analysts accepts its fiduciary responsibility to (1) place the interests of clients first at all times, (2) act with the utmost good faith (3) provide full and fair disclosure of all material facts and conflicts of interest to clients, and (4) conduct all personal securities transactions consistent with its Code of Ethics.

Capital Analysts Advisors are held to a professional standard that requires they avoid any abuse of an individual's position of trust and responsibility, not take inappropriate advantage of their positions; comply with applicable securities laws and regulations; and maintain confidentiality of client's financial circumstances. You may request a full copy of Capital Analysts' Code of Ethics from your Advisor or Lincoln's Compliance Department at (800) 242-1421, ext. 4300.

#### **Participation or Interest in Client Accounts and Personal Trading**

Capital Analysts, its Advisors, members of the Investment Management & Research team, and employees may buy or sell for themselves securities that are also recommended to clients. With the exception of its Insider Trading policies and procedures, Capital Analysts does not impose on itself or any person

associated with it any restrictions in connection with the purchase or sale, directly or indirectly, of investments for his or her own account. Capital Analysts requires that Advisors disclose any and all conflicts of interest to you if an investment product is recommended in which Capital Analysts or the Advisor has a material financial interest.

For all portfolios on which Capital Analysts or your Advisor have discretionary authority, the Advisor and his or her employees must give priority when placing an order to buy or sell to client securities purchases and sales over their own personal transactions in the same security.

This means that any transaction by the Advisor or his/her employee must be placed either simultaneously with the client's transaction (i.e., aggregating the orders and sharing in the same price and execution costs) or *after* all client trades are placed on the same trading day. While this does not guarantee that the client will receive a better price, it does establish that the client trades will occur at the same time or before that of the Advisor or his/her employees. At no time may an Advisor participate in the profits or losses of an investor's account. Personal trading accounts of Advisors are reviewed regularly to ensure compliance.

### ***Review of Accounts***

#### **Account Review Policies and Procedures**

Your Advisor is responsible to ensure that the recommended advisory service is suitable for you. Many of our programs are managed to meet different levels of risk, so choosing the appropriate risk level or tolerance for market fluctuation and potential loss of investment is an important part of your decision. At minimum, annual reviews should be held by you with your Advisor to ensure that the advisory program continues to meet your needs and goals.

Your Advisor's Designated Supervisor will review all financial plans prepared for a fee and will also provide an oversight of the planning, recommendations and trading activities occurring in your account. If you have any questions about the trading or recommendations in your account, please call your Advisor's Designated Supervisor.

Lincoln's Investment Management & Research (IM&R) team routinely reviews the advisory services managed, sponsored, and/or offered by Capital Analysts. A description of the IM&R team is provided in the supplement at the end of this brochure. The IM&R team performs the following roles on Capital Analysts' behalf:

- The management of all CAAMS Wrap Fee Programs;
- The selection, monitoring, and removal of advisory services offered by Capital Analysts;
- The comparison of advisory results to predetermined benchmarks to monitor whether third party investment advisers', including CAAMS Select Managers, disciplines are providing value to clients;
- The fair and competitive pricing of all advisory services.

#### **Written Reports**

At minimum, you will receive regular account statements, either monthly or quarterly depending on your account activity, from the custodian(s) who carry your account(s). As most Capital Analysts advised or managed accounts are custodied at Pershing LLC, you will receive these statements directly from Pershing LLC, either in hard copy or electronic format. This statement will reflect all positions and transactions that have occurred in your account as well as identify any fees, including the advisory fee, deducted from your account.

Some Advisors and advisory services may also provide you supplemental advisory reports which may include performance reports, aggregated account reviews, or a portfolio snapshot. These supplemental reports, typically generated on a quarterly basis, are made available to you either electronically or will be

delivered to you. These supplemental reports are provided as a service to you and should not replace your custodial statement(s). We urge you to compare these supplemental reports to the account statements you receive. If you find any discrepancies, please contact your Advisor or Capital Analysts.

***Client Referrals and Other Compensation***

On occasion, Capital Analysts permits an Advisor to compensate an outside party (for example, an attorney or an accountant) for client referrals to one of our advisory services. The outside party must execute a Solicitor Agreement with Capital Analysts, and you will receive a Solicitor Disclosure Statement at the time of the referral describing the relationship and portion of your advisory fee that will be paid by us to the Solicitor. At no time will you pay a higher advisory fee as a result of this referral relationship. Please also refer to the "Other Compensation to Capital Analysts and Our Conflicts of Interest" section of this brochure for further information regarding Capital Analysts' other compensation and conflicts of interests.



