

*Item 1 – Cover Page*

Form ADV Part 2A

Capital Investment Advisors, LLC  
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North Tower, Suite 1000  
Atlanta, GA 30328  
P: 404-531-0018  
[www.YourWealth.com](http://www.YourWealth.com)

January 30, 2024

Office Locations

|   |  |   |
|---|--|---|
| Florida Office Location<br>The Pointe, 2502 N Rocky<br>Point Drive<br>Suite 675<br>Tampa, FL 33607<br>P: 813-616-2300 | Colorado Office Location<br>8101 E. Prentice Avenue<br>Suite 1000<br>Greenwood Village, CO<br>80111<br>P: 720-463-0770 | Arizona Office Location<br>2141 East Camelback<br>Road<br>Suite 205<br>Phoenix, AZ 85016<br>P: 602-813-0470 |
|---|--|---|

Meeting Locations

|   |  |  |
|---|--|--|
| <u>Georgia</u><br>1100 Peachtree St. NE,<br>Suite 690<br>Atlanta, GA 30309<br>P: 404-531-0018 | <u>Dallas</u><br>Legacy Town Center<br>6860 N. Dallas Parkway<br>Suite 200<br>Plano, TX 75024<br>P: 888-531-0018 | <u>Washington</u><br>Redstone Corporate Center,<br>6100 219 <sup>th</sup> Street SW,<br>Suite 460-480<br>Mountlake Terrace, WA<br>98043<br>P: 888-531-0018 |
|---|--|--|

## Capital Investment Advisors, LLC

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 by calling Holly Mallory at (404) 531-0018 or email her at [Holly@YourWealth.com](mailto: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 reference 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

This Brochure is prepared in the revised format required beginning in 2011. Registered Investment Advisers are required to use this format to inform clients of the nature of advisory services provided, types of clients served, fees charged, potential conflicts of interest and other information. The Brochure requirements include the annual provision of a Summary of Material Changes (the "Summary") reflecting any material changes to our policies, practices, or conflicts of interest made since our last required "annual update" filing. In the event of any material changes, such Summary is provided to all clients within 120 days of our fiscal year-end. Our last annual update was filed on March 7, 2023. Of course, the complete Brochure is available to clients at any time upon request.

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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 trusts owned or controlled by Mitchell Reiner, Matthew Reiner, and Wesley Moss.

As of December 31, 2023, CIA had \$5,260,660,983 of discretionary assets under management.

### Services

CIA tailors the advisory services it offers to the individual needs of clients. A relationship with CIA is initiated by a meeting between you and a CIA Advisory Representative. The purpose of the first meeting is for us to get to know each other and to mutually determine whether CIA's services may be suitable for you. We will ask you a series of fact-finding questions and gather general information. The information gathered will assist us with providing the requested services and customizing those services to your financial situation. You will be asked 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.

### Portfolio Management Services

Upon completion of our analysis of your situation, we will determine an asset allocation customized to your financial goals, objectives (including income needs) and risk tolerance, taking into consideration any expressed limitations or restrictions. We will review the asset allocation plan with you and then implement it on your behalf.

We will provide continuous and ongoing management of your account. Unless otherwise expressly requested by you, we will manage your portfolio on a discretionary basis, based on your individual goals, objectives, and expressed concerns and/or preferences. Therefore, we will make changes to the allocation and holdings as we deem appropriate. We will determine the securities to be purchased and sold in the account and will buy and sell the securities holdings from time to time, without prior consultation with you,

Should you elect not to grant discretionary trading authorization to us, you are advised that 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 that we may not be able to re-allocate, purchase or sell securities in a timely manner since we must obtain your expressed authorization prior to any transaction.

In either case, you may impose restrictions and/or limitations on investments in certain securities or types of securities.

## Capital Investment Advisors, LLC

We like to meet with clients annually to review the portfolio management plan. We are of course available to you any time to address any concerns you may have, answer questions and provide changes to the allocation plan should your financial circumstances change.

