



Firm Brochure

Part 2A of Form ADV

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This brochure provides information about the qualifications and business practices of Capital Investment Advisors. If you have any questions about the contents of this brochure, please call us at (240) 482-4000, or e-mail us at camg@capitalamg.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 is also available on the SEC's website at www.adviserinfo.sec.gov.

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Item 2: Material Changes

Nature of Filing

This document is the Annual Update to our Form ADV. The ADV is the registration document we use to qualify us to act as a Registered Investment Advisor with the Securities and Exchange Commissions.

Changes to Our Asset Management Service:

The firm has the following material changes since its last annual updating amendment of 09/28/2018.

- We are disclosing a conflict of interest in Item 10 for tax preparation and bookkeeping services.
- We act as solicitors and disclose that in Item 14.
- We provide discretionary advisory services and have clarified Item 16.
- We have updated participation or interest in client transactions and personal trading in Item 11.
- We have updated potential conflicts of interest in Item 5.

Item 4: Advisory Business

About Our Firm

Capital Investment Advisors, Inc. (CIA) was organized as a District of Columbia corporation on March 12, 1998. The firm is presently registered with the SEC. 2018 will mark CIA's 20th year in business. The firm is solely owned by its parent company Capital Asset Management Group.

CIA is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Advisory Services Offered

CIA provides Financial Consultation Services and Asset Management Services to our clients. Our Financial Consultation Services are tailored to meet the unique needs of each client. These Consultation Services usually commence with the preparation of a financial plan.

The scope of our initial financial plan depends upon our Client's needs and circumstances, and may be offered according to different formats and levels of complexity. In subsequent years, clients may choose to engage us to review and revise these plans and consult on other financial matters that the client may present. We also provide Consultation Services that address a single need our clients may present.

Our Asset Management Services may utilize third party asset managers and solicitation programs or provide discretionary and non-discretionary asset management. We help clients select from among these third-party asset manager and solicitation programs or provide for the continuous supervision of the client's investment portfolio. Certain third-party asset managers will consent to clients imposing restrictions on particular types of securities.

Financial Consultation Services

CIA provides financial consultation services which generally take the form of individualized financial planning, and proprietary educational programs through our learning center, the Institute for Financial Independence (Also available by subscription to independent investment advisers). When a client's needs and circumstances warrant, CIA can also provide consultation and analysis services that are designed to resolve a single, unique situation. Clients may also engage CIA to provide plan review, modification, and general financial consultation on an annual basis.

Our financial consultation services are collectively known as our Integrated Wealth Management Process (IWMP), which is a three-stage program we have designed to:

1. Educate clients about the financial environment and help them articulate their personal and professional goals to gain an understanding of the purpose of money in their lives.
2. Organize and assess the client's current financial situation to help integrate and optimize plans and strategies that can be implemented to help achieve their objectives.
3. Validate the ongoing effectiveness of the program's attainment of its stated objectives, and revise, renew, and recharge the client's strategic financial planning on a recurring basis.

Educational Emphasis: The Introductory Workshop

A client's first exposure to CIA consultation services will focus on familiarization with the financial environment. We will discuss at length how financial strategies and products work, and how they can fail. We will talk about what we believe to be common misconceptions that many people hold about strategies and products, and will attempt to illustrate how an understanding of these misconceptions can have a bearing on whether a client might stand to increase or lose potential wealth. Our goal in this process is to help make the client's financial environment understandable and transparent so that we might help our client more confidently make informed planning decisions.

Our representatives will lead the client through several exercises that have been designed to help the client identify and articulate their view of their personal financial situation. We will help the client to identify what dangers, opportunities, and strengths they see in their current situation, ascertain their personal and financial goals and objectives, and identify the obstacles that prevent the client from realizing their goals.

The Goals Driver Conversation

The CIA Investment Advisor Representative will next lead the client through conversations about those personal and professional goals and objectives. We will help the client to explore how they might integrate their financial priorities with their personal and professional lives, while creating and implementing financial strategies to help achieve their goals and objectives.

We find this clarification process helps define the purpose of wealth in the client's life and unmask any fears or apprehensions that they might have about their financial position. We believe that helping a client identify their own factors for success helps them to visualize their ability to achieve that success. Our initial consultation concludes with a discussion about CIA's financial planning programs. Our representative will help the client to determine which, if any, of the planning programs they may wish to pursue. No personal financial information is disclosed during the initial consultation session, and there is no charge for the client to attend the session.

