

**Form ADV Part 2A**

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64 E. Broadway Rd.,  
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Tempe, AZ 85282  
P: 602-455-1540

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P: 404-531-0018

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P: 407-993-6611

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Mountlake Terrace, WA 98043  
P: 425-977-0200

Texas

5444 Westheimer  
Suite 1000  
Houston, TX 77056  
P: 346-214-0434

500 Marquette Ave. NW  
Suite 1200  
Albuquerque, NM 87102  
P: 505-305-0888

Legacy Town Center  
6860 N. Dallas Parkway  
Suite 200  
Plano, TX 75024  
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North MoPac Plaza  
7000 N. Mopac Expressway,  
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**November 2019**

**This brochure provides information about the qualifications and business practices of Capital Investment Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (404) 531-0018 and/or Holly@YourWealth.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 Capital Investment Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Any references to Capital Investment Advisors, LLC as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.**

## Item 2 - Material Changes

February 2019

Item 5 – Added a fee schedule for when managed accounts contain private placements and special purpose vehicles.

August 2019

Item 4

- Added clarifying disclosure that if clients invest in an Altera Special Purpose Vehicle (SPV) that the fee is in addition to the fees charged by the SPVs to investors. This is a conflict of interest with the multiple fees charged because certain owners of CIA are owners and general partners of the Altera SPVs and will receive multiple forms of compensation. Further, those owners have a direct interest in having individuals invest in the SPVs since they have an ownership in the Altera companies.
- Added disclosure explaining CIA offering an options management strategy through SpiderRock Advisors, LLC.

Item 5

- Added disclosure explaining CIA will charge a fee for advising and monitoring Altera SPVs in a client's account. The fee is in addition to any fees the client pays an Altera entity or SPV. Further, CIA's fee is based on the value of the SPV as reported by the account custodian. The value does not represent the actual market value or liquid of the SPV and will be reported for a period based on a client's actual called investment cash investment. The same fee will be charged based on the cash called amount as reported by the account custodian in any Altera SPV. (Note, the cash called amount is the amount invested in the SPV.)
- Disclosure added under "Important Notice on Altera SPVs" to advise clients of the conflict of interest to recommend Altera SPVs to clients, the similar ownership between CIA and the Altera SPVs and entities. Additionally, disclosure includes information about increased costs associated with the SPVs and the illiquidity of the product type.
- Disclosure added to explain the fees associated with the use of the SpiderRock Opportunistic Yield Enhancement strategy.

Item 8

- Disclosure of the risks associated with using a third party manager or sub-advisor management strategies.
- Disclosure added to outline the risks associated with investing in private placements and special purpose vehicles.

October 2019

Item 4

## Capital Investment Advisors, LLC

Disclosure added about the conditions of CIA providing advice on special purpose vehicles.

### Item 5

Added disclosure fee a fee schedule when special purpose vehicles are included in a client's managed account.

### Item 8

Added disclosure clarifying values for special purpose vehicles are determined by a third party and are not necessarily derived by an independent appraisal and therefore are not representative of a realized value since such products do not have a readily available market.

### November 2019

Item 5 – Disclosure removed for Strategas Asset Management indicating asset based pricing for transaction costs. Clients pay the costs per transaction occurring in a client's portfolio.

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At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was January 2019.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year, which is December 31st. We may further provide other ongoing disclosure information about material changes as necessary.

Additionally, we will further provide you with a new brochure as necessary based on change or new information, at any time, without charge.

Our brochure may be requested free of charge by contacting Holly Evans Mallory at (404) 531-0018 and/or [Holly@YourWealth.com](mailto:Holly@YourWealth.com). Additional information about Capital Investment Advisors, LLC is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The website also provides information about any persons affiliated with Capital Investment Advisors, LLC who are registered, or are required to be registered, as investment adviser representatives of Capital Investment Advisors, LLC.

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#### **Item 4 - Advisory Business**

Capital Investment Advisors, LLC (hereinafter referred to as "CIA") was created in 1996. The principal owners of CIA (i.e. own 25% or more) are: Michael Reiner with his shares divided between two trusts and Wesley Moss.

As of December 31, 2018, CIA has \$2,171,200,000 of discretionary assets under management and \$12,400,000 of non-discretionary assets under management.

CIA tailors the advisory services it offers to your individual needs. You may impose restrictions and/or limitations on the investing in certain securities or types of securities.

A relationship with CIA is initiated by a meeting between you and a CIA Advisory Representative. The first meeting is a fact finding meeting and a chance to determine whether CIA's services may be suitable for you. CIA will ask you a series of fact finding questions and complete data gathering information. The information gathered will assist CIA with providing the requested services and customizing those services to your financial situation. You will be asked probing questions about your financial history, goals, objectives and concerns. Additionally, you may be asked about your retirement goals, cash flow needs, standard of living, special needs such as education or elder care, etc.

#### **Asset Management Services**

Upon CIA completing its analysis of your situation, CIA will determine an asset allocation customized to your financial goals, objectives and risk tolerance and taking into consideration any expressed limitations or restrictions.

CIA will provide continuous and ongoing management of your account. Unless otherwise expressly requested by you, CIA will manage your portfolio on a discretionary basis. Therefore, CIA will make changes to the allocation and holdings as deemed appropriate by CIA. CIA will determine the securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you.

Should you elect not to grant discretionary trading authorization to CIA, you are advised your portfolio will be more difficult to manage and the overall performance may suffer. This is due to the risk of missing market opportunities or the risk of CIA not being able to re-allocate, purchase or sell securities in a timely manner since CIA must obtain your expressed authorization prior to any transaction.

The securities positions selected for your managed portfolio will be selected by CIA based on your individual goals, objectives, prior investment experience, and expressed concerns and/or preferences.