### Capital Family Office Services

Some clients may need additional, family office style services, and we are available to provide those enhanced services upon request. The goal of Capital Family Office, a division of Capital Investment Advisors, is to deliver highly personalized services to high net worth individuals and families seeking simplification of a complex wealth picture.

### Pension Consulting Services

CIA provides pension consulting services to companies. Available services 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

Establishing a sound fiduciary governance process is vital to good decision-making and to ensuring that prudent procedural steps are followed in making investment decisions. CIA will provide Retirement Plan consulting services to Plans and Plan Fiduciaries as described below. The particular services provided will be detailed in the consulting agreement. The appropriate Plan Fiduciary(ies) designated in the Plan documents (e.g., the Plan sponsor or named fiduciary) will (i) make the decision to retain our firm; (ii) agree to the scope of the services that we will provide; and (iii) make the ultimate decision as to accepting any of the recommendations that we may provide. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommended services for the Plan. Retirement Plan consulting services may be offered individually or as part of a comprehensive suite of services.

The Employee Retirement Income Security Act of 1974 ("ERISA") sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to Plan assets. For certain services, CIA will be considered a fiduciary under ERISA. For example, CIA will act as an ERISA § 3(21) fiduciary when providing non-discretionary investment advice to the Plan Fiduciaries by recommending a suite of investments as choices among which Plan Participants may select. Also, to the extent that the Plan Fiduciaries retain CIA to act as an investment manager within the meaning of ERISA § 3(38), CIA will provide discretionary investment management services to the Plan.

## Capital Investment Advisors, LLC

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") and/or the Internal Revenue Code, as applicable, which are laws governing retirement investors. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interests ahead of yours. Additional disclosure may be found elsewhere in this Brochure or in the written agreement between CIA and Client.

### Fiduciary Consulting Services

- *Investment Selection Services*

CIA will provide Plan Fiduciaries with recommendations of investment options consistent with ERISA section 404(c). Plan Fiduciaries retain responsibility for the final determination of investment options and for compliance with ERISA section 404(c).

- *Non-Discretionary Investment Advice*

CIA provides Plan Fiduciaries and Plan Participants general, non-discretionary investment advice regarding asset classes and investments.

### Fiduciary Management Services

- *Discretionary Management Services*

When retained as an investment manager within the meaning of ERISA § 3(38), CIA provides continuous and ongoing supervision over the designated retirement plan assets. CIA will actively monitor the designated retirement plan assets and provide ongoing management of the assets. When applicable, CIA will have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the designated retirement plan assets in our sole discretion without first consulting with the Plan Fiduciaries. We also have the power and authority to carry out these decisions by giving instructions, on your behalf, to brokers and dealers and the qualified custodian(s) of the Plan for our management of the designated retirement plan assets.

- *Discretionary Investment Selection Services*

CIA will monitor the investment options of the Plan and add or remove investment options for the Plan without prior consultation with the Plan Fiduciaries. CIA will have discretionary authority to make and implement all decisions regarding the investment options that are available to Plan Participants.

- *Investment Management via Model Portfolios.*

CIA will provide discretionary management of Model Portfolios among which the participants may choose to invest as Plan options. Plan Participants will also have the option of investing only in options that do not include Model Portfolios (i.e., the Plan Participants may elect to invest in one or more of the mutual fund options made available in the Plan, and choose not to invest in the Model Portfolios at all).

Non-Fiduciary Services

- *Participant Education*

CIA will provide education services to Plan Participants about general investment principles and the investment alternatives available under the Plan. Education presentations will not take into account the individual circumstances of each Plan Participant and individual recommendations will not be provided unless a Plan Participant separately engages CIA for such services. Plan Participants are responsible for implementing transactions in their own accounts.

- *Participant Enrollment*

CIA will assist with group enrollment meetings designed to increase retirement Plan participation among employees and investment and financial understanding by the employees.

