

Item 1 – Cover Page



Charles D. Jones Capital Management

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12/31/2012

This Brochure provides information about the qualifications and business practices of Charles D. Jones Capital Management, Inc. If you have any questions about the contents of this Brochure, please contact us at (254)-751-0064 and/or cjones@cjones.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.

Charles D. Jones Capital Management, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Charles D. Jones Capital Management, Inc is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated 12/31/2012 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Charles D. Jones, President and Chief Compliance Officer at (254)-751-0064 or cjones@cjones.com.

Additional information about Charles D. Jones Capital Management, Inc. is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Charles D. Jones Capital Management, Inc. who are registered, or are required to be registered, as investment adviser representatives of Charles D. Jones Capital Management, Inc.

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Item 4 – Advisory Business

Charles D. Jones Capital Management, Inc. has been owned and operated by Charles D. Jones since 1989. Charles D. Jones is an attorney and Certified Financial Planner® Practitioner.

Charles D. Jones Capital Management, Inc. specializes in providing estate planning, investment management, and comprehensive financial planning services.

Investment advisory services provided by Charles D. Jones Capital Management, Inc. begin by conducting an integrated process of analysis to determine the current situation of each client. Consideration is given in each situation as to the suitability of an investment for a client, taking into account the client's financial objectives, time horizon, risk tolerance, existing investments and the amount of assets. Investment advice is never given without considering the complete client picture, including retirement planning and estate planning programs. Investments are subsequently tailored according to each client's objectives. The client has the opportunity and contractual authority to instruct Charles D. Jones Capital Management, Inc. employees to refrain from purchasing securities that otherwise might be purchased for the account. As clients' objectives change, they can request that their investment strategy change.

Charles D. Jones Capital Management, Inc. does not participate in wrap fee programs offered by brokerage firms.

As of December 31, 2011, Charles D. Jones Capital Management, Inc. manages \$92,000,000 discretionary assets and \$5,000,000 in non-discretionary assets.

Item 5 – Fees and Compensation

Charles D. Jones Capital Management, Inc. provides investment management. Fees for investment management are based upon a percentage of the assets under management. Quarterly fees are calculated on the following schedule:

- .25% on the first \$1,000,000
- .1875% on the next \$2,000,000
- .125% over \$3,000,000

There is a minimum fee of \$1250 per quarter. The assets under management are determined at the end of the calendar quarter. Clients are billed on that date and partial quarters are payable on an average balance basis. No fees are paid in advance. Investment advisory services may be terminated at any time by the client or by Charles D. Jones Capital Management, Inc. Notice of termination by the client shall be effective upon receipt by Charles D. Jones Capital

Management, Inc. Notice of termination by Charles D. Jones Capital Management, Inc. shall be effective upon receipt by the client. Client funds invested in money market funds and mutual funds are also subject to management fees, which are paid internally to the advisor of the particular fund. None of these fees are paid to nor shared by Charles D. Jones Capital Management, Inc. Client funds invested in individual securities are also subject to commissions paid to the broker through whom the trade is placed. None of these commissions are paid to nor shared by Charles D. Jones Capital Management, Inc.

Charles D. Jones Capital Management, Inc. provides comprehensive financial planning. Fees for financial planning range from \$2,500 to \$5,000. One-third of this fee is paid at the outset; one-third is due when the preliminary information is presented to the client, and the final one-third is due upon completion of the financial plan. The financial planning services include an analysis of cash flow, savings, investments, retirement, estate planning and insurance; the initial development of a financial plan; and a set of recommendations that incorporate the goals and needs of the client.

For clients with special needs and circumstances, Charles D. Jones Capital Management provides advice on matters not involving securities for an hourly fee of \$200. This includes non-comprehensive financial planning services.

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

Charles D. Jones Capital Management, Inc does not charge performance fees or participate in side by side management arrangements with brokerage firms.

Item 7 – Types of Clients

Charles D. Jones Capital Management, Inc. provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations and endowments.

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

Charles D. Jones Capital Management, Inc. invests primarily in mutual funds, exchange traded funds and individual fixed income securities. Mutual funds and exchange traded funds are analyzed based on historical performance, fund manager tenure, portfolio turnover, investment style and category, tax efficiency and expenses. Fixed income securities are analyzed based on maturities and credit quality.

Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Charles D. Jones Capital Management, Inc. or the integrity of Charles D. Jones Capital Management, Inc.'s management. Charles D. Jones Capital Management, Inc. has no information applicable to this item as there are no pending or threatened legal or disciplinary events.

Item 10 – Other Financial Industry Activities and Affiliations

Charles D. Jones is a licensed attorney and is engaged in the practice of law.

Item 11 – Code of Ethics

Charles D. Jones Capital Management, Inc. has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Charles D. Jones Capital Management, Inc. must acknowledge the terms of the Code of Ethics annually, or as amended.