Our Planning Process

After completing the initial consultation session, a client may choose to have CIA develop an individualized, Integrated Independence Method (I2M) financial plan tailored to address the client's unique concerns. We offer three levels of financial planning services, which differ only by the scope, complexity, and cost of each. Our basic level of planning, the Independence Accelerator, has been designed for individuals who are in the stage of life where they are accumulating wealth, and our planning process seeks to provide these clients with strategies and ideas that focus more on the growth of wealth. Our intermediate level of planning, the Independence Planning Pro Program (IPPro), has been designed for those individuals who face the need for distribution strategies for the wealth they have accumulated, or are in between the other service levels offered. For these individuals, our planning process generally seeks to provide tax effective and risk-averse strategies for sustaining the client's income needs. Our premium level of planning, the Integrated Independence Wealth Management Program, has been designed for those clients who face the need for preserving and transferring their wealth, often situated across a complex financial landscape. For these individuals, our planning process focuses on an in-depth analysis of asset ownership, projected estate taxation, and strategies to help the client preserve the greatest amount of their estate for transfer to their heirs and legacy's.

Fact Finder Session: Blueprint to Financial Freedom Worksheet

Our planning process begins by gathering and documenting information about the client's investments, assets, and liabilities in order to assess the client's balance sheet, estate capital, and liquidity needs. This generally leads to a discussion about asset ownership and succession expectations. We document the household's income, payroll deductions, taxes, and expenses to gain an understanding of cash flow and assess tax exposure. The initial phase of our analysis will also include discussions about the client's short-term and long-term concerns, an assessment of risk tolerance, and a cataloging and review of the family's legal and financial documents.

Analysis: Identifying Your Inefficiencies

Following the initial planning session, our representatives will analyze the information and notes they have obtained from the client meeting to identify efficiencies, inefficiencies, fragmentation, and coordination that may be a part of the client's current plan. Our representative will seek to identify and evaluate alternative strategies. They will seek realignment of the financial plan's overall efficacy with the goal of improving the client's confidence level in being able to achieve their goals and objectives. Our representative will also review the client's financial products and services to determine if they work collectively and in an integrated manner, and to identify any potential lost opportunity costs or tax inefficiencies.

Presentation: The I2M Unique Conversations – Your Personal Financial Plan

All our financial planning programs result in a presentation of our representative's findings to the client. The scope, complexity, and comprehensive nature of the plan will be determined by the financial planning level elected by the client. If our representative discovers unanticipated issues or concerns during the process of preparing the plan, the representative will contact the client to discuss the nature of the finding, discuss options which may or may not result in a higher fee than initially projected, and seek direction from the client before continuing with the plan preparation.

During the presentation, our representative will review where components of the client's existing plan appear to be on target. The representative will also discuss where the existing plan appears it might fall short of meeting the client's stated goals and expectations. Our representative will also point out where tax inefficiencies may have been found and where opportunity cost was identified. In presenting these discussions, our representative may rely upon one or more I2M Conversations to help illustrate a topic of consideration. These I2M Conversations are included as a part of the planning process.

I2M Four-Step Meeting

If inefficiencies or opportunities are identified, our representative will recommend an action plan for moving forward that may suggest restructuring or

repurposing parts of the existing plan. Our representative might also identify a need for strategies or products that the client does not have in their current plan. These strategies or products could include savings programs, investment products or professional management, asset allocation, insurance, debt restructuring, and other approaches unique to the client's situation.

Your Personal Road Map

In completing the presentation of the comprehensive financial plan, our representative will also discuss a suggested plan of action. Our implementation plan will catalog actionable items, recommend and seek agreement on the action, assign responsibility for addressing the item, set an estimated completion date, and provide for tracking results.

Implementation

After the plan has been presented, the client may choose to implement our representative's recommendation. If a client chooses to implement any recommendations contained in the financial plan, we suggest that the client work closely with his or her attorney, accountant, insurance agent, and/or securities broker. The client is under no obligation to implement any or all our recommendations, nor are they under any obligation to implement our recommendations through us.

