



Cape Investment Advisory, Inc.
An SEC Registered Investment Adviser
ADV 2A Disclosure Brochure

March 31, 2019

1600 Pennsylvania Avenue

McDonough, GA 30253

Phone: (678) 583-1120

Fax: (678) 583-1258

This brochure provides information about the qualifications and business practices of Cape Investment Advisory, Inc. If you have any questions about the contents of this brochure, please contact us at (678) 583-1120 or compliance@capesecurities.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Cape Investment Advisory, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Being registered as an SEC Registered Investment Advisor does not imply a certain level of skill or training.

Item 2 - Material Changes

The changes below only reflect the material changes since the last annual update to the brochure on March 31, 2018.

New DBAs- Apex Financial Services

New Officers Appointed

- David Jaindl Martin CRCP – Managing Director
- Victor Wilkerson, CFP®, CLU, ChFC, RSP- Managing Director

Third Party Management Relationships

- James Alpha Advisors
- SEI Advisors

Item 3:

Table of Contents

| Item Number | Item | Page |
|-------------|---|------|
| 1 | Cover Page | 1 |
| 2 | Material Changes | 2 |
| 3 | Table of Contents | 2 |
| 4 | Advisory Business | 3 |
| 5 | Fees and Compensation | 7 |
| 6 | Performance-Based Fees and Side-By-Side Management | 10 |
| 7 | Type of Clients | 11 |
| 8 | Methods of Analysis, Investment Strategies and Risk of Loss | 11 |
| 9 | Disciplinary Actions | 12 |
| 10 | Other Financial Industry Activities and Affiliations | 12 |
| 11 | Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | 13 |
| 12 | Brokerage Practices | 14 |
| 13 | Review of Accounts | 15 |
| 14 | Client Referrals and Other Compensation | 16 |
| 15 | Custody | 17 |
| 16 | Investment Discretion | 17 |

| | | |
|----|---|----|
| 17 | Voting Client Securities | 18 |
| 18 | Financial Information | 18 |
| 19 | Requirements of State-Registered Advisers | 18 |

Item 4: Advisory Business

Firm Description

Cape Investment Advisory, Inc. ("CIA" or "Sponsor"), solely owned by James R. Webb, is an SEC Registered Investment Adviser that has been in business since March 2008. CIA has noticefiled in 30 states. CIA currently manages over 156 million dollars in assets under management. CIA provides investment management and financial planning services primarily to individuals, trusts and corporations. CIA offers its investment management services on both a discretionary and non-discretionary basis. As of December 31, 2018 the amount of assets managed on a discretionary basis was approximately \$150,532,391 and assets managed on a non-discretionary basis was approximately \$22,683,000.

CIA is registered to do business as *American Global Advisory Services*.

CIA offers and provides a combination of the following advisory services for individuals, businesses, qualified retirement plans, individual retirement accounts, trusts and other entities on a fee-only basis.

- Discretionary Investment Management
- Nondiscretionary investment management
- Financial planning services
- Retirement plan advisory services
- Financial consulting services

The process begins through personal discussions between the Investment Advisor Representative ("IAR" "or Advisor") or Independent Advisor ("Advisor") and the client to establish investment goals and gather information pertaining to the client's financial situation, objectives, time horizon and risk tolerance. This information becomes the basis for determining and constructing the investment plan/asset allocation plan which the Advisor believes best meets the client's stated goals.

The investment plan will contain assets in classes that CIA believes (based on historical data) will have attractive combinations of return, risk and correlation. In addition, CIA offers clients the opportunity to utilize the services offered by third party money managers.

Discretionary Investment Management

We can provide discretionary portfolio management services to clients using a variety of standard and customized investment strategies. Each portfolio is designed to meet a particular investment objective. We can use this discretionary authority to buy and sell securities on behalf of clients per our advisory agreements.

Nondiscretionary Investment Management

CIA provides nondiscretionary investment management services to clients. Investment Advisor Representatives use the client's investment objectives and risk tolerance when making recommendations to clients. Trades are entered only with the consent and approval of the client. We may also enter non-solicited trades per the client's request.

Financial Planning Services

Financial planning services are provided to both individual and institutional clients. We prepare and provide a written package designed to assist the client in achieving financial goals. The preparation of a plan may necessitate access to personal and company data, budgets, liabilities, assets and other relevant financial data. The financial plan may include any or all of the following per the client agreement:

- Investment projections
- Asset protection
- Risk management
- Asset allocation
- Cash flow management
- Education planning
- Retirement planning
- Insurance planning
- Long-term care and disability planning
- Estate planning and wealth transfer
- Business succession
- Charitable gifting
- And tax planning

Consultations may be general in nature or may focus on particular areas of interest, at the request of the client. Where services are limited in nature, the client should understand that Advisor will be working on a limited scope and therefore may not be able to take all factors into consideration. During the time of engagement, clients are obligated to notify Advisor promptly if the client experiences a change in financial conditions in order to provide Advisor the opportunity to make changes in advice or strategies.