**Capital Analysts, LLC (Capital Analysts)**

218 Glenside Avenue

Wyncote, PA 19095

Phone: (800) 242-1421

**Investment Management & Research**

Stephen T. Mayhew, CFA, CPA, CFP®

Christopher J. Surrichio, CFA

Gerald E. Burhop, CFA

Brian Moran

Megan C. Mooney, CFA

March 31, 2015

This brochure supplement provides you with information about the five (5) members of the Investment Management & Research (IM&R) team of Capital Analysts who have the most significant day-to-day management responsibilities for the Capital Analysts managed portfolios. This information supplements the information contained in the Capital Analysts Form ADV 2A and/or Wrap Fee Program brochure, which you should have received.

Please contact Deirdre Koerick, Chief Compliance Officer of Capital Analysts, at (800) 242-1421 if you did not receive the applicable brochure or if you have any questions about the contents of this supplement.

Additional information about each of the members of the IM&R team is available through the U.S. Securities and Exchange Commission at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Stephen T. Mayhew, CFA, CPA, CFP®**

### **EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE**

Year of Birth: 1957

#### **Education**

Master of Business Administration, Drexel University, 1984

Bachelor of Science, Business, Pennsylvania State University, 1979

#### **Business Experience**

Capital Analysts, LLC, June 2012 – Present, Senior Vice President and Chief Investment Officer

Capital Analysts, LLC, June 2012 – Present, Investment Advisor Representative

Lincoln Investment Planning, LLC, June 2012 – Present, Investment Advisor Representative and Registered Representative

Capital Analysts, Incorporated, 1986 – June 2012, Senior Vice President

#### **Professional Licenses/Designations**

Mr. Mayhew holds general securities principal, general securities representative, commodities, and research analyst licenses with Lincoln Investment Planning, LLC (Lincoln Investment), a registered broker dealer and investment adviser and an affiliate of Capital Analysts, LLC. Mr. Mayhew is also registered with the National Futures Association. In addition, Mr. Mayhew maintains the following professional designations:

##### *Chartered Financial Analyst (CFA)*

Designation Status: Currently offered and recognized by the issuing organization

Issuing Organization: CFA Institute

Prerequisites/Experience Required: Candidate must meet one of the following requirements:

Undergraduate degree and four years of professional experience involving investment decision-making, or four years qualified work experience (full time, but not necessarily investment related)

Educational Requirements: Self-study program (250 hours of study for each of the three levels)

Examination Type: Three course exams

Continuing Education/Experience Requirements: None

##### *Certified Public Accountant (CPA)*

Certified Public Accountant (CPA) is the statutory title of qualified accountants in the United States who have passed the Uniform Certified Public Accountant Examination and have met additional state education and experience requirements for certification as a CPA. Individuals who have passed the Exam but have not either accomplished the required on-the-job experience or have previously met it but in the meantime have lapsed their continuing professional education are, in many states, permitted the designation "CPA Inactive" or an equivalent phrase. In most U.S. states, only CPAs who are licensed are able to provide the public attestation (including auditing) opinions on financial statements. The exceptions to this rule are Arizona, Kansas, North Carolina and Ohio where, although the "CPA" designation is restricted, the practice of auditing is not.

##### *Certified Financial Planner (CFP®)*

Designation Status: Currently offered and recognized by the issuing organization

Issuing Organization: Certified Financial Planner Board of Standards, Inc.

Prerequisites/Experience Required: A candidate must meet the following requirements; A bachelor's degree (or higher) from an accredited college or university and three years of full-time personal financial planning experience.

Educational Requirements: Candidate must complete a CFP-board registered program, or hold one of the following: CPA, ChFC, CLU, CFA, Ph.D. in business or economics, Doctor of Business Administration, or a bar admission

Examination Type: CFP Board of Standards 10 hour board exam

Continuing Education/Experience Requirements: 30 hours every two years



## **DISCIPLINARY INFORMATION**

Mr. Mayhew has no material legal or disciplinary events to report.

## **OTHER BUSINESS ACTIVITIES**

The IM&R team is responsible for the proprietary asset management programs offered by Capital Analysts and Lincoln Investment Planning, LLC, an affiliated investment adviser. The management of portfolios for both investment advisers may create a conflict of interests.