#### Investments in Altera Special Purpose Vehicles (SPVs)

Additionally, for those clients who satisfy the definition of an “accredited investors” as defined in Rule 501(a) of Regulation D under the Securities Act, CIA will, depending on the client’s goals and objectives, recommend investment in private placement and special purpose vehicles (SPVs) created and managed by affiliated and related entities to CIA. However, CIA will not offer the SPVs unless a client engages CIA to manage a minimum of \$500,000. Clients with less than \$500,000 under management with CIA and who are accredited investors can purchase the SPV’s direct, however, CIA will not provide guidance or assistance. CIA has an affiliated company acting as an investment adviser to and has related entities engaging as a general partner to various special purpose vehicles (SPVs). Therefore, there is a conflict of interest to have clients invest in the affiliated SPVs because of the compensation earned by those affiliated entities. Refer to Item 5 - Fees and Compensation and Item 10 - Other Financial Industry Activities and Affiliations for additional information. Additionally, as further disclosed under Item 5 – Fees and Compensation below, CIA will charge an advisory fee to clients investing in the SPVs through CIA. This fee is in addition to the fees charged by the SPVs to investors. As further described below, this is a conflict of interest with the multiple fees charged because certain owners of CIA are owners and general partners of the Altera SPVs and Altera Private Access, LLC, the investment adviser to the SPVs, and will receive multiple forms of compensation. Further, those owners have a direct interest in having individuals invest in the SPVs since they have an ownership in the Altera companies.

#### Separately Managed Account Services

CIA may utilize the services or asset management programs of a third party manager to manage a portion of the client’s account. Use of a third-party manager provides diversification of a management style or strategy.

CIA has entered into an agreement with Strategas Asset Management, LLC to offer clients access to its Policy Opportunities Portfolio<sup>SM</sup> and other strategies offered by Strategas Asset Management. Strategas Asset Management provides its allocations and trading signals to CIA for implementation. (Please refer to the disclosures under Item 12 and 14 for information about CIA’s arrangement with qualified custodians).

CIA has a subadvisory agreement with SpiderRock Advisors, LLC to offer and provide management services involving option strategies. CIA’s objective for using SpiderRock is to provide covered call strategies and strive for opportunistic yield. CIA will exercise discretion to allocate a portion of a client’s account for management by SpiderRock. However, prior to

engaging a management strategy involving options, a client must execute an options agreement with the account custodian.

## **Consultation Services**

CIA provides consultation services to those clients who need advice or guidance but are not prepared to engage CIA for full management services. CIA will meet with you and discuss various financial related topics based on your needs.

Consultative services are based on your financial situation at the time and are based on financial information disclosed by you to CIA. You are advised that certain assumptions will be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. CIA cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review any advice and recommendations based upon changes in your financial situation, goals, or objectives or changes in the economy. Should your financial situation or investment goals or objectives change, you must notify CIA promptly of the changes. You are advised that the advice offered by CIA may be limited and is not meant to be comprehensive. Therefore, you should always consider seeking the services of other professionals such as an insurance adviser, attorney and/or accountant.

## **Pension Consulting**

CIA provides pension consulting services to companies. Services will include:

- Consultation on investments to include in the plan
- Educational materials for plan participants
- Consulting to the trustees of the plan
- Assistance with finding and engaging a third-party administrator and account custodian
- Enrollment meetings
- Assist with completion of enrollment forms for plan participants
- Model portfolios

## **General Information**

Investment recommendations and advice offered by CIA are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform CIA promptly with respect to

any changes in your financial situation and investment goals and objectives. Failure to notify CIA of any such changes could result in investment recommendations not meeting your needs.

Transactions in the account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

**CIA will deliver required disclosures, CIA client reports, newsletters, and other communications electronically and/or by email, unless the client opts out and requests CIA to deliver all communications, reports, and required disclosures in hard copy. Delivery will then be executed by the U.S. postal system. The Capital Investment Advisors Investment Advisory Agreement or other notification obtains the client's authorization and agreement for electronic delivery. The client may revoke electronic delivery authorization at any time upon request to CIA.**

### **IRA Rollover Considerations**

As part of our consulting and advisory services, we may provide you recommendations and advice concerning your employer retirement plan or other qualified retirement account. Our recommendations may include you consider withdrawing the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA"). Further, we offer our management services be applied to those funds and securities rolled into an IRA or other account for which we will receive compensation. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as described above under Item 5. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by CIA.

It is important for you to understand many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

1. Leave the funds in your employer's (former employer's) plan.
2. Move the funds to a new employer's retirement plan.
3. Cash out and take a taxable distribution from the plan.



4. Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage it is important you understand the following:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
  - c. It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. In the event your plan offers asset management or model management, there may be a fee associated with the services that is more or less than our asset management fee.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may offer financial advice, guidance, and/or model management or portfolio options at no additional cost.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5 (70 ½).
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.

Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules; therefore, you should consult an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.

8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

## **Item 5 - Fees and Compensation**

### **Asset Management Services**

Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

CIA charges management fees in arrears at the end of each calendar quarter, unless otherwise negotiated and agreed to with the client. Your management fee is calculated based on market value of your managed portfolio at the close of the last business day of each calendar quarter, unless otherwise negotiated and agreed to. Fees are generally rounded to the nearest dollar, unless otherwise agreed upon.

No fee adjustments will be issued for additional deposits to the account or partial withdrawals from the account occurring during a calendar quarter, unless otherwise agreed upon. No fee adjustments will be made for account appreciation or depreciation.

#### CIA Fee Schedule (Effective as of January 1, 2018)

The account value used to calculate the fee is based on the household value of accounts under management with CIA.

In the event your household is established on a day other than the first day of a calendar quarter or closed on a day other than the last day of a calendar quarter, your fees will be prorated for the quarter. The initial household fee is calculated as of the date of the first deposit into any account within the household, regardless of when assets or funds are transferred or received into other accounts within the household. In the event the household is closed, you will be charged a prorated portion of advisory fee for the period up to the date

of termination. The value of SPVs are excluded from the fee calculation and are charged a separate fee for advisory services as further described below.

Household Account Size	Annual Fee
First \$1,000,000	1.00%
Next \$2,000,000	0.90%
Next \$2,000,000	0.80%
Assets over \$5,000,000	0.70%

This is a blended or progressive fee schedule. Therefore, each threshold of assets is charged the corresponding fee. For example, a client with four billed accounts valued at the end of a quarter at: \$563,247.20, \$788,953.25, \$1,478,899.25, and \$3,982,978.30 with a total quarterly household account value of \$6,814,078.00 would be charged as follows.

$$\begin{aligned}
 \$1,000,000 \times 1.00\% &= \$10,000.00 \\
 \$2,000,000 \times .90\% &= \$18,000.00 \\
 \$2,000,000 \times .80\% &= \$16,000.00 \\
 \$1,814,078 \times .70\% &= \$12,698.55 \\
 &\$56,698.55 / 4 = \$14,174.64 \text{ and rounded to the} \\
 &\text{nearest dollar. Client's quarterly fee is } \$14,175.
 \end{aligned}$$

#### Fees charged on private placements and special purpose vehicles (SPVs)

A flat fee of \$1,500 per SPV for the first year in which the SPV is purchased and deducted in quarterly installments (i.e. \$375 per quarter) from a designated account. The quarterly fee will begin at the end of the quarter in which the SPV application is submitted and \$375 billed at the end of each quarter thereafter for a period of one year. Each year thereafter, a \$1,000 fee per SPV will be charged and will be deducted from the designated account in quarterly installments (\$250 per quarter) at the end of the quarter. Alternatively, a client can elect to pay the fees direct to CIA upon receipt of an invoice.