CIA will offer an hourly rate for a limited plan related to a specific need such as estate planning only or college funding only.

The client may choose to implement any portion or none of the plan at their sole discretion. Advisor will not provide ongoing investment management under the Financial Planning Agreement; however, clients will be able to engage Advisor to conduct a review of investment accounts on a periodic or annual basis for an hourly rate.

CIA nor its IARS practice law or accounting as officers, directors, managers, employees, or independent contractors of CIA. It is the client's responsibility to understand the need to secure the services of other professional in these areas when necessary.

Retirement Plan Advisory Services

Investment advisory services provided to a company for their retirement plan vary depending on the scope of the agreement. The scope of the services provided would be discussed and agreed upon and typically include some or all of the following:

- Retirement Plan Investment Committee Services
 - Preparation of Investment Policy Statement
 - Investment recommendations

- Investment review and monitoring
 - Education services to the plan committee
- Plan Participant Services
 - Participant enrollment and education
 - One-on-one participant meetings
 - Development and communication of model portfolio
- Plan Design and Construction
 - Plan design consulting
 - Plan search coordination
 - Provider review

Consulting Services

Services may be provided that include but are not limited to, real estate transactions, banking services, special estate planning needs, business management, buy-out negotiations, review of individual or company benefit offerings, or insurance assessment, of life, health, property and causality. These special services will be clearly defined in a client's contract. This may be done on an hourly or through the receipt of commissions.

Broker Dealer Affiliation Disclosure

CIA is affiliated with Cape Securities, Inc (CSI), American Global Wealth Management (AGWM), and Benchmark Investments, Inc, FINRA registered broker/dealers. It may be common for the CIA representative to also serve as a registered representative for Benchmark, CSI and/or AGWM.

Third Party Asset Management

Advisor may recommend that clients engage certain Third Party Asset Managers ("TPAM") to manage all or a portion of their assets. Advisor will provide individualized advisory services to their clients through the selection of a suitable TPAM. Factors considered in the selection of a TPAM include but may not be limited to: i) the management style, performance, reputation, pricing and reporting capabilities of the TPAM; ii) the client's risk tolerance, goals and objectives, as well as investment experience; and, iii) the amount of client assets available for investment. In order to assist clients in the selection of a TPAM, the IAR will typically gather information from the client about the client's financial situation, investment objectives, and reasonable restrictions the client wants imposed on the management of the account.

Advisor will review the client's situation at least annually, or more often as agreed upon with each client, to review the client's financial situation and objectives, communicate information to the TPAM managing the account as warranted, and to assist the client in understanding and evaluating the services provided by the TPAM. Clients will be expected to notify their Advisor of any changes in their financial situation, investment objectives, or account restrictions.

A complete description of the programs and services provided, the amount of total fees, the payment structure, termination provisions and other aspects of each program are detailed and disclosed in: i) the TPAM's Form ADV Part II; ii) the program wrap brochure (if applicable) or other applicable disclosure documents; iii) the disclosure documents of the portfolio manager or managers selected; or, iv) the TPAM's account opening documents. A copy of all relevant disclosure documents of the TPAM and of the individual

portfolio manager(s) will be provided to anyone interested in these programs/managers. Programs used but not limited to:

- 401(k) Generation
- ADP
- AssetMark
- Auour Advisory
- Beacon Capital
- BTS Management
- CLS
- Envestnet
- Flexible Plans
- Morningstar
- James Alpha
- SEI

Fees are generally include: i) management and advisory fees shared by the TPAMs, CIA, and its IARs; ii) transaction costs, if applicable, which may be paid to purchase and sell such securities; and iii) custody fees. The amount and timing of these fees varies depending on the TPAM.

The client may elect to participate in a wrap fee account. The account will be managed similarly to non-wrap fee accounts. The primary difference between a wrap account and non-wrap account is in the manner that the account is billed to the client. In a wrap fee account, clients are billed one inclusive fee that includes the cost of the advisor fee, portfolio management fee, platform fee, ticket charges, some service fees, and postage and handling charges. In a non-wrap account, the foregoing charges are assessed as separate charges. If a client elects to participate in a wrap fee account, an additional Wrap Fee Disclosure Brochure, Part 2A Appendix I, will be provided to the client.

