

CAPITAL WEALTH ADVISORS, LTD.

FORM ADV – PART 2A INFORMATION

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This brochure provides information about the qualifications and business practices of Capital Wealth Advisors, Ltd. (“CWA”). If you have any questions about the contents of this brochure, please contact us at (262) 306-0066. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about CWA (CRD No. 155263), including a copy of its Form ADV Part 1, also is available on the SEC’s website at www.adviserinfo.sec.gov.

CWA is a registered investment adviser. Registration of an investment adviser does not imply any certain level of skill or training.

Item 2 - Material Changes To This Brochure Since Last Annual Update filed March 2018

Future material changes to this brochure will be noted in this section and provided to clients.

Item 3

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Item 4 - Advisory Business

CWA is an investment adviser formed in September 2010. The firm provides financial planning, consulting and investment management services to a wide variety of clients. CWA is owned by David S. Lake and Jill S. Lake. CWA also does not control any other firm. CWA services are described in detail below. All services are provided by Mr. Lake.

CWA is not engaged in any other business.

Financial Planning and Consulting Services

In completing a financial plan or other consulting project, regardless of the complexity, CWA Representatives will:

- Interview the client, analyze the client's financial needs and assist the client in developing realistic goals and objectives based on information provided by the client. The Representative may also clarify planning problems and outline strategies designed to meet the client's goals. A client may retain CWA to perform a single nonrecurring project, such as investment research or specific investment advice, retirement planning or insurance analysis, or a comprehensive plan covering these and other subjects. A client may also engage CWA for projects that may require annual or more frequent reviews if more complex long-term planning is needed.
- Prepare an initial written project or comprehensive plan in the scope requested by a client based on the information gathered during the client interview and needs evaluation. This plan may include establishing a clear set of objectives, an outline of resources, a written investment policy statement, an asset allocation model, strategy recommendations, retirement, estate, education, or insurance planning, product recommendations, and steps to take for implementing advice provided.
- Help the client implement the plan, including purchasing and/or selling securities and/or insurance products.
- Review the plan periodically in the scope and frequency agreed upon with the client.

The CWA Representative may also, as needed, recommend changes to the client's investment portfolio or Plan, either in writing or verbally. Changes in the client's financial condition, personal circumstances, goals, or general economic conditions may trigger changes in the plan. To the extent material changes have occurred to a client's circumstances or goals, or to the extent a client requests a new project, the client will be asked to sign a new services agreement. The client may initiate contact with CWA as often as needed and CWA will schedule conferences as needed, usually no less than annually.

All planning is based on information provided by the client. It is the client's responsibility to be certain CWA has current and accurate information for the initial plan

and it is the client's responsibility to inform CWA of material changes affecting the investments and planning strategies implemented.

Investment Management Services

CWA also provides discretionary Investment Management Services to clients needing their portfolio monitored. Services begin by performing an initial analysis of the client's financial circumstances, investments, goals and restrictions. The client then receives initial investment purchase and sale recommendations from CWA and selects the investment strategies the client would like applied to the client's account. Accounts are monitored on a continuous basis by CWA. CWA can manage stocks, bonds, mutual funds, exchange-traded funds, variable life and annuity contracts, government-issued securities, and other securities. CWA will exercise discretionary trading authority while providing services. This means that CWA Representatives have the authority to purchase and sell securities of their choice and in the amounts and at the times they believe it is suitable for the client's account to do so.

CWA may also recommend the use of third-party investment managers to manage all or a portion of the assets. Such managers will also have limited discretionary authority to place orders at will for the client's account.

The initial asset allocation recommendations are based on the financial information gathered from each client, including net worth, risk tolerance, financial goals and objectives, investment restrictions and overall financial conditions.

Investments are not held by CWA. Instead, all investments managed by CWA are usually custodied at the brokerage firm through which transactions are placed.

CWA does not assure or guarantee the results of any of its recommendations; thus, losses can occur from following CWA's advice pertaining to any investment or investment approach, including using conservative investment strategies.

As of December 31, 2018, CWA has assets of \$108,712,934 under discretionary management and none under non-discretionary management.

Sub-Adviser Services

CWA may also provide management services to other investment advisory firms, whereby CWA acts as a sub-adviser to clients of the other investment advisor. As a sub-adviser, CWA is hired by the other investment advisor, applies the same strategies to the other investment advisor's client accounts as it would to individual clients of CWA, and is typically paid directly by the other investment advisor from the advisory fee collected by the other investment advisor. CWA has no contact with the other investment advisor's clients, but does regularly consult with the other investment advisor regarding sub-account objectives and account performance.