Third Party (Unaffiliated) Outside Managers

From time to time, clients may need specialized asset management services. For example, if a client portfolio needs a managed corporate, government or municipal bond portfolio, we may recommend the use of a third-party Outside Manager to provide the specific expertise needed. Clients can provide us with the authority to hire and fire managers on a discretionary basis, or clients can retain the opportunity to consider our recommendation, review materials regarding the Outside Manager, and then consent to the service if they choose. Under the same conditions, CIA has selected a third-party Outside Manager to provide active tax loss harvesting services in appropriate circumstances.

Once any Outside Manager is selected and engaged, such Outside Manager will manage the specialized portfolio on a discretionary basis. The client will execute a consent form or other written agreement as appropriate in these circumstances.

CIA and the selected Outside Managers generally enter into a Sub-Adviser Agreement or a Memorandum of Understanding, which sets forth the mutual understandings of both parties with respect to services to be rendered by each, fees to be assessed to the client, and certain operational details. The Outside Managers will work with CIA to manage the specified account(s) in a manner that is designed to fulfill the needs of that portion of the client's total portfolio. CIA and the Outside Managers will be in regular communication regarding the management of the account, and while the Outside Managers are available to consult with any engaged client, it is expected that CIA will remain the primary point of contact for clients in these matters.

Investments with Altera Entities

As described in more detail in **Item 10 – Other Financial Industry Activities and Affiliations**, we have an affiliate, Altera Private Access, LLC, a registered investment adviser engaged to manage private investment funds.

## Capital Investment Advisors, LLC

Altera Private Access, LLC provides CIA clients with access to alternative investments sourced and/or created and managed by people that CIA trusts. Key members and employees of CIA are actively involved in the operations of Altera Private Access, LLC and other related entities, and some also have an equity interest in Altera Private Access, LLC.

Because of this equity interest in Altera Private Access, LLC, as well as the fact that CIA, Altera and other entities are under common control/ownership, there is a conflict of interest for us to recommend that clients invest with Altera Private Access, LLC due to the revenue flow. Part of any fees earned by the Altera entities will eventually flow through to the common owners of CIA. Therefore, the common owners of CIA, as well as all owners of Altera Private Access, LLC, benefit from making the recommendation to invest with these affiliates.

### General Information

Investment recommendations and advice offered by CIA do not represent legal or accounting advice. CIA has an accounting division called Capital Accounting & Tax, LLC (a subsidiary of Capital Investment Advisors, LLC), which does provide accounting advice if you decide to engage CAT for that service under a separate engagement.

You should coordinate and discuss the impact of financial advice with your attorney and/or accountant, as applicable. For CIA to effectively manage your portfolio, please notify us 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 via the client's Portal 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 with recommendations and advice concerning your employer retirement plan or other retirement accounts. Our recommendations may include that 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") that we manage for you. If applicable, we may advise you to transfer *existing* IRA accounts to our management. Both of these scenarios represent "rollover advice." If you accept our rollover advice, we will charge you an asset-based fee as described below



under Item 5. In providing this advice, we have a conflict of interest because our fee will be applied to a larger portfolio of accounts, generally resulting in greater compensation to us. You are under no obligation, contractually or otherwise, to accept our advice in such matters.

## Item 5 - Fees and Compensation

### Portfolio Management Services

Our asset management 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. However, holdings in investments sponsored or managed by one of our affiliates often do have a performance fee component. Please see *Item 6 – Performance Based Fees and Side by Side Management* for more information.

We charge management fees quarterly in arrears, unless otherwise negotiated and agreed to with the client. Your management fee is calculated based on the market value of all billable, managed assets (rounded up or down to the nearest dollar) in your managed portfolio, including cash, at the close of the last business day of each calendar quarter, unless otherwise negotiated and agreed to. Unless otherwise agreed to, fees are withdrawn from each account based on the account's individual value. Fees are generally rounded to the nearest dollar, unless otherwise agreed. This means that you could pay slightly more or less in any given quarter than you would if fees were calculated on the absolute value of accounts. Any such differences are de minimis amounts.