Please Note: When investing in mutual funds and variable annuities, clients are strongly encouraged to review the applicable prospectus. Mutual funds and variable annuities may impose additional fees as well as certain restrictions on the frequency, timing and dollar amount of transactions and may impose penalty fees based upon short-term trading patterns. Such restrictions may impact the services provided by a TPAM.

Cape Investment Advisory Wrap-Fee Program

CIA (“Sponsor”) offers a wrap-fee program to independent investment advisors (“Advisors”) and the clients of the Advisors who use “Sponsor” as an RIA and an approved custodian (broker/dealer) for their managed assets. The program, known as the Cape Investment Advisory Wrap Program, is presented by the “Sponsor” and their “Advisors” to the client.

CIA Investment Advisory Representatives (“IAR” or “Advisor”) act as portfolio managers for the Cape Investment Advisory Wrap Program. Advisors work with clients to identify their investment goals and objectives as well as risk tolerance in order to create an initial portfolio allocation designed to compliment the client’s financial situation and personal circumstances. Accounts will be managed based on the individual needs of the client.

The wrap-fee program is fully disclosed in the Part 2A Appendix 1 of Form ADV.

Item 5: Fees and Compensation

GENERAL FEE INFORMATION

Fees and compensation services depend upon the type and depth of services provided.

All advisory services can be terminated within 5 days of signing the Advisory Agreement without penalty (full refund or no fees due) when Advisor's Form ADV Part II is not delivered at least 48 hours prior to the time of engagement. Otherwise, services can be terminated at any time.

Fees will be deducted directly from client assets and maybe billed in arrears or advance depending on the terms of the agreement. Fees may be negotiable subject to the approval of CIA management.

i. Billing In Arrears

Most clients are billed in arrears. The first payment for billing in arrears is due the next quarter or month following the deposit into the account and will be based on the account value at that time. The fee will be assessed on a pro-rata basis calculated from the opening date of the account to the nearest quarter or month of the billing cycle. Thereafter, the fee will be based on the Account value on the last business day of the calendar quarter or month. Cape will not be compensated on the basis of a share of capital gains upon or capital appreciation of client funds. Portfolio Adviser will be paid a portion of the fee collected by Cape in accordance with a written agreement between Portfolio Adviser and Cape. In the event of termination of the Client Advisory Services Agreement, Client will be billed for any partial quarterly or monthly fees incurred on a pro-rata basis.

ii. Billing In Advance

The first payment for billing in advance is due immediately upon opening the account and funding that account as specified according to the investment plan agreed upon by Client and Portfolio Advisor. The fee will be assessed on a pro-rata basis calculated from the opening date of the account to the nearest quarter or month of the billing cycle. Thereafter, the fee will be based on the Account value on the first business day of the calendar quarter or month. Cape will not be compensated on the basis of a share of capital gains upon or capital appreciation of client funds. Portfolio Adviser will be paid a portion of the fee collected by Cape in accordance with a written agreement between Portfolio Adviser and Cape. In the event of termination of the Client Advisory Services Agreement, Client will be refunded fees on a pro-rata basis calculated upon the number of days left in the billing cycle.

Additional deposits and withdrawals/liquidations to the account in excess of \$25,000 maybe be subject to the same fee procedures. The aforementioned withdrawals/liquidations in excess of \$25,000 will be included in the fees on a pro-rata basis. Notwithstanding the foregoing, no advisory fees will be charged on any mutual funds, unit investment trusts or annuities transferred to the account which were purchased within the past five years if a commission was paid to the

IAR in their role as a registered representative at an affiliated broker/dealer or another broker dealer.

As authorized in the Advisory Agreement, the account custodian withdraws advisory fees directly from the client's account according to the custodian's policies, practices and procedures. The custodian sends the client a statement, at least quarterly, indicating all the amounts disbursed from the account including the amount of advisory fees. It is the client's responsibility, not the custodians, to verify the accuracy of the fee deduction. Since IARs of CIA can also be registered affiliates of CSI and/or AGWM, the broker/dealer has certain supervisory and administrative duties that it is obligated to perform. As such, all or some advisory fees may be paid to CSI or AGWM as paying agent for CIA. CSI or AGWM will retain a portion of the advisory fee to cover the cost of such supervisory responsibilities. The custodian of the account holds all customer assets. CIA does not hold customer funds or securities. Fees are never based upon the performance of the account. Fees for financial planning services can be directly billed to the client.