Execution: 90 Day Follow-Up Meeting

The client may choose to execute recommended investment advisory activities through our representative. The client may also choose to execute securities or insurance recommendations through our representative in his or her separate capacities as Registered Representatives of Cambridge Investment Research, Inc. (CIR) or agent with one or more insurance companies, which is in addition to our Investment Advisor's role as and IAR with CIA. The nature of these relationships is fully described in "Item 10: Other Financial Industry Activities and Affiliation" found later in this brochure.

Client's should be aware that if they execute recommended securities, or insurance recommendations through CIR, our representative may earn commissions that are separate and distinct from fees charged for financial consultation services or

advisory fees. In some instances, depending on the size of the transaction (commissions generated in excess of \$10,000), we may offer to offset our fees by up to 50% of the first time financial planning fee in lieu of the earned brokerage or insurance commissions. This offset would apply to all initial plan clients, regardless of which financial consultation level of service they are receiving.

On occasion, we will prepare financial consultation plans limited to a specific concern. Our representative will follow a program similar to the one used for our Independence Accelerator, IPPro, or Integrated Independence Wealth Management programs. The scope of the discovery, analysis, and recommendations, however, will be limited to the identified concern. The plans will typically be priced on a fixed price or hourly fees structure, as discussed later in this brochure.

Annual Review Services Program

After clients have implemented their Independence Accelerator, IPPro, or Integrated Independence Wealth Management plans, they may elect to retain CIA on an annual basis to revisit their plan, validate their assumptions and decisions, and revise elements of the plan as may be warranted. The Annual Review programs are known as the Independence Energizer, Optimizer, and Maximizer programs, respectively.

Independence Energizer

Clients Age 20-40, (No Net Worth Minimum)

Our Independence Energizer financial consultation review services continue to focus on individuals who are in the wealth accumulation stage of life. On an annual basis our representative will meet with the client to review their Independence Accelerator plan. This session is conducted in a class room environment, where our representative will provide tools and processes to help the client identify goals and objectives and measure results.

We will determine if the plan is still on target to address the client's goals and objectives. When warranted, our representative may make recommendations to revise the program. We continue our focus on education through a series of seminars, webinars, and presentations that occur throughout the year. Independence Energizer review clients are invited to

attend these sessions which continue our focus on how financial strategies and products work, and how they can fail.

Independence Optimizer

Clients Age 40-70 (Net Worth \$500,000 & Up)

Our Independence Optimizer review services continue to focus on the needs of individuals who are in or approaching the wealth distribution stage of life or are in between the other service levels after the IPPro plan is in place. Our representative will meet with the client on a quarterly basis to validate the plan and its assumptions, and monitor its progress. For these individuals, our planning process seeks to provide tax effective and risk-averse strategies for sustaining the client's income needs.

Independence Maximizer

Clients Age 60 & Up (Net Worth Minimum \$1,000,000)

Our Integrated Independence Wealth Management plans will be reviewed annually via our Independence Maximizer review service. This program has been designed for those clients who face the need for preserving and transferring their wealth, often situated across a complex financial landscape. For these individuals, our planning process focuses on an in-depth analysis of asset ownership, projected estate taxation, and strategies to help the client preserve the greatest amount of their estate for transfer to their heirs and legatees.

Note in some cases, Integrated Independence Wealth management plans will be reviewed annually under the Optimizer review program depending on circumstances. And, likewise, in some cases Accelerator plans will be reviewed annually under the Optimizer review program. All review programs are revisited and assessed annually to ensure clients are serviced under the appropriate model.

CIA Money Management Program & Investment Advisory Services

Summary

CIA provides asset management services. Our Investment Adviser Representatives make recommendations for a third-party to provide investment management or will personally provide continuous supervision of underlying securities in a client's portfolio. Our representative may recommend

portfolios that may include many types of investments including, but not limited to, common and preferred stocks, bonds, municipal securities, government securities, limited partnerships, mutual funds, unit investment trusts. These services are provided on a discretionary basis, where portfolio recommendations are made to meet the Client’s objectives and the Client decides whether to act on the recommendation.