If we select or recommend third-party Outside Managers to manage part of your portfolio, the Manager(s) may calculate and process its fees differently. For example, some Managers assess their fees quarterly in advance. You will be apprised of this at the inception of those engagements.

CIA does not utilize margin as an investment strategy. However, some clients choose to maintain margin balances. In such instances, the client is invoiced on the net value of the account. Therefore, the value on which the fee is calculated is reduced by the amount of margin.

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.

The fee schedule outlined below became effective January 1, 2018. Clients who engaged us prior to this date are generally subject to a different fee schedule.

### New or Terminated Accounts

In the event your household 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 fee(s) will be prorated for the quarter. The initial fee is prorated based on the billable value of each account on the last day of the quarter and prorated for the number of business days from the date of the first deposit into each account within the household to the last day of the quarter.

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In the event the household is closed, you will be charged a prorated portion of the advisory fee for the number of days services were provided during the final period, including the date of termination notification based on the billable value of each account at the date of termination.

As previously outlined, account values for fee calculations are rounded to the nearest whole dollar, as are fee amounts. The same method applies to fees for new or terminated accounts.

| Household Account Size   | Annual Fee |
|--------------------------|------------|
| First \$1,000,000        | 1.00%      |
| Next \$2,000,000         | 0.90%      |
| Next \$2,000,000         | 0.80%      |
| Next \$5,000,000         | 0.70%      |
| Assets over \$10,000,000 | 0.50%      |

This is a blended or progressive fee schedule.

For example, a client with four billable 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 for the full quarter as follows:

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

Therefore, the blended rate in this example is 0.83% per year. As noted above, unless otherwise agreed to, fees are withdrawn from each account based on the account's individual value.

### Additional Fee Information

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. Please see *Item 12 – Brokerage Practices* for additional information.
- for any amount invested in mutual funds, a proportionate share of each fund's management and administrative fees and sales charges as well as each mutual fund adviser's fee. 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 or sold through a broker outside of your 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

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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 your custodian will result in you 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 your account. Therefore, the cost of the transaction will be higher than those transactions directed through the account custodian.

- any fees that you separately agree to pay to a third-party Outside Manager.
- other fees associated with maintaining the Account.

The above fees and expenses are not charged by CIA and are charged by the investment vehicle, 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 third-party Outside Managers, 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 us written authorization. The custodian of your account will provide you with an account statement at least quarterly, 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.

### Termination Provisions

Either CIA or the client may terminate their Investment Advisory Agreement at any time, subject to any notice requirements in our written agreement. In the event of termination, any fees due to CIA from the client will be invoiced or deducted from the client's account prior to termination.

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.

### Pension Consulting Fees

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.

With the exception of Plan accounts held at American Trust Retirement ("American Trust"), we charge fees in arrears at the end of each calendar quarter. Please see more information below regarding accounts held at American Trust.

Our fee is calculated based on market value of the qualified plan assets at the close of the last business day of each calendar quarter. 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,

## Capital Investment Advisors, LLC

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.

Advisory fees will generally be collected directly from your account, provided you have given us written authorization. The deduction of CIA's fee from plan assets will be reflected in the account activity and reported by the account custodian or third party administrator. If the Account 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 American Trust are not charged an advisory fee directly by CIA. Instead, we are compensated indirectly by receiving a portion of the annual service charge expense fee integrated into the plan's investment options (i.e., collective funds). American Trust calculates and submits payment to us monthly in arrears. Our portion of the fee is not more than 1% of the value of a plan's assets maintained at American Trust. American Trust deducts the fee monthly in arrears from Plan Assets and remits our share to us.

Plans maintained at American Trust 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. Neither CIA nor any of its personnel shares 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 or its personnel, and are compensation to the fund-manager.

### **Third Party (Unaffiliated) Outside Managers**

Fees assessed by any third-party Outside Manager are separate and in addition to CIA's fees. Each Outside Manager will calculate and deduct its fee from the appropriate account, according to the agreed upon fee schedule. The terms of such fee deductions (i.e., billing in advance or arrears) or the basis of the fee calculations (i.e., average daily balance or end of quarter balance) will be determined by the Outside Manager and agreed upon by each affected client.