Advisors may also be licensed as Registered Representatives with CSI and or AGWM or another broker/dealer. This arrangement may present a conflict of interest and an incentive to recommend investment products based on the compensation received, rather than on a client's needs. It is against the policy of CIA, CSI, and AGWM to allow an Advisor or Representative to put personal interests ahead of client interests. In regards to any transaction that presents a conflict of interest, the client interest is always the primary interest. In the event that a conflict of interest arises, the client will not be billed twice for the same service or transaction. Any investment product that the Advisor may recommend may be purchased through other brokers and agents not affiliated with CIA, CSI, or AGWM if the client so desires.

Clients should note that the same or similar services to those described above may be available elsewhere at a lower or higher cost to the client. Clients should consider that depending upon the level of the wrap fee charges, the amount of portfolio activity in their accounts, the value of services that are provided, and other factors, a wrap fee may exceed the aggregate cost of services if they were to be provided separately. A non-wrapped pricing arrangement may be more cost effective for accounts that do not experience frequent trading activity.

The annual fees may be negotiable and based on assets under management as follows:

| Asset Amount | Max. Advisor Fee |
|---------------------|-------------------------|
| Up to 250K | 2.75% |
| \$251K - \$500K | 2.50% |
| \$501K - \$1M | 2.25% |
| Above \$1M | 2.00% |

The asset-based fee is based upon the value of the account as calculated by the custodian.

Tiered Fee Structure

The Advisor Fee is computed using a tiered fee structure when applicable. This means that the entire account balance is broken up into the applicable tiers and the corresponding fee is applied to each sub-balance of the account. For example, a \$2,000,000 account with the fee schedule shown above would result in a Total Annual Client Fee of \$44,375, computed as follows:

Client Fee: $(\$250,000 \times 2.75\%) + (\$250,000 \times 2.50\%) + (\$500,000 \times 2.25\%) + (\$1,000,000 \times 2.00\%) = \$44,375$

Clients will be responsible for all commissions and other transaction charges (on non-wrap accounts) and any charge relating to the custody of securities in the account. In addition, all fees paid to CIA for investment advisory services are separate and distinct from fees and expenses that may be charged by the mutual fund companies or TPAMs. The mutual fund fees and expenses are described in the fund's prospectus. Clients will also incur brokerage and other transaction costs; please see Item 12 in this brochure for further information.

In certain arrangements with TPAMs, the client may be billed directly by the TPAM. In these situations, CIA will receive a solicitation fee for its services. Notwithstanding this arrangement, the client will not be billed more than the maximum annual fee amount listed and agreed upon in the fee schedule above. All fee arrangements are subject to approval by CIA management.

Flat Fee

CIA's Advisor Representatives also have the option of charging flat fees to clients. The flat fee is one set fee that is charged against client assets under management as disclosed above without the breakpoint calculations for certain values of assets under management. For example, a \$2,000,000 account being charged a 2% annual fee would result in a Total Annual Advisor Fee of \$40,000.

Client Fee: $(2,000,000 \times 2.00\%) = \$40,000$

Clients will be responsible for all commissions and other transaction charges and any charge relating to the custody of securities in the account. In addition, all fees paid to CIA for investment advisory services are separate and distinct from fees and expenses that may be charged by the mutual fund companies or TPAMs. The mutual fund fees and expenses are described in the fund's prospectus. Clients will also incur brokerage and other transaction costs; please see Item 12 in this brochure for further information.

In certain arrangements with TPAMs, the client may be billed directly by the TPAM. In these situations, CIA will receive a solicitation fee for its services. Notwithstanding this arrangement, the client will not be billed more than the maximum annual fee amount listed and agreed upon in the fee schedule above. All fee arrangements are subject to approval by CIA management.

Financial Planning Fees

CIA's Advisor Representatives may offer personal financial planning services on an hourly or fixed fee basis. During the time of engagement, clients should to notify Advisor promptly if the client experiences a change in financial conditions in order for the Advisor to adjust the advice provided or strategies employed, as needed. If changes are required, there may be additional fees involved.

Financial planning services can be offered for a fixed fee, which generally range between \$500 and \$10,000. The fees are negotiable and are based upon the complexity of services and agreed upon at the time of engagement. Generally, fifty percent (50%) of the fee is due upon engagement with the remainder due upon the delivery of the plan. Clients should note that the same or similar services to those described above may be available elsewhere at a lower or higher cost to the

client. Clients who wish to terminate the planning process prior to completion may do so with written notice. Upon receipt of written notification, CIA will return a prorated amount of any prepaid fee based upon the amount of work completed prior to notification. In the event that the client agreed to pay upon completion of the plan, any earned fee will immediately become due and payable.

CIA will offer an hourly rate for a limited plan related to a specific need such as estate planning only or college funding only. This fee will generally be \$150.00 to \$500.00 per hour depending on the complexity of the project and will be billed on a monthly basis as services are rendered.