Charles D. Jones Capital Management, Inc. anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Charles D. Jones Capital Management, Inc. has management authority to effect, and will recommend to

investment advisory clients or prospective clients, the purchase or sale of securities in which Charles D. Jones Capital Management, Inc., its affiliates and/or clients, directly or indirectly, have a position of interest. Charles D. Jones Capital Management, Inc.'s employees and persons associated with Charles D. Jones Capital Management, Inc. are required to follow Charles D. Jones Capital Management, Inc.'s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Charles D. Jones Capital Management, Inc. and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Charles D. Jones Capital Management, Inc.'s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Charles D. Jones Capital Management, Inc. will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Charles D. Jones Capital Management, Inc.'s clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Charles D. Jones Capital Management, Inc. and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Charles D. Jones Capital Management, Inc.'s obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Charles D. Jones Capital Management, Inc. will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Charles D. Jones Capital Management, Inc.'s clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Charles D. Jones.

It is Charles D. Jones Capital Management, Inc.'s policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Charles D. Jones Capital Management, Inc. will also not cross trade between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an

affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

Charles D. Jones Capital Management, Inc. will suggest to clients that an institutional discount broker be used which provides direct computer download of transactions and securities prices. This service is paid directly by Charles D. Jones Capital Management, Inc. Clients however may reject this suggestion if they have a particular broker through whom they wish to trade.

Charles D. Jones Capital Management, Inc. uses Schwab Performance Technologies' Centerpiece software for portfolio management. Schwab Performance Technologies provides the Centerpiece-Schwab interface at no charge to Charles D. Jones Capital Management, Inc. as long as assets are custodied at Schwab. The value of an interface is about \$500 per year. Charles D. Jones Capital Management, Inc. has custodied assets at Schwab since 1992, and has used Centerpiece long before Schwab acquired them. Therefore, the \$500 in expense savings to the Company is immaterial.

Schwab provides Market Knowledge Tools (MKT), which are periodic reports paid for by Schwab that address contemporary financial services issues, such as account aggregation or important considerations when marketing to affluent clients. The Company does not pay for these publications.

Schwab sends compliance newsletters that are very helpful in maintaining an up-to-date compliance program. The Company does not pay for these publications.

Schwab provide web-based software to access client accounts and to upload advisory fee invoices for direct debit. The Company does not pay for this capability.

Exhibitors at conferences pay a significant amount of money to exhibit. Exhibitor fees reduce the attendee fees that Charles D. Jones Capital Management, Inc. has to pay to attend the conferences. As a means of thanking exhibitors for their support, the company's advisers may visit the exhibitors' booths.

Charles D. Jones Capital Management, Inc. purchases research on mutual funds and stocks by subscribing to Morningstar Principia. In addition, the company receives web-based S&P and Argus research information through the Schwab AdvisorWebCenter offering.

Charles D. Jones Capital Management, Inc. obtains most of its research through paid subscriptions, thereby avoiding the conflict of interest normally encountered in using soft dollars for research services from its custodians.

Item 13 – Review of Accounts

Client account transactions are reviewed daily. Cash positions are reviewed weekly. Individual securities are monitored daily. All reviews are done by Charles D. Jones and other employees of the firm.

Clients receive from Charles D. Jones Capital Management, Inc. quarterly reports that contain a list of assets and a summary of account activity. Performance reports provided to clients comply with AIMR Performance Presentations Standards

Item 14 – Client Referrals and Other Compensation

Charles D. Jones Capital Management, Inc. does not currently pay for client referrals nor does it pay any individual or third party to solicit clients or referrals. Should the firm ever pay any individual or third party to solicit clients or referrals, such arrangement would be disclosed to clients in writing.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Charles D. Jones Capital Management, Inc. urges clients to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Charles D. Jones Capital Management, Inc. usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent

with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Charles D. Jones Capital Management, Inc. observes the investment policies, limitations, and restrictions of the clients for which it advises.

Any client investment guidelines and restrictions must be provided to Charles D. Jones Capital Management, Inc. in writing.

Item 17 – Voting *Client* Securities

The SEC requires that registered investment advisers who vote proxies on client securities have written policies and procedures reasonably designed to ensure that the adviser votes proxies in the best interests of its clients.

Charles D. Jones Capital Management, Inc. has elected *not* to vote proxies on client securities. Effective with the implementation of Rule 206(4)-6, the company contracts state: “The client retains responsibility for voting proxies on stocks held by the client.”

When a client requests assistance in voting proxy shares, Charles D. Jones Capital Management, Inc. employees apply general anti-fraud principles. These principles include, as a minimum, the disclosure of any material conflicts of interest in making recommendations to the client regarding the salient issues associated with voting the shares.

Item 18 – Financial Information

Charles D. Jones Capital Management, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

Charles D. Jones Capital Management, Inc. is currently registered with Securities and Exchange Commission and is therefore not considered a State Registered Advisor.