CIA Advisor Representatives may provide investment management services, defined as giving continuous investment advice to you and making investments based on your individual needs through brokerage accounts established at CIR. Through this program, your CIA Advisor Representative will be responsible for determining investment recommendations and responsible for implementing transactions. The CIA Advisor Representative shall actively manage your accounts in accordance with your individual needs, objectives and risk tolerance. These accounts will be managed on a discretionary trading basis. In order to have trading authorization on your account, your CIA Advisor Representative must be granted limited power of attorney over that account.

Third Party Multi-Manager Programs

Our representatives may provide asset allocation advice through various outside third-party money management programs, including:

- Cambridge Asset Allocation Platform (CAAP)
- AssetMark, Inc.
- FTJ Fund Choice, LLC
- Envestnet

The specifics of each TPMM, Third Party Money Managers, investment philosophy, strategies, and holdings are contained in each firms ADV 2A or Wrap Fee Program Brochure disclosure documents.

Assets Advised by CIA

When CIA provides asset management services, our Investment Adviser Representatives make recommendations for a third-party to provide investment management or will personally provide continuous supervision of underlying securities in a client’s portfolio. Any client we may advise is done so on a discretionary basis.

As of September 2018, CIA provided asset management services to 432 clients, with a combined asset value of \$188,863,542.

Item 5: Fees and Compensation

Financial Consultation Services and Annual Review Services.

Fees We Assess:

Clients who elect to receive financial consultation services from CIA will be assessed fees per the following schedule:

<i>Service Level</i>	<i>Initial Plan</i>	<i>Annual Review</i>
Independence Accelerator / Independence Energizer Review	\$200-\$300	\$500- \$1,750
Independence Planning Pro / Independence Optimizer Review	\$1,500	\$1,250-\$1,750
Integrated Independence Wealth Management / Independence Maximizer Review	\$3,500	<i>Minimum Fee:</i> \$10,000*
*Available for Clients with Net Worth over \$1,000,000		

Clients selecting I2M Financial planning solutions will be asked to pay 50% of the anticipated plan preparation fee upon signing the Services Agreement. The client will be requested to pay the remaining balance upon completion and presentation of the plan.

Please note, in some cases, we may offer to offset our fees by up to 50% of the initial financial planning fee in lieu of the earned brokerage or insurance commissions.

Clients selecting either the Independence Energizer, Optimizer, or Maximizer annual review services may elect to pay the entire amount in advance, or may elect to pay in monthly or quarterly installments in advance.

The fees calculated for Maximizer annual review services will be offset by credits a client receives for asset management services paid to us. The fee may be further reduced by a credit equal to a portion of the premium paid over the first two years on qualifying life insurance contracts (commissions generated in excess of \$10,000) purchased through the affiliated insurance activities for our representatives. This offset would apply specifically to maximizer clients. The representative reserves the right to reduce planning fees for other levels of service on a per person basis if valid circumstances exist.

We reserve the right to charge up to an additional \$500 for plans that are presented to clients at a location other than our offices.

The fees for unique consultation and analyses services are negotiated between the CIA Investment Advisor Representative and the Client, but generally range from \$500 per hour for a CIA firm principal, \$350 per hour for a CIA firm manager, \$200 per hour for a CIA firm senior associate, or \$150 per hour for a CIA firm associate.

If a client elects to retain our representative to implement the recommendation of the plan, we may reduce the amount of our initial planning fee to provide credit for some or all of the investment advisory fees or product sales commissions our representative may earn through the implementation. Under certain situations, fees may be negotiable.

Finally, if clients elect to join the Energizer, Optimizer, or Maximizer Annual Review program, and the client has more than \$500,000 in AUM CIA will change the advisory fee to 1% flat fee of AUM up to \$2 million. In excess of \$2 million, but less than \$3 million AUM, CIA will charge a flat advisory fee of .50%. In excess of \$3 million, flat fee will be negotiated between our representative and the client.

Our Fee Billing and Collection Process:

The initial installment payment for our initial planning is due at the time the client signs the planning agreement. The initial payment is generally one half of the full fee. The balance of payment due will be invoiced upon presentation of the plan to the client. Payment is expected within 30 days of the invoice.

The initial installment payment for our annual review services is due at the time the client signs the planning agreement. Energizer, Optimizer, or Maximizer clients may elect to pay the entire amount in advance or may elect to pay the first monthly or quarterly installments in advance.