The client may choose to implement any portion or none of the plan at their sole discretion. Advisor will not provide ongoing investment management under the Financial Planning Agreement; however, clients will be able to engage Advisor to conduct a review of investment accounts on a periodic or annual basis for the hourly rate noted above.

Consulting, Retirement Plan Services and Other Fees

Fees will be charged either at an hourly rate or by the project. The fee will depend of the nature and complexity of the client's consulting needs. All fees are agreed upon prior to entering into a contract. The client will be invoiced at the conclusion of the project or on a monthly basis for hourly fees. An upfront deposit on hourly fees may be requested.

ITEM 6: Performance-Based Fees and Side-by-Side Management

CIA does not use Performance-Based Fees and Side-by-Side Management. Therefore, Item 6 is not applicable to CIA's business model.

ITEM 7: Types of Clients

CIA provides discretionary and nondiscretionary investment advisory, financial planning and consulting services on a fee-only basis for individuals, businesses, qualified retirement plans, individual retirement accounts, trusts and other entities.

CONDITIONS FOR MANAGING ACCOUNTS

CIA generally requires a minimum relationship of \$25,000 for clients seeking investment management services. This minimum may be waived based upon a pre-existing relationship or special client circumstances at the discretion of management. CIA requires a minimum financial planning project fee of \$500.00.

ITEM 8: Methods of Analysis, Investment Strategies and Risk of Loss

PORTFOLIO CONSULTING & MANAGEMENT SERVICES

Product recommendations may include, but are not limited to, equities, corporate debt securities,

municipal bonds, mutual funds, government securities, alternative investments and options. We select specific investments for your portfolio through the analysis of:

1. Fundamental data
2. Technical considerations
3. Geo-political factors

CIA directly manages and diversifies clients' portfolios based upon the client's:

- risk profile
- time horizon
- financial goals
- income (current and potential)
- cash flow and liquidity needs
- tax considerations
- portfolio size
- net worth
- and other various suitability factors

Restrictions and guidelines imposed by clients effect the composition and performance of portfolios. For this reason, performance of portfolios within the same investment objective may differ.

RISK OF LOSS

There is not a security that CIA offers where performance is guaranteed. Consult your investment advisor on your risk analysis.

All investments involve risks that can result in loss:

- Loss of principal
- A reduction in earnings
- And the loss of future earnings

Additionally, these risks may include but are not limited to:

- Market risk
- Interest rate risk
- Issuer risk
- Inflation risk
- Currency risk
- Political risk
- And general economic risk

Frequent trading can affect portfolio performance, particularly through increased brokerage and other transactions costs (if applicable) and taxes. Additionally, you should be aware that the use of margin, options, and short sales are higher risk strategies. It is possible to lose all of the principal you invest, and sometimes more. In a cash account, your risk is limited to the amount of money that you have invested. In a margin account, your risk includes the amount of money invested plus the amount that has been loaned to you. When you short sell, your losses can be infinite.

ITEM 9: Disciplinary Actions

CIA currently has no Disciplinary Actions.

ITEM 10: Other Financial Industry Activities & Affiliations

CIA and CSI are both owned by James Webb. CSI is a general securities broker/dealer registered with the SEC, FINRA, and various state regulatory agencies. In this capacity, CSI executes trades (as agent) for a commission in mutual funds, equities, bonds, options, variable annuities and other investment products on behalf of clients, who may or may not have an advisory fee agreement with CIA. Key principals of CIA also function as officers and/or registered principals of CSI. This relationship may create a conflict of interest, as IARs of CIA may also be receiving a commission as a registered representative of CSI for effecting securities transactions, which they recommend to clients. Advisory clients are under no obligation to effect securities transactions through CSI.

Cape Insurance Solutions, Inc. ("CIS") is a state licensed insurance agency which is under common ownership with CIA and CSI. CIS sells life and fixed annuity products and such products may be offered to clients of CIA. This relationship may create a conflict of interest, as IARs of CIA may also be receiving a commission as an agent of CIS for the sale of insurance products, which they recommend to clients. Advisory clients are under no obligation to purchase insurance products through CIS.

CentreCore, owned by James Webb, is a private equity firm that invests in various specialized projects. Investments through CentreCore are only available to accredited investors, institutional investors, and qualified buyers. CentreCore is affiliated with CIA only through common ownership. Both CIA and CentreCore operate in separate and independent capacities.