The third-party Outside Managers may invest client funds into mutual funds or other financial instruments that carry their own separate fees. Please see "Additional Fee Information" above for more details.

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

CIA does not assess performance-based fees itself but when appropriate will recommend that certain clients invest some of their assets in special purpose vehicles or other private investments, managed by one of CIA's affiliates, that have a performance-based fee component. Because of common ownership, CIA's owners indirectly receive a portion of this performance-based fee component.

## Item 7 - Types of Clients

CIA's services are geared toward individuals both high net worth (i.e., clients with a net worth of \$2,200,000 or more) 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. Managed portfolios under \$500,000 (calculated based on an aggregate of a household's value) will generally be referred to our affiliated investment adviser, 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 have the discretion to waive the minimum portfolio requirement and grant exceptions to manage portfolios valued at less than \$500,000. Such circumstances may include but are not limited to, additional assets that 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 by the advisory representative 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 master limited partnerships ("MLPs") and real estate investment trusts ("REITs") in income-oriented portfolios as appropriate, based upon client circumstances, income needs and investment experience. In limited circumstances, CIA may use a model portfolio sourced from a third party for a portion of your portfolio. In addition, we may recommend the use of a third-party Outside Manager for specialty services, such as active bond management.

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 plan.

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* - Investing in Exchange Traded Funds (ETFs) involves the assumption of risk including:

- 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.
- Since most ETFs only mirror a market index, such as the S&P 500, they will not outperform the index.

Third Party Outside Manager Strategies involve the following risks:

- The Outside 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 Outside Manager 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 the client does not benefit from increased portfolio performance.

Alternative Investments - Investing in alternative investments (i.e., private funds) involves the assumption of risk including:

- Private funds may be more costly than other types of securities and can carry a higher risk than other types of securities.
- Investments are generally illiquid and there is usually no secondary market.
- 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 valuation, and inability to obtain business valuations and comparison.
- Long term investment commitment.
- Inconsistent or no dividends or distributions.
- 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, guarantee 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 that investing in securities involves a 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

CIA has a number of affiliated entities. “Affiliated” means these entities are under common ownership and/or control with CIA. Following is a brief description of each affiliate.

### Wela Strategies, Inc. (“Wela”)

Wela is an investment adviser registered with the U.S. Securities and Exchange Commission, and CIA is its sole shareholder. Wela 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 valued at less than \$500,000.

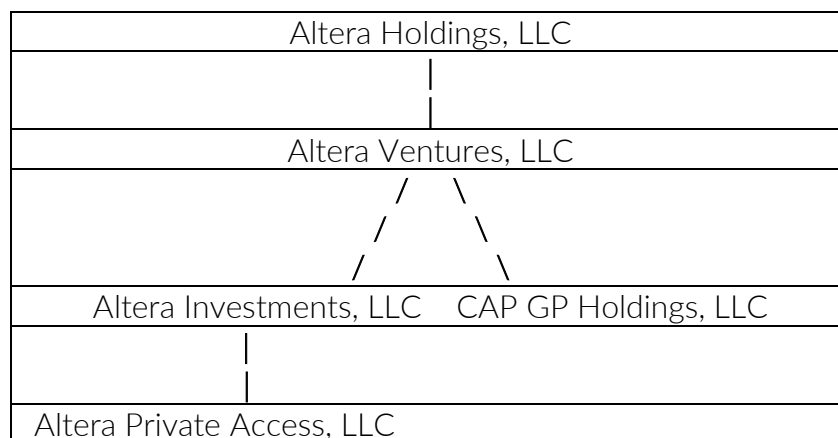
CIA provides certain services to Wela, including but not limited to, administrative services, operational services, and compliance oversight. CIA’s investment committee also conducts the research for the model portfolios used by Wela.