All annual review contracts automatically renew each year and are cancellable by the client at any time in writing. After the initial year, clients electing to pay for our Annual Review services on a periodic basis will be billed via invoice when payment is due. Payment is expected within 30 days following the invoice. If a credit card is on file for monthly, quarterly, or annual payment, CIA will automatically charge this credit card when the contract renews annually, or until notified by the client. An invoice memorandum will be provided to the client in the first annual review meeting each year.

Other Fees and Expenses a Client May Incur:

It is not anticipated that a client will incur any additional fees and expenses in connection with our initial planning or annual review services. If we incur large postage or express delivery costs or, fees paid to obtain registered or certified copies of documents, we reserve the right to invoice the client for reimbursement of those costs.

If a client requests that our representative meet with the client's attorney, accountant, or other agent of the client to discuss our plan or any other matter relating to our counsel to our client, we reserve the right to bill an hourly fee for our services at the rates set out, above.

If a client repeatedly misses appointments scheduled with our representative without providing 24 hour advance notice, we reserve the right to bill an hourly fee for our services at the rates set out, above.

Refund of Pre-Paid Fees:

Upon termination of any financial consultation annual review services arrangement, any prepaid, unearned

fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Asset Management Services:

CIA provides asset management services through third-party multi-manager programs. We also provide continuous supervision over investment portfolios on a discretionary basis.

Clients who participate in Third Party Multi-Manager Program services are charged a fee based on a percentage of the fair market value of the client's assets subject to these services. Fees and the timing of their payment vary depending on the particular Third Party Multi-Manager Programs sponsor. In some cases, fees are negotiable, so clients should discuss with their representative the fee appropriate for their individual services. Fees charged to client by the sponsor are shared with us and our representative. A full and complete description of the program fees is provided in the sponsor's Wrap Fee Brochure or ADV 2A. Client's participating in any of our Third Party Multi-Manager Programs will be provided with, and should review, the sponsor's Wrap Fee Brochure or ADV 2A prior to investing.

Third Party Multi-Manager Programs sponsor standard annual management fees are typically charged on a declining scale, generally with the highest fee tier applying to the first \$250,000 of client assets, and then reducing in charge for the next \$250,000, the next \$500,000, and lowest charge applicable to all assets above \$1,000,000. All account fees and platform fees are negotiable and subject to discounts. These discounts may be a consideration for our representative when choosing a platform to recommend.

Multiple accounts for a client or a member of the client's family may be considered together for the purposes of determining lower fee tiers on the assets. This consideration is known as house holding and may be elected by our representative. Generally, the highest fee assessed by any Third Party Multi-Manager Program sponsor is 1.2%. This fee may be assessed for the program and the investment strategist, or may be divided to be assessed by both the program and the strategist depending on the program selected by the client. This fee does not include custodial fees, any qualified plan annual maintenance fees, fund fees that

may be assessed at the investment fund level, or trading and processing fees unless the account is a wrap account which includes trading fees in the wrap management fees. Our representative will discuss the Third Party Multi-Manager Programs sponsor annual management fees before the client selects a program.

The account fee charged to clients is shared by Third Party Multi-Manager Programs sponsor, its investment strategist, us, and our representative. CIA's share of the fee ranges by client portfolio size, from 0.30% to 1.25% of the assets invested under our Third Party Multi-Manager Programs. Often CIA will also assist clients with accounts that may not be under a Third-Party Manager Program such as a client's 401(k) or retirement account. Under these arrangements, CIA does not impose an asset management fee. However, for those clients who do not have other assets under our management, CIA may impose a flat fee of \$500 for asset allocation and fund research services.

Our Fee Billing and Collection Process:

Each client will receive a billing notice or invoice from the Third Party Multi-Manager Programs sponsor or the custodian showing the amount of the management fees charged for the period, the value of the account assets on which Program Fees are based, and the manner in which the Program Fees were calculated.

Third Party Multi-Manager Programs sponsor fees are generally billed on a monthly or quarterly basis, starting at the inception of the account. Fees are calculated based on the fair market value of the assets being managed. We and our Investment Adviser Representative will share in the fees, pursuant to the arrangement established with the Third Party Multi-Manager Programs sponsor.

CIA works with over 60 different asset managers. The fee schedule combinations are too numerous to list. Each client will receive a specific fee schedule that details what CIA makes and what the third-party manager makes. All fees earned by CIA are part of the overall asset manager fee and not in addition to the asset manager's fees.