After the application is submitted, the \$1,500 is considered earned and not refundable should client elect to terminate CIA's services. Termination occurring after the first year will result in a prorated fee for any partial quarter.

#### **Important Notice on Altera SPVs**

It is important to note Altera SPVs are a proprietary investment vehicle and the general partners of the Altera SPVs are owners and indirect owners of CIA. Therefore, there is a conflict of interest to cause clients to invest in the Altera SPVs. The Altera SPVs are known by various names including: Altera Private Access SPV I, Altera Calibogue PA II, LLC, Altera Blue Sage PA, LLC, Altera Boardwalk KSI PA, LLC, and Altera Ocean Avenue PA, LLC, and Altera Big Blue PA, LLC. Further, owners and indirect owners of CIA financially benefit in multiple ways as

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a result of a client investing in an Altera SPV. First, they will receive and share in the profits and compensation derived from Altera as a direct result of your investment into an Altera product. Second, you will be charged an advisory fee by CIA for advising, reporting, monitoring, and providing continuing advice about the SPV.

The Altera SPVs are more costly than other securities and carry a higher risk than other types of securities. There are other alternative investments available that will cost more or less and have a secondary market where liquidation is a possibility. There is no secondary market for Altera SPVs. Altera SPVs are not suitable for all investors. It is important the offering memorandum be read thoroughly prior to investing. Please refer to additional disclosures under Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss below.

As of 1/1/2018, the following fee schedule will generally no longer be offered to new clients of CIA.

In the event your account is established on a day other than the first day of a calendar quarter or closed on a day other than the last day of a calendar quarter, your fees will be prorated for the quarter. The initial fee for an account is calculated as of the date of the first deposit into the account. In the event the household is closed, you will be charged a prorated portion of advisory fee for the period up to the date of termination on all accounts.

<b>Household Account Size</b>	<b>Annual Fee</b>
\$0 to \$1,000,000	1.00%
\$1,000,000 to \$3,000,000	0.90%
\$3,000,000 to \$5,000,000	0.80%
Over \$5,000,000	0.70%

### *Strategas Asset Management, LLC*

Clients using a Strategas Asset Management strategy will not be charged additional fees by CIA. CIA will pay 0.30% of the fee client pays to CIA to Strategas Asset Management.

### *SpiderRock Advisors, LLC (SpiderRock)*

SpiderRock charges a maximum of 0.70% for the SpiderRock Opportunistic Yield Enhancement strategy. SpiderRock will invoice CIA for its fee. Fees are reduced based on the total amount of a client's householded assets allocated to a SpiderRock strategy. CIA will not charge a client an additional fee for use of the strategy. Instead, CIA will pay SpiderRock out of CIA's fee charged to a client for asset management services based on the value of all managed assets, including those assets allocated to the SpiderRock Opportunistic Yield Enhancement strategy.

Selwyn "Buck" Small Fee Schedule

Maximum Annual fees for Asset Management	1.00%
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Additionally, Mr. Small provides tax preparation services. Depending on the complexity of the client's situation, clients may be charged a separate fee for tax preparation. Clients will be advised prior to the preparation of taxes whether a separate fee will be charged or if the service will be provided complimentary by Mr. Small.

Additional Fee Information

CIA aggregates or households all your CIA managed accounts together to determine your CIA quarterly fee. The fee schedule is applied based on the household billed account balance. As indicated in the example above, CIA rounds the quarterly fee to the nearest dollar. Therefore, a client will pay up to \$0.50 more or less in the quarter.

There will be occasions when the custodian reported holding value of a position varies from CIA's reported holding value due to rounding if the holding contains fractional shares. This could impact the rounding of the advisory fee.

CIA may change the above fee schedule upon 30-days prior written notice to you.

In addition to the advisory fees above, you will pay:

- transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule, with the exception of accounts using the Strategas Asset Management strategy. Accounts using the Strategas Asset Management strategy will be charged an asset based pricing fee as disclosed above. Please see **Item 12 – Brokerage Practices** for additional information.
- a proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with CIA and are compensation to the fund-manager.
- trade away and transfer fees if securities such as individual bonds and other thinly traded securities are purchased through a broker outside of the client's account custodian. If transactions are traded away or prime broker is used such as with individual bonds or large lots and thinly traded securities are purchased or sold, CIA will generally conduct transactions in bonds, large lots, and/or thinly traded securities through a market maker or prime broker which will result in the transactions being executed away from the client's account custodian. Trades executed away from the client's custodian will result in the client paying a transaction fee, a trade-away fee or prime broker fee, and any other fees associated with the execution and delivery of the

security into the client's account. Therefore, the cost of the transaction will be higher than those transactions directed through the account custodian.

- other fees associated with maintaining the Account.

The above fees and expenses are not charged by CIA and are charged by the product, broker/dealer or account custodian. CIA does not share in any portion of such fees. Fees paid to CIA are separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials).

Advisory fees will generally be collected directly from your account, provided you have given CIA written authorization. The custodian of your account will provide you with an account statement which will reflect the deduction of the advisory fee. If the Account does not contain sufficient funds to pay advisory fees, CIA has the authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to CIA, except for ERISA and IRA accounts.

#### Termination Provisions

You may terminate investment advisory services obtained from CIA, without penalty, upon notice. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you may terminate investment advisory services upon delivery of your notice to terminate to CIA. Should you terminate investment advisory services during a calendar quarter, you will be charged a pro-rated advisory fee up to the date of termination.

#### **Consultation Services**

You will be charged an hourly fee not to exceed \$300 per hour. Fees are negotiable depending on time, number of meetings, and complexity of the situation. Fees are due upon completion of the consultation.