American Global Wealth Management, Inc. (AGWM) is a general securities broker/dealer registered with the SEC, FINRA, and various state regulatory agencies. AGWM is owned by CentreCore. In this capacity, AGWM executes trades (as agent) for a commission in mutual funds, equities, bonds, options, variable annuities and other investment products on behalf of clients, who may or may not have an advisory fee agreement with CIA. Key principals of CIA also function as officers and/or registered principals of AGWM. This relationship may create a conflict of interest, as IARs of CIA may also be receiving a commission as a registered representative of AGWM for effecting securities transactions, which they recommend to clients. Advisory clients are under no obligation to effect securities transactions through AGWM.

CIA has certain arrangements with TPAMs whereby the TPAM provides CIA with remuneration for using their services. This may present a conflict of interest in regards to the client relationship. CIA addresses these conflicts of interest by only selecting qualified TPAMs that will competently manage client assets regardless of the compensation that CIA may receive. CIA also fully discloses these arrangements to clients in detail in the contract between CIA, the client, and TPAM.

CIA may recommend that clients establish brokerage accounts with Hilltop Securities, Inc. ("HTS"), Charles Schwab & Co., Inc. ("Schwab"), TD Ameritrade, Inc. ("TD"), Trade PMR, Inc.



("PMR"), or another licensed custodian, or FINRA registered broker-dealers, to maintain custody of clients' assets and to effect trades for their accounts. Although CIA may recommend that clients establish accounts at HTS, Schwab, TD, or PMR, it is the client's decision to custody assets at HTS, Schwab, TD, or PMR. CIA is independently owned and operated and not affiliated with HTS, Schwab, TD, or PMR.

ITEM 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

IARs of CIA may also be registered representatives with CSI and/or AGWM, affiliated broker/dealers. Clients are under no obligation to purchase or sell securities through CSI or AGWM; however, if they choose to implement recommendations within a financial plan, commissions may be earned in addition to any fees paid for advisory services. Fees and commissions won't be charged for the same services or transactions. The receipt of commissions for recommended products could represent an incentive for the IAR to recommend products that pay a commission over other products, therefore creating a conflict of interest. Additionally, if the client implements the plan through the IAR, clients may be limited to those products or services available through CSI or AGWM. Commissions earned may be higher or lower at CSI or AGWM than commissions earned at other broker/dealers. Employees and advisors of CIA may buy or sell securities that are also held by clients thus creating a potential conflict of interest. These individuals may not enter trades for a security in their own personal account before entering trades in client accounts.

CODE OF ETHICS

Our Code of Ethics holds CIA IAR's to a high ethical standard. IAR's must place the interest of the client above their own interest. Advisor will provide a copy of our Code of Ethics to any client or prospective client upon request.

EDUCATION & BUSINESS STANDARDS

CIA requires IARs to have a college degree or relevant experience in a business similar or related to investment management and/or planning. In addition, IARs will be registered as required by applicable state law or statute. The IARs may also be required to obtain appropriate insurance education and licensing. Additional consideration will be given to those candidates with advance industry designations (*e.g.*, CFP™, ChFC, PFS, etc.)

ITEM 12: Brokerage Practices

INVESTMENT OR BROKERAGE DISCRETION

Because costs associated with trades executed through broker-dealers other than those recommended by CIA would be passed on to the client in addition to the management fee, best execution will most likely be obtained through the recommended broker/dealer. For this reason, all transactions will generally be executed through the recommended broker/dealer, subject to

CIA's duty to obtain "best execution", i.e., a price that is as favorable to clients as possible under the prevailing market conditions. CIA does not warrant or represent that commissions for transactions implemented through the recommended broker/dealer will be lower than commissions available if clients use another brokerage firm. CIA believes, however, that the overall level of services and support provided to clients by Advisor outweighs the potentially lower transactions cost available under other brokerage arrangements.

Persons associated with CIA may also be registered representatives of CSI and/or AGWM, affiliated broker/dealers. In general, CIA may recommend the use of CSI or AGWM to clients for implementation of recommendations, provided that this recommendation is consistent with CIA's fiduciary duty to the client. This may create a conflict of interest, as CIA has business arrangements with CSI and AGWM for the provision of administrative support and other investment-related services. Any commissions or other compensation received from the implementation of these recommendations is separate and distinct from CIA's advisory fee. No client is obligated to use CSI or AGWM to implement any recommended transactions.

Notwithstanding such arrangements, CIA strives to serve the best interest of our clients. As such, investments for clients are based on investment suitability for the client and whether it meets the client's investment objectives and guidelines. Furthermore, CIA uses its best efforts to obtain the most favorable net results with regard to share price, size of order, difficulty of execution, confidentiality and skill required of the broker. Clients should be aware that best execution may not necessarily be achieved if recommended transactions are placed through these individuals in their separate capacities as registered affiliates or insurance agents/brokers. In addition, CIA does not warrant or represent that commissions for transactions implemented through CSI or AGWM will be lower than commissions available if clients use another brokerage firm. CIA believes, however, that the overall level of services and support provided to clients by CIA outweighs the potentially lower transactions cost that may be available under brokerage arrangements other than that offered by CIA.