Other Fees and Expenses a Client May Incur:

Depending upon the advisory program selected, the client pays for certain transaction charges. There may also be charges imposed by the Third Party Multi-

Manager Programs sponsor clearing broker-dealer or other services providers that are passed on to the client. These may include, but are not limited to, transaction charges and service fees, IRA, and qualified retirement plan fees, custodial fees, and other charges that may be required by law.

We and our representative may receive a portion of these fees. Depending upon the Third Party Multi-Manager Programs sponsor and the specific client circumstances, clients may negotiate the amount of securities transaction charges with our representative. Negotiation of such fees and charges is not, however, generally available with every Third Party Multi-Manager Programs sponsor.

A full and complete description of these fees is provided in the sponsor's Wrap Fee Brochure or ADV 2A. Client's participating in any of our Third Party Multi-Manager Programs will be provided with, and should review, the sponsor's Wrap Fee Brochure or ADV 2A prior to investing.

Refund of Pre-Paid Fees:

Our Third Party Multi-Manager Program advisory contracts are terminable upon prior written notice by either party to the contract. Upon termination of an advisory contract, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Potential for Fee-Related Conflicts of Interest:

Clients should understand that we and our representatives shall be entitled to and will share in the fees payable under the specific Programs as described in this brochure.

Clients should be aware that when assets are invested in shares of mutual funds or exchange trade funds (ETF's), clients will pay both the direct management fees to us through the Third Party Multi-Manager Program for the investments and, indirectly, their pro-rata share of the management and other fees paid by the mutual fund or ETF product.

A Client may be able to invest directly in the mutual fund's shares or the ETF's shares without incurring the fees charged by the Third Party Multi-Manager Program.

A Client may be able to invest directly in the mutual

fund's shares without incurring fees charged by the Third Party Multi-Manager Program sponsors for asset allocation and direct continuous supervision of underlying securities in a client's portfolio, but would forgo professional investment management over the portfolio.

Our representatives may make recommendations to clients regarding mutual funds, general securities, life insurance, variable insurance products, or other investment products. In their separate role as a registered representative of CIR, our representative may receive commissions for the sale of these products to the client.

When these transactions occur as a result of implementing an I2M Financial Consultation Services initial plan, the situation may present a potential conflict of interest because our representative may have a greater incentive to recommend investments that provide such additional compensation to us and our representative, rather than those that meet a client's needs.

When such situations occur, we may discount the amount we charge for the I2M Financial Consultation Services initial plan. These activities yield less than 50% of our representatives' earnings.

It is standard practice that the decision to utilize retail brokerage services over Investment Advisory services is usually dependent upon the client's account size or tax situation. In order to utilize investment advisory services, the account value must meet the minimum required amount imposed by third party asset managers.

Clients generally do not pay a transaction charge for Class A Share mutual fund transactions in non-retirement accounts, but generally do pay transaction charges for Class I Share (or other share classes) mutual fund transactions. Clients may avoid or lower the transaction charge by purchasing a Class A Share mutual fund in a non-retirement account, however the share class may be more expensive to the client over time because of the ongoing 12b-1 fee. Clients may pay a higher transaction charge for a Class I Share; however, the share class may be less expensive to the client over time. Clients should discuss and understand these additional indirect expenses borne as a result of the mutual fund fees.

Investment advisory fees charged by CIA which may or may not include transaction ticket fees charged by CIR, Fidelity Custody and Clearing Solutions, LLC (FCCS) Pershing, LLC (Pershing), Assetmark Trust, TD Ameritrade, or Schwab are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company's security prospectus.

CIA's Advisor Representatives, in their separate capacity as Registered Representatives of CIR, and acting in full compliance with the CIR and CIA compliance policies and procedures, retain a portion of the commissions charged to you. While not an exhaustive list, an example of these commissions could be mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges and IRA and qualified retirement plan fees. In addition, certain mutual fund companies, as outlined in the fund's prospectus, pay 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from client assets. With your managed accounts, 12b-1 (marketing and distribution) fees and trail earned will be credited to your account at the clearing firm whenever possible. When 12b-1 fees and trails are received by your Advisor Representative in his/her capacity as Registered Representative of Cambridge, the investment advisory fee will be lowered, or offset by that amount.