#### Termination Provisions

You may terminate advisory services obtained from CIA, without penalty, upon notice. Thereafter, you may terminate consultation services at any time, without penalty, and will only be invoiced for the time spent by CIA on the consultation.

## Pension Consulting

Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

### Plan Assets Not Maintained at First Mercantile

CIA charges fees in arrears at the end of each calendar quarter, with the exception of accounts maintained at First Mercantile Trust Company ("First Mercantile"). (Please see more information regarding such accounts below.)

CIA's fee is calculated based on market value of the qualified plan assets at the close of the last business day of each calendar quarter, with the exception of plan assets maintained at First Mercantile.

In the event the account is established on a day other than the first day of a billing cycle or closed on a day other than the last day of a billing cycle, fees will be prorated for the billing cycle. In the event the account is closed, the plan will be charged a prorated portion of advisory fee for the period up to the date of termination.

No fee adjustments will be issued for additional deposits to the account or partial withdrawals from the account occurring during a calendar quarter. No fee adjustments will be made for account appreciation or depreciation.

Account Size	Annual Fee
\$0 to \$1,000,000	1.00%
\$1,000,000 to \$3,000,000	0.90%
\$3,000,000 to \$5,000,000	0.80%
Over \$5,000,000	0.70%

CIA uses the following calculation to determine the quarterly management fee:

Quarter end market value x (annual fee % / 4) = quarterly fee rounded to the nearest dollar = quarterly fee

CIA may change the above fee schedule upon 30-days prior written notice to you.

Advisory fees will generally be collected directly from your account, provided you have given CIA written authorization. The deduction of CIA's fee from plan assets will be reflected in the account activity and reported by the account custodian. If the Account

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does not contain sufficient funds to pay advisory fees, CIA has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees.

### Accounts Maintained at First Mercantile

Accounts maintained at First Mercantile are not charged an advisory fee directly by CIA. Instead, CIA is compensated indirectly by receiving a portion of the annual service charge expense fee integrated into the plan's investment options (i.e. collective funds). First Mercantile submits payment to CIA quarterly. CIA's portion of the expense fee is not more than 1% of the value of a plan's assets maintained at Mercantile. First Mercantile deducts the fee monthly in arrears from Plan Assets.

Furthermore, First Mercantile will pay an administrative fee of 10 basis points to Capital Administration, LLC for all qualified plan assets maintained at First Mercantile. This is Capital Administration, LLC's compensation for services it provides to qualified plans maintained at First Mercantile.

Plans maintained at First Mercantile will have the availability of electronic statements only.

In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. Additionally, you will pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the Account. Such fees are not charged by CIA and are charged by the product, broker/dealer or account custodian. CIA does not share in any portion of such fees. Additionally, you will pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with CIA and are compensation to the fund-manager.

### Termination Provisions

You may terminate pension consulting services obtained from CIA, without penalty, upon notice. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you may terminate investment advisory services upon delivery of your notice to terminate to CIA. Should you terminate pension consulting services during a calendar quarter, you will be charged a pro-rated advisory fee up to the date of termination.

## **Item 6 - Performance-Based Fees and Side-By-Side Management**

This section is not applicable to CIA since CIA does not charge performance-based fees.



## **Item 7 - Types of Clients**

CIA's services are geared toward individuals both high net worth (i.e. clients with a net worth of \$2,000,000) and other than high net worth, pension and profit sharing plans, trusts, estates and charitable organizations, and corporations or other business entities.

New clients, with the exception of clients referred to CIA through the Fidelity Wealth Advisor Solutions Program, will generally be required to have a minimum of \$500,000 based on the total household assets managed by CIA on behalf of the client. The assets can be maintained in multiple accounts. Therefore, the minimum is based on the total portfolio for the client. Managed portfolios under \$500,000 (calculated based on an aggregate of a household's assets under management with CIA) will generally be referred to an affiliated investment adviser to CIA, Wela Strategies, Inc. Clients are not obligated to participate in the advisory services offered by Wela Strategies, Inc. Additionally, under certain circumstances, the CIA Advisory Representative at their discretion can waive the minimum portfolio requirement and grant exceptions to manage portfolios less than \$500,000. Such circumstances will include but not be limited to, additional assets will soon be deposited, you have been referred by a client, or you are a related to another CIA client.

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

CIA's management strategy involves allocating clients' portfolios into "growth" and "income" investments. The amount of the portfolio committed to each investment class is determined based on the client's income needs, returns expectations and risk tolerance.

Growth portfolios will generally consist of exchange traded funds (ETFs) and individual securities (i.e. stocks). Income portfolios will generally consist of bond mutual funds, bond ETFs, individual issued bonds (both domestic and international), and closed end funds. Additionally, CIA uses limited partnerships, real estate investment trusts (REITs) and royalty trusts. However, the use of the aforementioned investments will depend on your prior investment experience, meeting the product requirements, investment liquidity needs, and risk profile.

If you are a client of Selwyn "Buck" Small, the following description of management strategy applies.

Buck Small customizes each client's portfolio specific to the client. No models are used and Buck does not participate directly in the investment research conducted by CIA.

Buck Small's management is independent from the management strategy employed by other Advisory Representatives of CIA.

Buck Small primarily uses individual stocks and bonds in the management of clients' portfolios.

CIA uses fundamental analysis to analyze securities. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure. CIA uses both proprietary and third-party research to evaluate securities and develop an asset allocation.

Security Type Risks:

*Stocks* – Investing in stocks involves the assumption of risk including:

- Financial Risk: which is the risk that the companies we recommend to you perform poorly which will affect the price of your investment.
- Market Risk: which is the risk that the Stock Market will decline, decreasing the value of the securities we recommend to you with it.
- Inflation Risk: which is the risk that the rate of price increases in the economy deteriorates the returns associated with the stock.
- Political and Governmental Risk: which is the risk that the value of your investment changes with the introduction of new laws or regulations.

*Bonds* – Investing in bonds involves the assumption of risk including:

- Interest Rate Risk: which is the risk that the value of the bond investments we recommend to you will fall if interest rates rise.
- Call Risk: which is the risk that your bond investment will be called or purchased back from you when conditions are favorable to the bond issuer and unfavorable to you.
- Default Risk: which is the risk that the bond issuer is unable to pay you the contractual interest or principal on the bond in a timely manner or at all.
- Inflation Risk: which is the risk that the rate of price increases in the economy deteriorates the returns associated with the bond.