Mr. Mayhew serves as a FINRA Dispute Resolution Arbitrator.

## **ADDITIONAL COMPENSATION**

Generally, members of the Investment Management & Research team are compensated through salaries and annual bonuses. They may be compensated with profit sharing contributions and, in some cases, participation in a long-term incentive plan. Salaries are fixed annually and are driven by the marketplace. Compensation is not affected by an increase in advised assets.

Mr. Mayhew, as a registered representative of Lincoln Investment, has a small number of clients for whom he acts as financial advisor. For these accounts, he will share in the advisory fee or sales commission.

Please see the *Services, Fees and Compensation* section of the accompanying Form ADV 2A and/or Wrap Program brochure. This section describes in detail other potential forms of compensation in addition to the advisory fee paid to Lincoln Investment or Capital Analysts. Compensation to Lincoln Investment or Capital Analysts may be in the form of 12b-1 fees, shareholder servicing fees, administrative fees, or marketing support.

## **SUPERVISION**

The individual responsible for monitoring the advisory activities of Mr. Mayhew is Denis Houser, President and CEO of Capital Analysts, LLC. Mr. Houser or his designee is responsible to review the duties, responsibilities and trading of Mr. Mayhew and the Investment Management & Research team. If you have any questions about the trading or allocations in your account, please contact Mr. Houser at (215) 887-8111 ex. 4619.

## **Christopher J. Surrichio, CFA**

### **EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE**

Year of Birth: 1970

#### **Education**

Bachelor of Arts, Economics, Boston College, 1992

#### **Business Experience**

Capital Analysts, LLC, June 2012 – Present, Vice President and Portfolio Manager

Capital Analysts, LLC, June 2012 – Present, Investment Advisor Representative

Lincoln Investment Planning, LLC, June 2012 – Present, Investment Advisor Representative and Registered Representative

Capital Analysts, Incorporated, 2002 – June 2012, Vice President

#### **Professional Licenses/Designations**

Mr. Surrichio holds general securities principal, general securities representative and research analyst licenses with Lincoln Investment Planning, LLC (Lincoln Investment), a registered broker dealer and investment adviser and an affiliate of Capital Analysts, LLC.

In addition, Mr. Surrichio maintains the following professional designations:

*Chartered Financial Analyst (CFA)*

Designation Status: Currently offered and recognized by the issuing organization

Issuing Organization: CFA Institute

Prerequisites/Experience Required: Candidate must meet one of the following requirements:

Undergraduate degree and four years of professional experience involving investment decision-making, or four years qualified work experience (full time, but not necessarily investment related)

Educational Requirements: Self-study program (250 hours of study for each of the three levels)

Examination Type: Three course exams

Continuing Education/Experience Requirements: None

### **DISCIPLINARY INFORMATION**

Mr. Surrichio has no material legal or disciplinary events to report.

### **OTHER BUSINESS ACTIVITIES**

The IM&R team is responsible for the proprietary asset management programs offered by Capital Analysts and Lincoln Investment Planning, LLC, an affiliated investment adviser. The management of portfolios for both investment advisers may create a conflict.

Mr. Surrichio has no other business activities to report.

### **ADDITIONAL COMPENSATION**

Generally, members of the Investment Management & Research team are compensated through salaries and annual bonuses. They may be compensated with profit sharing contributions and, in some cases, participation in a long-term incentive plan. Salaries are fixed annually and are driven by the marketplace. Compensation is not affected by an increase in advised assets.

Please see the *Services, Fees and Compensation* section of the accompanying Form ADV 2A and/or Wrap Program brochure. This section describes in detail other potential forms of compensation in addition to the advisory fee paid to Lincoln Investment or Capital Analysts. Compensation to Lincoln Investment or Capital Analysts may be in the form of 12b-1 fees, shareholder servicing fees, administrative fees, or marketing support.

**SUPERVISION**

The individual responsible for monitoring the advisory activities of Mr. Surrichio is Stephen T. Mayhew, Senior Vice President and Chief Investment Officer of Capital Analysts, LLC. Mr. Mayhew or his designee is responsible to review the duties, responsibilities and trading assigned to Mr. Surrichio. If you have any questions about the trading in your account, please call Mr. Mayhew at (215) 881-7734.