Item 5 - Fees and Compensation

All fees charged by CWA for advisory services are negotiable. Fees paid to CWA are for CWA advisory services only. Commissions on transactions and other account fees will also be charged in accordance with the account's brokerage firm's normal commission schedule.

Prospective clients should be aware that in addition to CWA's Investment Management and Financial Planning and Consulting fee each mutual fund in which a client's assets are invested also pays its own advisory fees and other internal expenses which already have been deducted from the fund's reported performance and, depending on the fund, a client may be able to invest directly in the shares issued by the fund with or without incurring any sales or management fees.

In addition, there are tax effects pertaining to fund share redemptions made by CWA on behalf of clients. Redemptions are taxable events which may accelerate the recognition of capital gains, and frequent redemptions may result in short term, rather than long term, capital gains.

Financial Planning and Consulting Services Fee

CWA's fee for providing Financial Planning and Consulting Services Fees may be charged on a fixed fee per project basis, or on an hourly fee basis. The hourly rate is \$200. The hourly rate may be negotiated.

Fees are determined by each CWA Representative by estimating the complexity of the client's circumstances, the level of skill required to perform the service, and the amount of time that will be required to perform research, analysis, and plan preparation. The exact fee is disclosed to the client prior to contract signing.

One-half of the quoted fee is payable upon commencement of services with the balance due upon delivery of the written plan or completion of consulting services. Payment arrangements are established in the services agreement. The fee may be waived in whole or in part by CWA at its sole discretion. Financial Planning and Consulting Services may be terminated upon ten (10) days advance written notice by either party to the other. Any prepaid unearned fee will be refunded to the client. Any fee due will be prorated to the date of termination.

The fees described above may change based on special situations such as an expansion of a project, increase in the number of reviews, more specialized needs of the client, more complex planning, or more detailed reporting. Before such a change is made, the client is given (10) days prior written notice and agrees to such changes by signing a new services agreement, or an amendment thereto.

Fees do not include product transaction commissions, or the fees for third-party professional services, e.g., attorneys, accountants, or other third parties.

Investment Management Services Fee

Fees for Investment Management Services are calculated as a percentage of the total value of investments under CWA's management as set forth below. In addition to this advisory fee, there will be transactional, administrative, servicing fees and commissions charged by the account custodian.

Market Value of Account	Annual Rate
\$0 to \$250,000	1.25%
\$250,001 to \$500,000	1.10%
\$500,001 to \$1,000,000	1.00%
Over \$1,000,000	Negotiable

All fees due are set forth in each client's Investment Management Services agreement.

Fees are payable monthly in arrears and are calculated on the basis of the market value of the investments in the account(s), including any balances held in money market funds as of the last business day of the recently completed month. The fee for any period which is less than a full month shall be prorated, with the exception of the initial month. Fees for the initial month shall be calculated on a non-pro-rata basis. CWA may at its discretion aggregate accounts for fee calculation purposes. No adjustment is made to the monthly fees for changes in the market value of securities or for partial withdrawals.

Upon termination of the account which can occur by ten (10) days advance written notice from one party to the other, fees will be prorated to the effective date of termination.

Fees payable to CWA for Investment Management Services are deducted from the client's account when due. The client will receive an invoice from CWA as well as reports from the account's custodian show the fee calculation and debits. CWA will liquidate money market shares to pay the fee and, if money market shares or cash value are not available, other investments will be liquidated. Authorization for the deduction of fees this way is contained in the services agreement. The client may terminate the authorization for automatic deduction of the advisory fee payable to CWA at any time by notifying CWA in writing.

CWA has the right to modify its fee schedule upon thirty (30) days advance written notice to the client.

Sub-Adviser Service Fees

As noted above the fee for sub-adviser services is typically a portion of the advisory fee being paid to the other investment advisor for investment advisory services. The fee is negotiated between CWA and the other investment advisor and usually ranges between 0.2% and 0.4% of the annual investment advisory fee collected by the other investment advisor for the management of the sub-accounts.

Other Compensation

Neither CWA, nor any of its Representatives receives any compensation from third parties (such as for securities or insurance product sales) in connection with services provided to clients. However, Mr. Lake has in the past offered private placements to two clients of the firm where he acts as a manager or officer of the issuer of the securities. This created a conflict of interest of which the purchasers were advised prior to their purchase. Mr. Lake no longer offers such private placements to existing clients.