### Capital Accounting & Tax, LLC (a subsidiary of Capital Investment Advisors, LLC) (“CAT”)

CAT is a subsidiary of Capital Investment Advisors, LLC. The firm offers accounting and tax services under a separate engagement. CIA may recommend CAT to clients in need of such services, but you are under no obligation to use CAT’s accounting services.

### Altera Holdings, LLC

Matthew Reiner, Mitchell Reiner, and Ansur Ahmed are CIA employees who have ownership in a holding company, Altera Holdings, LLC. Altera Holdings, LLC owns Altera Ventures, LLC, the owner of Altera Investments, LLC, which owns Altera Private Access, LLC, a registered investment adviser. The following table illustrates this ownership structure:



The primary business of Altera Ventures, LLC is conducted through its wholly owned subsidiaries CAP GP Holdings, LLC and Altera Investments, LLC.



## Capital Investment Advisors, LLC

- CAP GP Holdings owns the general partners of the private funds managed by Altera Private Access, LLC. It makes investments in the private funds and holds other forms of profit interests in these private funds.
- Altera Investments, LLC owns and controls Altera Private Access, LLC whose primary business is serving as investment adviser to various private funds. These private funds generally own alternative assets, including illiquid, non-publicly traded securities, real estate and other business interests. CIA recommends these private funds to clients when appropriate for a client's investment goals, risk tolerance and level of sophistication.
  - In very limited circumstances, a few CIA clients have invested in the Altera entities as equity partners.

### Altera Private Access, LLC

Altera Private Access, LLC creates and manages private fund investments. Interests in these private fund investments are offered to certain sophisticated, qualified investors, including high net worth individuals, retirement plans, trusts, partnerships, corporations, or other businesses. Owners of Altera have an incentive to seek suitable investors to increase investment in these private investments, which in turn enhances revenue to the entities in which they have ownership interests. This represents a conflict of interest for anyone at CIA to offer clients investment opportunities into various Altera private fund investments. To mitigate this conflict of interest, this disclosure has been provided.

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

CIA has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. CIA's Code has several goals. First, the Code is designed to assist CIA in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, CIA owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with CIA (managers, officers and employees) to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for CIA's associated persons. Under the Code's Professional Standards, CIA expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, CIA associated persons are not to take inappropriate advantage of their positions in relation to CIA clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. CIA's associated persons may invest in the same securities recommended to clients. Under its Code, CIA has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated

persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

#### Participation or Interest in Client Transactions

As described in *Item 10 – Other Financial Industry Activities and Affiliations* above, when appropriate CIA may recommend that clients invest in private fund investments managed by its affiliate Altera Private Access, LLC. Under such circumstances, Clients will be assessed the management fee imposed by the investment vehicle(s), which may include a performance-based fee component. A portion of such fees will ultimately flow through to the common owners of CIA and the affiliate, thus creating a conflict of interest. In addition to *Item 10*, please see *Item 5 – Fees and Compensation* for more information.

As stated above, associated persons often invest in the same securities as those held in/recommended to client accounts. Under our Code, CIA has established procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading, and pre-clearance of certain types of personal trading activities. Specifically, CIA maintains policies regarding participation in initial public offerings ("IPOs") and private placements to comply with applicable laws and mitigate conflicts with client transactions. If an associated person of CIA wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Compliance Department. Some types of securities, such as CDs, treasury obligations and open-end mutual funds are exempt from this pre-clearance requirement.

Finally, if associated persons trade with client accounts (i.e., in a bundled or aggregated trade), and the trade is not filled in its entirety, the available shares will normally be allocated pro rata among all participating accounts, including accounts of associated persons. With respect to alternative investments, pro rata allocations are generally not as practical as they are with listed securities. Associated persons of CIA and its affiliates often invest alongside clients in these types of investments. While CIA and its affiliates have procedures in place that are reasonably designed to protect clients' interests, it is possible that one or more associated persons may receive an allocation of a limited offering when some clients do not.