## **Gerald E. Burhop, CFA**

### **EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE**

Year of Birth: 1964

#### **Education**

Master of Business Administration, Finance, Temple University, 1998

Bachelor of Science, Agricultural Journalism/Advertising, University of Wisconsin-Madison, 1988

#### **Business Experience**

Lincoln Investment Planning, LLC, 2002 – Present, Director of Asset Management

Lincoln Investment Planning, LLC, 2000 – Present, Investment Advisor Representative and Registered Representative

Lincoln Investment Planning, LLC, March 1999 – 2002, Mutual Fund Financial Analyst

Capital Analysts, LLC, 2014 – Present, Investment Advisor Representative

#### **Professional Licenses/Designations**

Mr. Burhop holds general securities principal and general securities representative licenses with Lincoln Investment Planning, LLC (Lincoln Investment), a registered broker dealer and investment adviser and an affiliate of Capital Analysts, LLC.

In addition, Mr. Burhop maintains the following professional designations:

##### *Chartered Financial Analyst (CFA)*

Designation Status: Currently offered and recognized by the issuing organization

Issuing Organization: CFA Institute

Prerequisites/Experience Required: Candidate must meet one of the following requirements:

Undergraduate degree and four years of professional experience involving investment decision-making, or four years qualified work experience (full time, but not necessarily investment related)

Educational Requirements: Self-study program (250 hours of study for each of the three levels)

Examination Type: Three course exams

Continuing Education/Experience Requirements: None

##### *Certificate in Investment Performance Measurement (CIPM)*

Designation Status: Currently offered and recognized by the issuing organization

Issuing Organization: CFA Institute

Prerequisites/Experience Required: Candidate must meet one of the following requirements: Two years of professional experience “substantially entailing performance-related activities,” or four years of investment industry work experience

Educational Requirements: Self-study program (100 or more hours of study for each of the two levels)

Examination Type: Two level exams (Principles and Expert)

Continuing Education/Experience Requirements: None

### **DISCIPLINARY INFORMATION**

Mr. Burhop has no material legal or disciplinary events to report.

### **OTHER BUSINESS ACTIVITIES**

The IM&R team is responsible for the proprietary asset management programs offered by Capital Analysts and Lincoln Investment Planning, LLC, an affiliated investment adviser. The management of portfolios for both investment advisers may create a conflict.

Mr. Burhop has no other business activities to report.

## **ADDITIONAL COMPENSATION**

Generally, members of the Investment Management & Research team are compensated through salaries and annual bonuses. They may be compensated with profit sharing contributions and, in some cases, participation in a long-term incentive plan. Salaries are fixed annually and are driven by the marketplace. Compensation is not affected by an increase in advised assets.

Please see the *Services, Fees and Compensation* section of the accompanying Form ADV 2A and/or Wrap Program brochure. This section describes in detail other potential forms of compensation in addition to the advisory fee paid to Lincoln Investment or Capital Analysts. Compensation to Lincoln Investment or Capital Analysts may be in the form of 12b-1 fees, shareholder servicing fees, administrative fees, or marketing support.

## **SUPERVISION**

The individual responsible for monitoring the advisory activities of Mr. Burhop is Stephen T. Mayhew, Senior Vice President and Chief Investment Officer of Capital Analysts, LLC. Mr. Mayhew or his designee is responsible to review the duties, responsibilities and trading assigned to Mr. Burhop. If you have any questions about the trading in your account, please call Mr. Mayhew at (215) 881-7734.

## **Brian Moran**

### **EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE**

Year of Birth: 1967

#### **Education**

Master of Business Administration, Drexel University, 2012

Bachelor of Science, Economics, University of Pennsylvania, 1990

#### **Business Experience**

Capital Analysts, LLC, June 2012 – Present, Institutional Trading Manager

Capital Analysts, LLC, June 2012 – Present, Investment Advisor Representative

Lincoln Investment Planning, LLC, June 2012 – Present, Investment Advisor Representative and Registered Representative

Capital Analysts, Incorporated, 2001 – June 2012, Institutional Trading Manager

#### **Professional Licenses/Designations**

Mr. Moran holds general securities principal, general securities representative, municipal securities principal, and options principal licenses with Lincoln Investment Planning, LLC (Lincoln Investment), a registered broker dealer and investment adviser and an affiliate of Capital Analysts, LLC.

### **DISCIPLINARY INFORMATION**

Mr. Moran has no material legal or disciplinary events to report.