For CIA client accounts, HTS, Schwab, TD, or PMR generally do not charge separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through HTS, Schwab, TD, or PMR or that settle into HTS, Schwab, TD, or PMR accounts. HTS, Schwab, TD, or PMR also make available to CIA other products and services that benefit CIA but may not benefit its clients' accounts. Some of these other products and services assist CIA in managing and administering clients' accounts. These may include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of CIA's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of CIA's accounts, including accounts not maintained at HTS, Schwab, TD, or PMR.

Examples of other services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, they may make available, arrange and/or pay for these types of services rendered to CIA by independent third parties or may discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to CIA.

The foregoing arrangements with HTS, Schwab, TD, or PMR pose a conflict of interest to the extent they create an incentive for CIA to suggest that clients maintain their assets in accounts at HTS, Schwab, TD, or PMR on the basis of products and services that may become available to CIA as a result, rather than solely on the basis of the nature, cost or quality of custody and brokerage services provided by HTS, Schwab, TD, or PMR to clients. However, CIA is constrained by fiduciary principles to act in its clients' best interests and will suggest HTS, Schwab, TD, or PMR to clients only when it is appropriate to do so. In addition, CIA maintains an awareness of the services provided to clients by HTS, Schwab, TD, or PMR in an effort to ensure that clients are well served.

ITEM 13: Review of Accounts

IARs will review accounts no less than annually or as agreed upon by IAR and client. Supervisory reviews will occur randomly and/or on the accounts with disproportionate losses and gains. CIA does not provide customized client statements. These statements will come from the client's respective custodian.

ITEM 14: Client Referrals & Other Compensation

Employees of CIA may receive commissions from the sale of insurance products and services, working with various insurance companies. Sales transactions will be completed only by licensed agents. Clients are under no obligation to purchase any insurance products and/or services through agents affiliated with CIA.

The recommended broker/dealers also makes available to CIA other products and services that benefit CIA but may not benefit its clients' accounts. Some of these other products and services assist CIA in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of CIA's fees from its clients' accounts; and assist with back-office functions, recordkeeping, client reporting and/or assist in increased client communication.

Solicitation Arrangements

CIA is party to written agreements with certain Third-Party Asset Managers (TPAMs) under which its IARs provide personal advisory services to their clients. Such personal advisory services include: qualifying their clients for a particular TPAM as well as determining client's goals and objectives (determining risk tolerance and investment styles). In doing so, CIA may be acting as a solicitor for that TPAM. CIA and its IARs receive compensation pursuant to these agreements for introducing clients to the TPAM and for providing the aforementioned personal advisory services. This compensation is typically equal to a percentage of the investment advisory fee charged by the TPAM. Because such compensation may differ depending on the individual agreement with each TPAM, the IARs may have an incentive to recommend a particular TPAM over other TPAMs with which CIA has less favorable compensation arrangements or alternative advisory programs. Any solicitation or referral arrangements will comply with applicable laws that govern the nature of the service, fees to be paid, disclosures to clients and any necessary client

consents.

CIA may enter into a solicitor agreement with a real-estate agent, mortgage broker, accountant, or other professional where the solicitor can receive compensation based upon the amount of assets brought to CIA. Solicitor compensation is typically equal to a percentage of the investment advisory fee paid to us by clients, who are deemed to have become clients as a result of such individual's direct or indirect efforts. These payments are proportional to a portion of the fee charged by us and do not result in an increase in the amount of the fee paid by clients. CIA and its IARs may also be paid by other Investment Advisors for the referral of clients. Any solicitation or referral arrangements will complete with applicable laws that govern:

- The nature of the service,
- Fees to be paid,
- Disclosures to clients and
- Any necessary client consents.

ITEM 15: Custody

Advisor may recommend a broker/dealer and/or custodian. Advisor considers the full range and quality of services in placing accounts, including promptness and accuracy of execution, commission rate, operational capabilities, and the firm's financial condition to ensure compliance with Advisor's best execution policy. Generally, Advisor will recommend that client assets be held in custody at SAL Financial Services, Inc. ("Trade PMR"), Charles Schwab Institutional or TD Ameritrade Institutional. Neither SAL Financial (Trade-PMR), TD Ameritrade Institutional nor Charles Schwab Institutional are affiliated with CIA.