*Mutual Funds* – Investing in mutual funds involves the assumption of risk including:

- Manager Risk: which is the risk that an actively managed mutual fund's investment adviser will fail to execute the fund's stated investment strategy.
- Market Risk: which is the risk that the Stock Market will decline, decreasing the value of the securities contained within the mutual funds we recommend to you.

- Industry Risk: which is the risk that a group of stocks in a single industry will decline in price due to adverse developments in that industry, decreasing the value of mutual funds that are significantly invested in that industry.
- Inflation Risk: which is the risk that the rate of price increases in the economy deteriorates the returns associated with the mutual fund.

*ETFs* - ETFs trade on an auctionable market. Therefore, there is more price fluctuation with ETFs than with mutual funds since ETFs trade throughout the day, whereas mutual funds are priced once a day. Also, since most ETFs only mirror a market index, such as the S&P 500, they won't outperform the index.

Third Party Manager or Sub-Advisor Strategies involve the following risks:

- The manager fails to execute the management objective.
- Strategies are subject to various market, currency, economic, political and business risks.
- The model will fail to perform as expected.
- The value of the positions change in a direction or manner that the Subadvisor has failed to protect against with hedging transactions or if the instruments used in the hedging transactions are not as "correlated" as anticipated, the result may be an imperfect hedge and result in losses.
- The strategies used increase costs and client does not benefit from increased portfolio performance.

Private Placements and Special Purpose Vehicles - Investing in private placements or special purpose vehicles involves the assumption of risk including:

- Investments are generally illiquid and a limited to no secondary market exists.
- The units or shares are not traded on any securities exchange.
- Costs to the investor are higher than other securities.
- The investment in any private offering may be difficult to correctly value based on the risks identified above.
- Lack of transparency, inability to obtain price evaluation, and inability to obtain business evaluations and comparison.
- Long term investment commitment.
- Inconsistent or no dividends or distributions.
- Lack of registration.
- Values are determined by a third party and are not necessarily derived by an independent appraisal and therefore are not representative of a realized value since such products do not have a readily available market.

CIA does not represent, warrant or imply that the services or methods of analysis used by CIA can or will predict future results, successfully identify market tops or bottoms, or insulate

you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by CIA will provide a better return than other investment strategies.

You are advised investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the management programs offered by CIA will require you to be prepared to bear the risk of loss and fluctuating performance.

### **Item 9 - Disciplinary Information**

There is no reportable disciplinary information required for CIA or its management persons that is material to your evaluation of CIA, its business, or its management persons.

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

The principal owners and members of CIA are registered under an affiliated investment adviser, Wela Strategies, Inc., an investment adviser registered with the Securities and Exchange Commission. Additionally, the principal owners and members of CIA are owners of Wela Strategies, Inc. Wela Strategies offers asset management services that involve the use of model accounts as the focus point of its management style. Accounts will generally be managed based upon the changes determined by Wela Strategies to the model accounts. The fees for asset management and advisory services offered through Wela Strategies will generally be lower than the fees for management services through CIA. Generally, Wela Strategies managed program is designed for portfolios of less than \$500,000. Wela Strategies and CIA are under common ownership.

The investment committee formed under CIA will also conduct the research for the model portfolios used under Wela Strategies. Additionally, CIA will provide administrative services, operational services, and compliance oversight over and to Wela Strategies. As a result, Wela Strategies will pay CIA for its services.

Capital Administration, LLC (formerly Capital Benefits Administration, Inc.) is a Third-Party Administrator firm owned by Michael J. Reiner, Trustee of the Michael J. Reiner Revocable Trust. You may use this service and, if so, you will pay a fee for the services. Such fees are in addition to any fees paid to CIA for advisory services. You are under no obligation to utilize the services of Capital Administration, LLC.

## Capital Investment Advisors, LLC

Roswell Holdings, LLC, Roswell Holdings Mortgage, LLC, and Roswell Commercial Mortgage, LLC (together referred to as "Roswell Holdings"), Georgia limited liability companies, partially owned by Michael J. Reiner Trustee of the Michael J. Reiner Revocable Trust. Since November 1, 2002 Roswell Holdings has been in the business of making loans secured by real estate. Roswell Holdings obtain funding for specific loans by borrowing the principal amount from one or more lenders ("Sub-Lenders"), secured by a collateral assignment of the mortgage (the "Funding Loans"). Roswell Holdings receives compensation in connection with these loans in the form of origination fees, servicing fees and, in some cases, the differential between the interest in the underlying mortgage loan and the interest it pays to Sub-Lenders. Prior to accepting funds from a prospective Sub-Lender, Roswell Holdings discloses to the prospective Sub-Lender the terms of the mortgage loan and the Sub-Loan, information about the borrower, and other information material to the decision.

The Funding Loans may be deemed to be securities under federal and state securities laws. As a result, Roswell Holdings takes steps to assure that its issuance of promissory notes to the Sub-Lenders satisfies the requirements for an exempt transaction under Rule 506 of SEC Regulation D, and corresponding state exemptions from securities registration requirements. Some of the Sub-Lenders are clients of Capital Investment Advisors. In no event, however, will CIA exercise management discretion to invest client funds in promissory notes issued by Roswell Holdings.

Clients are advised there is a conflict of interest between CIA and Mr. Reiner and Roswell Holdings since clients making loans to Roswell Holdings result in Mr. Reiner earning multiple forms of compensation. A CIA client who holds units of Roswell Holdings will not be charged an advisory fee by CIA on the units.

**Roswell Holdings is no longer offering new loans or soliciting new business since 2009. The goal is to eventually dissolve and close out Roswell Holdings.**

Capital Accounting & Tax, LLC is a sister company to CIA owned by Michael Reiner, Wes Moss, Mitch Reiner, and Matt Reiner. It offers accounting and tax services. The accounting business is not a principal business. You are under no obligation to participate in accounting services.