### **OTHER BUSINESS ACTIVITIES**

The IM&R team is responsible for the proprietary asset management programs offered by Capital Analysts and Lincoln Investment Planning, LLC, an affiliated investment adviser. The management of portfolios for both investment advisers may create a conflict.

Mr. Moran has no other business activities to report.

### **ADDITIONAL COMPENSATION**

Generally, members of the Investment Management & Research team are compensated through salaries and annual bonuses. They may be compensated with profit sharing contributions and, in some cases, participation in a long-term incentive plan. Salaries are fixed annually and are driven by the marketplace. Compensation is not affected by an increase in advised assets.

Please see the *Services, Fees and Compensation* section of the accompanying Form ADV 2A and/or Wrap Program brochure. This section describes in detail other potential forms of compensation in addition to the advisory fee paid to Lincoln Investment or Capital Analysts. Compensation to Lincoln Investment or Capital Analysts may be in the form of 12b-1 fees, shareholder servicing fees, administrative fees, or marketing support.

### **SUPERVISION**

The individual responsible for monitoring the advisory activities of Mr. Moran is Stephen T. Mayhew, Senior Vice President and Chief Investment Officer of Capital Analysts, LLC. Mr. Mayhew or his designee is responsible to review the duties, responsibilities and trading assigned to Mr. Moran. If you have any questions about the trading in your account, please call Mr. Mayhew at (215) 881-7734.

## **Megan C. Mooney, CFA**

### **EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE**

Year of Birth: 1982

#### **Education**

Bachelors' of Business Administration, Finance, Loyola College in Maryland, 2004

#### **Business Experience**

Lincoln Investment Planning, LLC, 2013 – Present, Senior Research Analyst

Lincoln Investment Planning, LLC, 2013 – Present, Investment Advisor Representative and Registered Representative

Capital Analysts, LLC, 2014 – Present, Investment Advisor Representative

Aberdeen Asset Management, 2009 – 2013, Senior Fund Accounting Manager & Asst. Treasurer

Nationwide Financial, 2007 – 2009, Investment Account Specialist

Vanguard Group, 2005 – 2007, Fund Accounting Analyst

#### **Professional Licenses/Designations**

Ms. Mooney holds general securities representative licenses with Lincoln Investment Planning, LLC (Lincoln Investment), a registered broker dealer and investment adviser and an affiliate of Capital Analysts, LLC. In addition, Ms. Mooney maintains the following professional designations:

*Chartered Financial Analyst (CFA)*

Designation Status: Currently offered and recognized by the issuing organization

Issuing Organization: CFA Institute

Prerequisites/Experience Required: Candidate must meet one of the following requirements:

Undergraduate degree and four years of professional experience involving investment decision-making, or four years qualified work experience (full time, but not necessarily investment related)

Educational Requirements: Self-study program (250 hours of study for each of the three levels)

Examination Type: Three course exams

Continuing Education/Experience Requirements: None

### **DISCIPLINARY INFORMATION**

Ms. Mooney has no material legal or disciplinary events to report.

### **OTHER BUSINESS ACTIVITIES**

The IM&R team is responsible for the proprietary asset management programs offered by Capital Analysts and Lincoln Investment Planning, LLC, an affiliated investment adviser. The management of portfolios for both investment advisers may create a conflict.

Ms. Mooney has no other business activities to report.

### **ADDITIONAL COMPENSATION**

Generally, members of the Investment Management & Research team are compensated through salaries and annual bonuses. They may be compensated with profit sharing contributions and, in some cases, participation in a long-term incentive plan. Salaries are fixed annually and are driven by the marketplace. Compensation is not affected by an increase in advised assets.

Please refer the *Services, Fees and Compensation* section of the accompanying Form ADV 2A and/or Wrap Program brochure. This section describes in detail other potential forms of compensation in addition to the advisory fee paid to Lincoln Investment or Capital Analysts. Compensation to Lincoln Investment or Capital Analysts may be in the form of 12b-1 fees, shareholder servicing fees, administrative fees, or marketing support.

**SUPERVISION**

The individual responsible for monitoring the advisory activities of Ms. Mooney is Stephen T. Mayhew, Senior Vice President and Chief Investment Officer of Capital Analysts, LLC. Mr. Mayhew or his designee is responsible to review the duties, responsibilities and trading assigned to Ms. Mooney. If you have any questions about the trading in your account, please call Mr. Mayhew at (215) 881-7734.