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

CIA does not maintain physical custody of your assets that we manage, although certain business practices mean that we are deemed to "have custody" of your assets (as defined by the Advisers Act and the Rules thereunder). For example, we may be deemed to have custody if you give us authority to withdraw our fees directly from your account(s) or move 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 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 will explore the use of these alternative brokers when possible in order to seek better execution for the client.

CIA has also entered into an arrangement with American Trust Retirement (“American Trust”) to offer qualified plans an account custodian alternative to Schwab or Fidelity. Together these custodians are referred to as the “Custodians”.

Schwab, Fidelity, Arkadios and American Trust 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 the Custodians.

#### Directed Brokerage

You are under no obligation to utilize the services of the Custodians. While CIA recommends that you use Schwab or Fidelity as custodian/broker and for qualified plans, American Trust, only you can 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 that 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 the Custodians.

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

In selecting Schwab, Fidelity, Arkadios and/or American Trust, 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.)
- 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

## Capital Investment Advisors, LLC

- 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 the Custodians maintain, you will not generally be charged separately for custody services. Rather, the Custodians are 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 commissions or transaction fees. The Custodians are also compensated by earning interest on the uninvested cash in your account. 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 generally have the Custodian that you have chosen to hold your accounts execute all trades in those accounts. 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”). All trades in accounts held at American Trust are executed by American Trust.

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

Schwab and Fidelity provide CIA and our clients with access to their 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.

These services are not soft dollar arrangements but are part of the institutional platform offered by the Custodians. The benefits provided to CIA create an incentive for CIA and its Advisory Representatives to recommend Schwab or Fidelity based on the products and services that will be received rather than strictly on your best interest. We believe, however, that taken in the aggregate, our recommendation of Schwab or Fidelity as custodian and our selection of Schwab or Fidelity as broker is in the best interests of our clients. Our selections are primarily supported by the scope, quality, and price of Schwab's and Fidelity's services (see "How we select brokers/custodians") and not based on the benefits that we receive by participating in the institutional platforms of each.

#### 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 applicable 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 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, including CIA employee 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. As noted in Item 11 above, associated persons of CIA or its affiliates often participate in aggregated trades, including partially filled orders, alongside clients. CIA has adopted procedures that are reasonably designed to protect client interests.

### Item 13 - Review of Accounts

Through its internal procedures, CIA reviews holdings across all client accounts as well as individual client portfolios on an ongoing basis. CIA will determine if any account adjustments are warranted given CIA's evaluation of the market. CIA has an investment committee that meets every two weeks. The investment committee reviews and evaluates securities holdings in managed portfolios as well as market events on a continuous basis. 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 of your portfolio. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place.

We ask that you notify us 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 directly 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 directly from the account custodian.

CIA will provide you with a report 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 Client 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 verses 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 value of a specific position varies from CIA's reported value of that security 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 directly from the account custodian. Should there be any discrepancy the account custodian's report will prevail.

## Item 14 - Client Referrals and Other Compensation

From time to time, CIA may enter into arrangements with third parties ("Promoters") to identify and refer potential clients to us. Consistent with legal requirements under the Investment Advisers Act of 1940, as amended, we enter into written agreements with Promoters under which, among other things, we or the Promoter are required to disclose to you how the Promoter is compensated and any material conflicts of interest at the time that our services are recommended or endorsed by the Promoter. Promoters are 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 Promoters.

### Referrals from Charles Schwab & Co., Inc.

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.**

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.

#### Referrals from Fidelity Investments

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 Promoters 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 an annual program fee of \$50,000 to participate in the WAS Program.

**CIA has agreed not to charge clients referred through the WAS Program fees or costs greater than the fees or costs CIA charges clients with similar portfolios who were not referred through the Service.**

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 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 Advisor 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.

#### Referrals to American Trust Retirement ("American Trust")

CIA has a relationship with American Trust to establish accounts for qualified plans for which CIA provides pension consulting services. As disclosed in *Item 5 – Fees and Compensation*, Accounts maintained at American Trust are not charged an advisory fee directly by CIA. Instead, we are compensated indirectly by receiving a portion of the annual service charge expense fee integrated into the plan's investment options (i.e., collective funds). American Trust calculates and submits payment to us monthly in arrears.