Matthew Reiner, Mitchell Reiner, and Wesley Moss are owners of a holding company, Altera Investments, LLC, and indirect owners of Altera Private Access, LLC, a registered investment adviser and various general partners as outlined below which are general partners to pooled special purpose vehicles outlined below. Altera Investments as the holding company has direct ownership of the investment adviser and the SPVs. Altera Private Access, LLC will be engaged as the investment adviser or other special purpose vehicles created as opportunities are found. Altera Private Access, LLC engages as an adviser to various pooled investment vehicles (special purpose vehicles) operating as private funds (each a "Client" or "Fund" and

## Capital Investment Advisors, LLC

collectively, the "Clients" or "Funds"). Interests in the Funds are offered to certain sophisticated, qualified investors, including: high net worth individuals, retirement plans, trusts, partnerships, corporations, or other businesses. Clients are under no obligation to investment in the pooled investment vehicle. It is a conflict of interest for supervised persons to participate in a pooled investment vehicle because of compensation received and incentive to seek suitable investors to increase investment in the pooled investment vehicle. To mitigate this conflict of interest, this disclosure has been provided.

Altera PA SPV I GP, LLC  
Altera Calibogue PA II GP, LLC  
Altera Blue Sage PA GP, LLC  
Altera Boardwalk KSI PA GP, LLC  
Altera Big Blue PA GP, LLC  
Altera Ocean Avenue PA GP, LLC

Altera PA SPV I, LLC  
Altera Calibogue PA II, LLC  
Altera Blue Sage PA, LLC  
Altera Boardwalk KSI PA, LLC  
Altera Big Blue PA, LLC  
Altera Ocean Avenue PA, LLC

Selwyn "Buck" Small is an associated person of CIA. Mr. Small is a certified public accountant and offers accounting services. Mr. Small typically does not charge separately for accounting services. Instead, the advisory fee is inclusive of accounting services, unless the client prefers the accounting fee and the advisory fee be charged separately.

The accounting business is not a principal business for Mr. Small. Clients are under no obligation to participate in accounting services through Mr. Small. As stated earlier, Mr. Small's accounting services may be included in the portfolio management fee or are provided for separate compensation depending on each client's individual arrangement.

William Cibulas is an attorney. However, he does not provide legal advice or services through CIA.

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

CIA and its associated persons buy or sell securities identical to those securities recommended to you. Therefore, CIA and/or its associated persons have an interest or position in certain securities that are also recommended and bought or sold to you. CIA and its associated persons will not put their interests before your interest. CIA and its associated persons may not trade in such a way to intentionally obtain a better price for themselves than for you or other clients.

Additionally, certain associated persons of CIA have an interest and ownership in the general partners and the investment adviser to various pooled investment vehicles (special purpose

vehicles (SPVs)) as further outlined and described above under Item 10 - Other Financial Industry Activities and Affiliations above. Therefore, associated persons have a material financial interest in the various Altera SPVs and other pooled investment vehicles created from time to time. There is a conflict of interest for CIA and its associated persons to recommend or refer clients to any Altera pooled investments. Further, associated persons of CIA can invest in the Altera pooled investments or directly in the holdings of the Altera pooled investments. This is a conflict of interest. To mitigate this conflict of interest, disclosure has been provided to you and CIA conducts oversight of the personal investment activities of its associated persons.

CIA is required to maintain a list of all securities holdings for its associated persons and has developed procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

CIA and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

### **Code of Ethics**

CIA has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. CIA takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as CIA's policies and procedures. Further, CIA strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with CIA's Privacy Policy. As such, CIA maintains a code of ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, CIA's Code of Ethics establishes CIA's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

### **Item 12 - Brokerage Practices**

CIA does not maintain custody of your assets that we manage, although we are deemed to have custody of your assets if you give us authority to withdraw assets from your account on your behalf under certain circumstances (see Item 15—Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. CIA has entered into a relationship with Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab") and National Financial Services, LLC and Fidelity Brokerage Services, LLC (together

referred to as "Fidelity") to participate in the Fidelity Institutional Wealth Services ("FIWS") platform. CIA recommends you establish an account with either Schwab or Fidelity for custodian and brokerage services. Additionally, CIA utilizes the services of SP Financial Group of Arkadios Capital & Suntrust Robinson Humphrey for fixed income analytics, portfolio construction, implementation, and monitoring of fixed income portfolios. Other market makers are often utilized to execute thinly traded securities. The use of market makers and other brokers outside of the client's custodian results in increased transaction costs. However, CIA is able to obtain better execution for the client.

CIA has entered into an arrangement with First Mercantile to offer qualified plans an account custodian option.

Schwab, Fidelity and First Mercantile provide custody, execution, and clearance and settlement services for stocks, bonds, mutual funds, and other securities. CIA is independently owned and operated and not affiliated with Schwab, Fidelity, or First Mercantile.

#### Directed Brokerage

You are under no obligation to utilize the services of Schwab, Fidelity, or First Mercantile. While CIA recommends you use Schwab or Fidelity as custodian/broker and for qualified plans, First Mercantile, you will decide whether to do so and will open your account with an account custodian by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. You are advised you may maintain accounts at another broker/dealer. However, in order for CIA to effectively provide its management services to you, the broker/dealer you select must provide CIA access to its trading platform and provide duplicate statements and confirmations. Further, you are advised if you select another broker/dealer, CIA may not be able to achieve the most favorable execution of your transactions. Trading costs and account maintenance may be higher than what is available through Schwab or Fidelity.

#### *How We Select Brokers/Custodians*

In selecting Schwab, Fidelity, and/or First Mercantile, CIA seeks to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)



## Capital Investment Advisors, LLC

- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us From Schwab and Fidelity”)

### *Your Brokerage and Custody Costs*

For our clients’ accounts that Schwab and Fidelity maintain, Schwab and Fidelity generally do not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that they execute or settle into your account. Certain trades (for example, many mutual funds and ETFs) will not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab’s Cash Features Program. For some accounts, Schwab will charge you a percentage of the dollar amount of assets in the account in lieu of commissions. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab or Fidelity charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab or Fidelity execute most trades for your account. We have determined that having Schwab or Fidelity execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”).

### *Products and Services Available to CIA from Schwab and Fidelity*

Schwab and Fidelity provide CIA and our clients with access to its institutional brokerage trading, custody, reporting, and related services—many of which are not typically available to retail customers. Schwab and Fidelity also make available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business.

Following is a more detailed description of Schwab and Fidelity support services:

*Services That Benefit You.* Schwab's and Fidelity's services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab and Fidelity include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's and Fidelity's services described in this paragraph generally benefit you and your account.