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

CWA does not charge performance-based fees. All fees are disclosed above.

Item 7 - Types of Clients

CWA makes financial planning, consulting and investment management services available to a wide variety of clients, including but not limited to, individuals, entities, pension and profit sharing plans, trusts, estates and charitable organizations, corporations and other business entities.

CWA does not require a minimum account size, or minimum fee. The firm does, however, have the right to reject or terminate any account for any reason.

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

CWA's security analysis methods include, but are not limited to, charting (using charts to track individual security or market movements over time); fundamental analysis (evaluating securities based upon its historical and projected financial performance); technical analysis (examining technical moves in the price of an issue based upon peer securities or comparisons to an investment sector or index); and cyclical analysis (determining the desirability of an issue based upon the status of an issue within the price cycle the security or similar securities have followed historically).

CWA may include leveraged exchange or inverse exchange traded funds in client investment strategies. The goals of these funds is to attempt to achieve gains daily in multiples of the gains of an index used as the basis for the fund and, because of the nature of these fund investments, daily gains and losses will compound quickly. The strategy is to only purchase these types of fund as a hedge against stock market declines where selling existing stock positions is difficult to execute on a timely basis. CWA limits the purchase of these types of funds to no more than 10% of a total portfolio balance at the time of the purchase.

CWA's main sources of information include, but are not limited to, financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses and public filings.

Neither CWA, nor the third party managers it may secure, guarantee the results of the advice given. Thus, significant losses can occur by investing in any security, or by following any strategy, including those recommended or applied by CWA.

Item 9 - Disciplinary Information

CWA does not have any disciplinary information to report regarding itself or any of its counselors or other related persons.

Item 10 - Other Financial Industry Activities and Affiliations

Mr. Lake, President and owner of CWA is also a member, Manager and Executive Vice President of Black Earth, LLC, a company which owns real estate throughout Illinois and Wisconsin.

Mr. Lake, President and owner of CWA is also a member of RIA Services, LLC d/b/a CWP Private Wealth Management, a registered investment adviser. RIA Services, LLC d/b/a CWP Private Wealth Management utilizes CWA for sub-adviser services.

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

CWA and its Representatives may buy or sell securities for themselves that they also recommend to clients. Where a transaction for a Representative or an account related to a Representative is contemplated, a client's transaction is given priority and processed first. However, in those instances where CWA believes it is appropriate to "block" (combine) several similar orders for multiple clients into one order to obtain an average price, a Representative's or employee's order may be included in that block order. Although this practice creates a conflict of interest because of the average price advantage to the Representative or employee, the block order must in all cases be initiated to meet the objectives of the client within the block without consideration given to a related person being a participant in the block.

CWA has supervisory procedures in place which are applicable to all CWA personnel who have access to confidential client records or to recommendations being made or contemplated for client accounts. Designed to prevent conflicts of interest between the financial interests of clients and the interests of the firm's staff, the procedures require that all employees and Representatives report all securities trades as they occur, and all positions in which they have a beneficial interest quarterly and annually. These reporting requirements allow supervisors at the firm to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be made, in the same securities in clients' accounts.

CWA will provide a copy of its Code of Ethics to any client or prospective client upon request.

Item 12 - Brokerage Practices

Although they generally do not exercise discretion to select brokerage firms, CWA Representatives typically recommend the custodial services of Pershing, LLC, member FINRA/SIPC ("Pershing"). Commissions and execution of securities transactions implemented through Pershing may not be better than the commissions or execution available if the client used another brokerage firm. However, CWA believes that the overall level of services and support provided to the client by custodians and broker-dealers whom CWA recommends outweighs the potentially lower costs that may be available from other brokerage service providers.

Clients should be aware that there is no direct link between CWA and Pershing in connection with the advice CWA gives to clients. CWA receives economic benefits through the custody and operating relationships it has with Pershing that are not typically available to retail investors. These benefits include the following products and services, provided to CWA without cost or at a discount: duplicate client statements and confirmations, research related products and tools, consulting services, access to a trading desk serving Representatives, access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares directly to or from client accounts), the ability to have advisory fees deducted directly from client accounts, access to an electronic communications network for client order entry and account information, access to mutual funds with no transaction fees, and

discounts or no fees on compliance, marketing, research, technology, and practice management products and services provided by third-party vendors. Pershing may also pay for business consulting, professional services, and research received by CWA affiliated persons and may also pay or reimburse expenses (travel, lodging, meals, and entertainment expenses) for CWA personnel to attend conferences or meetings relating to their service platforms or to their advisor custody and brokerage services generally. Some of these products and services made available by Pershing, may benefit CWA, but may not benefit its clients. Such other services made available by Pershing are intended to help CWA manage and further develop its business enterprise, and such services may or may not depend on the amount of brokerage transactions directed to them.