#### Other Referral Arrangements

CIA has also entered into arrangements with other referral sources. When any of these entities or individuals refers a client to us, we pay the referring entity or person a portion of the normal fee we earn by managing your portfolio. Consistent with legal requirements, our written agreement with these entities requires that at the time of the referral, prospective clients are provided with disclosures regarding the arrangement, including disclosure of fee arrangements and any material conflicts of interest that exist. Your fees are not increased as a result of the referral arrangement.

### **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 determine 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 or will be made available on-line. The account custodian will provide you with these options for delivery. 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**

With your authorization, CIA will manage your account on a discretionary basis. You will grant such authority to CIA by execution of the advisory agreement and applicable account custodian paperwork, which grants CIA Limited Power of Attorney on the account. 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 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 express 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 will not be accommodated. If you anticipate that you may want to direct any proxy votes, then CIA will not vote any proxies on your behalf and will not accept authority to vote any proxies on your behalf. 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 does not require you to prepay any fee in advance of receiving the service; therefore, we have no required disclosure for this Item.

## ***Capital Investment Advisors, LLC***

Set forth below is the ***Summary of Material Changes*** for Capital Investment Advisors, LLC. These are changes made to our Form ADV since our last annual updating amendment that we believe prudent investors may find material.

| Date of Change | Description of Item   |
|----------------|---|
| March 2023     | Camden M. Anderson became an Investment Analyst of Capital Investment Advisors, LLC in July 2022 and registered to become an Investment Adviser Representative in March 2023. Please see the <b><i>Form ADV Part 2B Supplement</i></b> for more information about Camden.             |
| March 2023     | Ryan A. Curwick became an Investment Adviser Representative of Capital Investment Advisors, LLC. Please see the <b><i>Form ADV Part 2B Supplement</i></b> for more information about Ryan.  |
| May 2023       | Min Jian ("Ricky") Yang became an Investment Associate of Capital Investment Advisors, LLC. Please see the <b><i>Form ADV Part 2B Supplement</i></b> for more information about Ricky.  |
| May 2023       | Justin Brown became an Investment Associate of Capital Investment Advisors, LLC. Please see the <b><i>Form ADV Part 2B Supplement</i></b> for more information about Justin.  |
| May 2023       | Jeffrey W. Keane became Director of Business Development at Capital Investment Advisors, LLC in December 2014 and registered to become an Investment Adviser Representative in May 2023. Please see the <b><i>Form ADV Part 2B Supplement</i></b> for more information about Jeffrey. |
| May 2023       | CIA purchased all shares of its accounting affiliate, Capital Accounting & Tax, LLC, a subsidiary of Capital Investment Advisors, LLC, which provides accounting and tax services.  |
| August 2023    | Benjamin R. Ezrine became an Investment Adviser Representative of Capital Investment Advisors, LLC. Please see the <b><i>Form ADV Part 2B Supplement</i></b> for more information about Benjamin.   |
| September 2023 | Ansur Ahmed became a Private Investment Specialist of Capital Investment Advisors, LLC, in 2022, and became an Investment Adviser Representative in 2023. Please see the <b><i>Form ADV Part 2B Supplement</i></b> for more information about Ansur.                                  |
| November 2023  | Tanner J. Sterk became an Investment Adviser Representative of Capital Investment Advisors, LLC. Please see the <b><i>Form ADV Part 2B Supplement</i></b> for more information about Tanner.  |
| December 2023  | James Anderson Horn, III, became an Investment Associate of Capital Investment Advisors, LLC. Please see the <b><i>Form ADV Part 2B Supplement</i></b> for more information about James.  |
| December 2023  | CIA purchased all shares of its affiliated Registered Investment Adviser Wela Strategies, Inc.  |
| January 2024   | Jonas G. Roos became an Investment Adviser Representative of Capital Investment Advisors, LLC. Please see the <b><i>Form ADV Part 2B Supplement</i></b> for more information about Jonas.   |