*Services That Do Not Directly Benefit You.* Schwab and Fidelity also make available to CIA other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, either Schwab's or Fidelity's own and that of third parties. We use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab or Fidelity. In addition to investment research, Schwab and Fidelity also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back office functions, recordkeeping, and client reporting

*Services That Generally Benefit Only Us.* Schwab and Fidelity also offer other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting support

Schwab and Fidelity provide some of these services directly. In other cases, they will arrange for third-party vendors to provide the services to us. Schwab and Fidelity also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab and Fidelity also provide us with other benefits, such as occasional business entertainment of our personnel.

There is an incentive for CIA and its Advisory Representatives to recommend a broker/dealer over another based on the products and services that will be received rather than your best interest.

#### Schwab – Additional Information

Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is considered a conflict of interest. CIA and its affiliated company (Wela Strategies, Inc.) have more than \$500 million of its clients' assets custodied at Schwab. Consequently, we do not believe we have an incentive to direct clients to maintain assets at a particular custodian. We believe that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us.

From time-to-time CIA will make an error in submitting a trade order on your behalf. When this occurs, CIA places a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, CIA will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they will be netted.

#### Research and Other Soft Dollar Benefits

CIA has entered into a Soft Dollar Agreement with Schwab and Fidelity Brokerage Services, LLC ("Fidelity") whereby Schwab agrees to pay up to a maximum value of \$25,000 annually for acceptable research and brokerage products and services. CIA will accumulate soft dollar credits based on a ratio established by Schwab and Fidelity of equity, exchange traded funds, and transaction fee mutual fund commission dollars to soft dollars. Non-transaction fee mutual funds will not result in a soft dollar credit to CIA. This is considered a conflict of

interest for CIA to limit its transactions to transaction fee mutual funds. To mitigate this conflict, CIA has an investment committee to assist in determining holdings for managed accounts and disclosure of the securities paying soft dollar credits is not readily available and is not a determining factor in determining transactions. Any standard account linked under CIA at Schwab and Fidelity will be included in the soft dollar calculation. Additionally, there is a conflict of interest for CIA to trade more frequently in transactions included in the soft dollar calculation to increase soft dollars to the maximum limit established by Schwab and Fidelity. To mitigate this conflict of interest, this disclosure is provided.

Schwab excludes the following accounts from the soft dollar calculation: (1) certain nonstandard accounts, such as deceased accounts, managed accounts, sublinked accounts, or other accounts where CIA does not initiate the transactions, are excluded from the soft dollar calculation; (2) accounts paying an asset based transaction fee (i.e. accounts participating in the Strategas Asset Management, LLC strategy) are excluded from the soft dollar calculation.

The soft dollars are utilized by CIA to purchase research that is utilized for all advisory clients including clients receiving advisory services from WELA Strategies, Inc. and whether or not clients maintain an account with Schwab or Fidelity. The receipt of soft dollars is a benefit to CIA because CIA does not have to directly pay for the research. CIA has an incentive to recommend Schwab or Fidelity as a custodian and broker based on CIA's interest in receiving the soft dollars used to pay for research, rather than our clients' interest in receiving most favorable execution. CIA uses the soft dollars from Schwab exclusively to pay for Ned Davis Research. Ned Davis Research is a vendor providing CIA access to investment research on all types of securities. Ned Davis invoices Schwab directly. Schwab reviews the invoice and issues payment directly to Ned Davis. CIA uses the soft dollars from Fidelity exclusively to pay for Bloomberg. Bloomberg is a software system that enables CIA and its affiliates to monitor and analyze real-time financial market data and place trades on an electronic trading platform. Additionally, the system provides news, price quotes, and information.

Additionally, Schwab has agreed to provide CIA with a client benefit that is not dependent on the amount of business directed through Schwab. Schwab will assist CIA with the cost of programs and systems used for research and reporting.

Additional disclosure about support services is disclosed under Item 14.

#### Aggregated Trades

CIA from time to time aggregates ("bunches") transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. CIA conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client.

Participating clients will obtain the average share price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated pro-rata to the participating client accounts in proportion to the size of the orders placed for each account. Under certain circumstances, the amount of securities will be increased or decreased to avoid holding odd-lot or a small number of shares for particular clients. Typically, bunched trading is conducted when CIA is implementing an investment decision to buy or sell a security across all or multiple accounts.

### **Item 13 - Review of Accounts**

CIA will determine if any adjustments are warranted given CIA's evaluation of the market. CIA has an investment committee that meets every two weeks. The investment committee is reviewing and evaluating securities holdings in managed portfolios and market events. On a monthly basis CIA screens and updates information on managed portfolio holdings. CIA will monitor for changes or shifts in the economy, performance of the holding, changes that are or will impact the securities in which you are invested, and market shifts and corrections.

You will be invited to participate in at least an annual review. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place.

You are advised that you must notify CIA promptly of any changes to your financial goals, objectives or financial situation as such changes may require a review of your portfolio allocation and make recommendations for changes.

You will be provided statements at least quarterly direct from the account custodian. **If you do not receive at least quarterly statements from the account custodian, please contact CIA immediately and/or your account custodian.** Additionally, you will receive confirmations of all transactions occurring direct from the account custodian.

CIA will provide you a written statement each calendar quarter as to the value of the investment assets as of the last day of the period. Client account overview information will be provided electronically through the CIA Client Portal, unless you have opted out of electronic delivery or request CIA to provide you the reports in paper form. CIA's client account information posted via the portal will be reported as of the close of business as of the prior day and account custodian information available via web access will be reported real time. Therefore, there will be differences in account values reported by CIA versus the account custodian. Clients receiving information through the Client Portal may access the information at any time. Clients opting to receive CIA paper statements will receive statements quarterly with information reported as of close of business on the last day of each quarter. There may be occasions when the custodian reported holding value of a position varies from CIA's

reported holding value due to rounding if the holding contains fractional shares. This could impact the rounding of the advisory fee. You should compare the report with statements received direct from the account custodian. Should there be any discrepancy the account custodian's report will prevail.

#### **Item 14 - Client Referrals and Other Compensation**

Advisory Representative has an interest in the fee charged to you by CIA since CIA will pay a portion of the advisory fee to your Advisory Representative.

CIA has entered into arrangements with third parties ("Solicitors") to identify and refer potential clients to CIA. Consistent with legal requirements under the Investment Advisers Act of 1940, as amended, CIA enters into written agreements with Solicitors under which, among other things, Solicitors are required to disclose their compensation arrangements to prospective clients before they enter into an agreement with CIA. Solicitor is not permitted to offer clients investment advice on behalf of CIA. A referred client's advisory fee will not be increased as a result of compensation being shared with Solicitor.