Other than the services described above, CWA and its Representatives do not direct transactions and the commissions they generate (soft dollars) to brokerage firms or other parties to receive research or other benefits.

Clients should be aware of the fact that not all advisers require clients to use a particular brokerage firm. Because clients having accounts managed by CWA are required to open accounts with, and use the transaction services of, Pershing, CWA may not be able to achieve the most favorable execution of client transactions. Thus, use of only Pershing may cost clients more money.

In those instances where CWA believes it is in the best interests of a client to do so, it will “block” (combine) the client’s order with those of other clients having similar orders for the purpose of obtaining an advantageous average price for all accounts participating in the block. Any decision not to block a transaction with those of other clients is based upon CWA deciding that it is more beneficial to time transactions for the benefit of each client’s account individually.

CWA does not process transactions through Pershing in return for Pershing referring new clients to CWA.

Item 13 - Review of Accounts

Reviews of comprehensive or limited financial plans are performed from time to time by the Representative at the times requested by a client and as the Representative deems appropriate. More than one Representative may be involved in the development of a plan and, with the client’s permission, the client’s legal and accounting professionals may be involved. When outside professionals become involved in the process, the cost of the outside professionals is the responsibility of the client.

For clients receiving consulting services, a written project report or plan is prepared in the scope requested by the client during the initial interview or in subsequent counseling sessions.

Each client’s managed portfolio is reviewed by the Representative as frequently as determined by the Representative to ensure the investments in the account are in line with the client’s stated investment policy guidelines. Investment purchases and sales are made as deemed appropriate by the Representative.

Clients receiving Investment Management Services receive reports at least quarterly from their account's custodian. The client may receive a written performance report as often as is agreed upon between the client and CWA, but not more often than monthly.

Item 14 - Client Referrals and Other Compensation

CWA does not currently have any client referral relationships. Thus, it does not pay any fee to a third party for making client referrals to it. Also, as indicated above, the firm does not direct brokerage transactions to any third party, including Pershing, in return for client referrals.

Item 15 - Custody

CWA does not take custody of client funds or securities. These safekeeping services are typically provided to managed accounts only by the brokerage firm processing the securities transactions ordered by CWA.

Actual custodial services for all CWA managed accounts are typically provided to the managed accounts only by the brokerage firm processing the securities transactions ordered by CWA (said brokerage firm being a qualified custodian).

Client will receive account statements at least quarterly from the firm providing actual custodial services to the managed account. Clients should carefully review all such statements received from the qualified custodian. To the extent a client receives any account or other investment ownership statement from CWA, CWA recommends the client carefully compare the report to the qualified custodian's statements.

Item 16 - Investment Discretion

CWA will exercise discretionary trading authority while providing Investment Management Services. (Discretionary authority is not used when CWA provides Financial Planning and Consulting Services.) Granting discretionary authority allows CWA Representatives to purchase and sell securities of their choice in the amounts and at the times they believe it is suitable for client's account to do so. CWA may also recommend the use of third-party investment managers to manage all or a portion of the assets. These managers also have discretionary authority to purchase and sell securities as they deem appropriate. Authorization for the discretionary trading is granted to CWA by each client in the client's services agreement.

In those instances where an order error occurs, it is CWA's policy to reverse the order to make the client's account whole.

Item 17 - Voting Client Securities

CWA and its Representatives do not vote proxies on behalf of clients who will receive such notices from their account's custodian. However, CWA will assist clients by answering questions they may have regarding the nature of a proxy and voting procedures.

CWA also does not take any action on legal notices it or a client may receive from issuers of securities held in a client's managed account. However, it is available to answer questions regarding such notices.

Item 18 - Financial Information

CWA does not receive fees of more than \$1,200 six months or more in advance, thus no financial statement for CWA is attached. CWA does not have any financial condition that is reasonably likely to impair its ability to meet its contracted commitment to any client.

** Please see attached Privacy Policy **