CIA does not send statements to its clients. Clients receive statements from their respective custodian on a quarterly basis. Clients also have online access to their account statements via their custodian's website. CIA advises its client to review and compare their quarterly account statement, which they received in the mail, with their electronic account statement, which is available online via their respective custodian's website.

ITEM 16: Investment Discretion

Clients who participate in the advisory services program may elect to grant full discretionary investment authority to CIA, IAR and/or TPAM to determine the securities to be bought or sold, the amount of securities to be bought or sold and the timing of such transactions. This discretionary authority is authorized by the client when the client signs CIA's Client Advisory Services Agreement. CIA, IAR and/or TPAM can use this authority to replace a Sub-Manager. However, CIA, IAR and/or TPAM will generally only use this grant of discretion to replace Sub-Managers when it deems such change to be necessary; to rebalance a Client's account as agreed between the Advisor and/or Client; and to liquidate sufficient assets to pay the advisory fee when necessary and advisable.

CIA, IAR and/or TPAM will not have the authority to withdraw funds or take custody of client funds

or securities other than where the client has authorized the deduction of investment advisory fees via a qualified custodian.

ITEM 17: Voting Client Securities

PROXY VOTING AND CLASS ACTION LAWSUITS

CIA does not vote, nor advise clients how to vote, proxies for securities held in client accounts. CIA clients retain the right to vote the proxies of shares held in their accounts. In addition, CIA will not take any action or render any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits.

ITEM 18: Financial Information

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you and we have not been the subject of a bankruptcy proceeding. Additionally, CIA does not require or solicit prepayment of client fee more than six months in advance, thus a balance sheet is not required to be provided.

ITEM 19: Requirements for State-Registered Advisers

CIA is an SEC-Registered Investment Adviser



Privacy Policy

At Cape Investment Advisory, Inc. we appreciate your business and the trust you have placed in us. Our privacy policy reflects the value of your trust. Cape Investment Advisory, Inc. collects certain personal financial information about you so that we (1) recommend products which are suited to your needs; (2) know who you are and can prevent unauthorized access to your information; and (3) comply with the laws and regulations that govern us (SEC). We consider your information to be private and confidential.

We gather this information about you from the applications, new account forms, client profiles, and other forms you may prepare for us, and from your transactions with us. The types of information we collect may include your name, address, social security number, driver's license number, income and net worth, beneficiaries, and your transactions.

It is our policy that we do not disclose any nonpublic information about you to anyone, except as necessary to establish and manage your account(s) or as permitted by law. For example, the information described above may be shared with the clearing firm that executes your transactions and retains custody of your securities. Another example would be if your financial advisor terminates his or her relationship with us and moves to another brokerage or investment advisory firm ("New Financial Institution"). In the section below, we list the reasons financial companies share information, the reasons Cape Securities, Inc. chooses to share, and whether you can limit this sharing.

| Reasons we share your personal information: | Does Cape Investment Advisory share? | Can you limit? |
|---|--------------------------------------|-----------------|
| For our everyday business purposes - Such as to process your transactions, maintain your account(s), respond to court orders and investigations, comply with regulatory requirements. | Yes | No |
| For our marketing purposes - To offer products and services to you | Yes | No |
| For our affiliates' everyday business purposes - Information about your transactions and experiences | Yes | No |
| For our affiliates' everyday business purposes - Information about your creditworthiness | Yes | Yes |
| For our affiliates to market to you | Yes | Yes |
| For joint marketing with other financial companies | Yes | Yes |
| For non-affiliates to market to you | No | We do not share |

In the event that you should close your account with us, or if your account should become inactive, we will continue to adhere to the privacy policies and practices described in this notice. If you would like to limit our sharing, you may call (678) 583-1120 or by sending the attached form via fax to 678-583-1258 or mail to 1600 Pennsylvania Avenue, McDonough, GA 30253.

| Mail-in Form | |
|---|---|
| | Mark Any/ All you want to limit: |
| <p>If you have a joint account/policy, your choice(s) will apply to everyone on your account unless you mark below.</p> <p><input type="radio"/> Apply my choices to me only.</p> | <input type="radio"/> Do not share information about my creditworthiness with your affiliates for their everyday business purposes. |
| | <input type="radio"/> Do not allow your affiliates to use my personal information to market to me. |
| | <input type="radio"/> Do not share my information for joint marketing with other financial companies. |
| | <input type="radio"/> Do not allow my financial advisor to take my non-public information to a new financial institution should he/she leave Cape Investment Advisory, Inc. |
| | Signature |
| | Name |
| | Address |
| | City, State, Zip |
| | Account/Policy/Contract |
| Mail to: | <i>Cape Investment Advisory, Inc. 1600 Pennsylvania Avenue, McDonough, GA 30253</i> |