##### Participation in Schwab Advisor Network®

CIA receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through CIA's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with CIA. Schwab does not supervise Advisor and has no responsibility for CIA's management of clients' portfolios or Advisor's other advice or services. CIA pays Schwab fees to receive client referrals through the Service. CIA's participation in the Service raises conflicts of interest described below.

CIA pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by CIA is a percentage of the fees the client owes to CIA or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. CIA pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to CIA quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by CIA and not by the client. **CIA has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs CIA charges clients with similar portfolios who were not referred through the Service.**

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CIA generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, CIA will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of CIA's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, CIA will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit CIA's fees directly from the accounts.

For accounts of CIA's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from CIA's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, CIA has an incentive to cause trades to be executed through Schwab rather than another broker-dealer. CIA nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab will from time to time be executed through a different broker-dealer than trades for CIA's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

### Participation in Fidelity Wealth Advisor Solutions®

CIA participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which CIA receives referrals from FPWA Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and Fidelity Investments company. CIA is independent and not affiliated with FPWA or FMR LLC. FPWA does not supervise or control CIA, and FPWA has no responsibility or oversight for CIA's provision of investment management of other advisory services.

Under the WAS Program, FPWA acts as a solicitor for CIA, and CIA pays referral fees to FPWA for each referral received based on CIA's assets under management attributable to

each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment adviser, and any referral from FPWA to CIA does not constitute a recommendation or endorsement by FPWA of CIA's particular investment management services or strategies. More specifically, CIA pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, CIA has agreed to pay FPWA a minimum annual fee amount in connection with its participation in the WAS Program. These referral fees are paid by CIA and not the client.

To receive referrals from the WAS Program, CIA must meet certain minimum participation criteria, but CIA may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, CIA has a conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and Adviser has an incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to CIA as part of the WAS Program. Under an agreement with FPWA, CIA has agreed that CIA will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, CIA has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when CIA's fiduciary duties would so require, and Adviser has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA's affiliates to another custodian; therefore, CIA has an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit CIA's duty to select brokers on the basis of best execution.

CIA receives an economic benefit from Schwab and Fidelity in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at Schwab or Fidelity. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – *Brokerage Practices*). The availability to us of Schwab's and Fidelity's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

CIA has a relationship with First Mercantile to establish accounts for qualified plans. Any plan assets maintained at First Mercantile and for which CIA provides pension consulting, First



Mercantile has agreement to share a portion of its fee with Capital Administration. The payment by First Mercantile to Capital Administration is an administrative fee to Capital Administration for its services provided to the plan. Capital Administration, LLC has an interest in pension accounts selecting First Mercantile since Capital Administration, LLC will receive up to 10 basis points (based on the value of the account) from First Mercantile.

### **Item 15 - Custody**

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct the account custodian where your cash and securities are maintained to deduct our advisory fees directly from your account. Additionally, CIA will be deemed to have custody if a client has a standing letter of authorization (SLOA) to transfer funds or securities to a third party and CIA has the ability to direct transfers, change the amount, and/or the timing of the transfer.

The account custodian maintains actual custody of your assets. You will receive account statements directly from the account custodian at least quarterly. They will be sent to the email or postal mailing address you provided to the account custodian. You should carefully review those statements promptly when you receive them. We also urge you to compare the account custodian's account statements to the periodic account statements you receive from us.

Clients are advised to review this information carefully, and to notify CIA of any questions or concerns. **Clients are also asked to promptly notify CIA if the custodian fails to provide statements on each account held.**

From time to time and in accordance with our agreement with clients, we will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending trades or other similar issues.

### **Item 16 - Investment Discretion**

You will grant CIA authorization to manage your account on a discretionary basis. You will grant such authority to CIA by execution of the advisory agreement. Discretionary authority will permit CIA the ability to determine the securities to be purchased and sold within your account, the amount and the timing. Further, discretionary authority will permit us to determine the broker/dealer for purchases and sales of fixed income securities. However, you

retain the authority to select the account custodian at which your funds and assets are retained. You may terminate discretionary authorization at any time upon receipt of written notice by CIA.

Additionally, you are advised that:

- 1) You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- 2) Your written consent is required to establish any account with a custodian;
- 3) With the exception of deduction of CIA's advisory fees from the account, CIA will not have the ability to withdraw your funds or securities from the account without your expressed consent.

### **Item 17 - Voting Client Securities**

If you delegate proxy voting authority to CIA, CIA will vote your proxies in aggregate with all other holdings of the same security. Therefore, individual directed proxy voting requests may not be accommodated. CIA has engaged the services of Broadridge's ProxyEdge platform to vote and maintain records of all proxies. The Broadridge open architecture platform allows CIA to choose from several different proxy advisory firms to make recommendations on how our firm should vote the proxies. CIA has selected Egan-Jones as the current advisor, who considers the reputation, experience, and competence of a company's management and board of directors when it evaluates an issuer.

Egan-Jones has provided CIA with the Proxy Voting Principals and Guidelines which is available to clients upon request to CIA. The Proxy Voting Principals and Guidelines outline Egan-Jones guidelines for determining how to vote on various matters. Egan-Jones proxy voting services includes voting on matters involving tender offers, mergers and acquisitions, common stock authorization, stock distributions (splits and dividends), and debt restructuring.

In general, the Egan-Jones proxy voting principals and guidelines include:

- Directors should be accountable to shareholders, and management should be accountable to directors.
- Information on the company supplied to shareholders should be transparent.
- Shareholders should be treated fairly and equitably according to the principle of one share, one vote.
- Egan-Jones Proxy Voting Principals will be influenced by current and forthcoming legislation, rules and regulations, and stock exchange rules.

You may view a list of proxies voted, the date CIA voted the proxy, and how CIA voted the proxy at any time upon request. Furthermore, if you would like a copy of our proxy voting procedures, please contact the person on the cover page of this Disclosure Brochure.

CIA will assist with preparing and filing Class Actions "Proof of Claim" forms on behalf of a client provided the client provides CIA with a signed Proof of Claim form and CIA purchased the holding for the client. CIA is not able to file Proof of Claims automatically on behalf of clients due to forms are sent directly to the client and the client must sign the form.

**Item 18 - Financial Information**

CIA will not require you to prepay any fee in advance of receiving the service and therefore has no disclosure regarding this item.