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

CIA and its Investment Advisor Representatives assess fees only as previously described in Item 5: Fees and Compensation, found earlier in this brochure.

Neither we nor our representatives assess or accept performance-based fees - that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

As more fully described in our Third Party Multi Manager sponsors' Wrap Fee Disclosure, Third Party Multi Manager strategists seek to use load-waived, no-load, and institutional class shares when mutual funds are used to implement their portfolio selections.

Other than fee arrangements for asset management

services fully described in Item 5 - Fees and Compensation, neither we nor any representatives of CIA receive direct or indirect compensation for third party multi manager platform advisors that we may recommend.

Item 7: Types of Clients

We provide investment advice and Financial Planning Advice to:

- ❖ Individuals
- ❖ High Net Worth Individuals
- ❖ Pension & Profit Sharing Plans
- ❖ Trusts, Estates, and Charitable Non-Profit Organizations
- ❖ Foundations
- ❖ Corporations or other businesses not listed above

We have a negotiable minimum client relationship, depending on the program. Traditionally, our minimum for Client Advisory Accounts is \$25,000.

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

When CIA provides asset management services, our Investment Adviser Representatives generally make recommendations for a Third Party Multi-Manager Program to manage the direct continuous supervision of underlying securities in a client's investment portfolio. We do not provide continuous supervision directly over investment portfolios.

Our representative may recommend portfolios that may include many types of investments including, but not limited to, common and preferred stocks, bonds, municipal securities, government securities, limited partnerships, mutual funds, unit investment trusts. The Third Party Multi-Manager Program investment strategist will select from among these investment types to construct several model portfolios designed to range from lower to higher levels of risk.

The securities that make up the model portfolios are subject to market risk of loss that clients should be

prepared to bear. The companies in whose securities the model portfolios are invested are also subject to business, credit, and economic risks. Through their evaluation and selection of securities, the Third Party Multi-Manager Program investment strategist attempts to match these market, credit, business, and economic risks to the risk level of the model portfolio.

When we prepare an initial or review an existing Financial Consultation Services plan, our representative will present a client's cash needs and financial objectives through our Income Generation Conservations in five year time segments over the next twenty years of the plan. The client's immediate needs are addressed in the first time segment. Through our planning process, our representative will have attempted to identify the amount of funds that should be included in this initial segment. As these needs are immediate, we attempt to place these funds in minimal risk investments. These investments may include savings accounts, certificates of deposit, US Government securities, or fixed rate annuities for example.

In the second time segment of the plan, our representative projects how much it will cost to replace the immediate five year needs if purchased five years from now. This amount will be adjusted for taxes, inflation, and additional needs the client may have during the 5th to 10th year of their plan. Our representative will then attempt to select a low risk model portfolio from one of the Third Party Multi-Manager Program that matches the level of risk appropriate to the needs of this 5th to 10th year segment of the plan.

Our representative will then repeat the risk matching process for the 10th to 15th year segment and the 15th to 20th year segment of the plan, increasing the level of risk on each level to help smaller pools of funds enjoy the potential benefit higher returning investments to grow each segment of the plan.

For funds not deployed for use in the five-year pools, our representative will recommend a more aggressive deployment of investments, using the riskier Third Party Multi-Manager Program model portfolios to provide the most potential for longer term market growth.

Our approach cannot be guaranteed to achieve our

client's objectives, and there is a chance our risk-matched investment pools may not recognize the level of growth needed to replace cash flow when needed. There is a chance a client may lose some or all of their investment, and the past market results cannot guarantee future result.

CIA Advisor Representatives have the availability to utilize mutual funds that offer various share classes, including but not limited to shares designated as Class A Shares and Class I Shares. Generally, I shares are reserved for institutional investors and therefore may not always be available for a client's account. As a result of the different expenses of the mutual fund share classes, it is generally more expensive for a client to own Class A Shares than Class I Shares (or other share classes).

Item 9: Disciplinary Information

CIA has no disciplinary events or matters to disclose.

Item 10: Industry Activities and Affiliations

Relationships or Arrangements Material to Our Advisory Business

Neither we, nor any management person, nor any of our representatives are registered or have an application pending to register as a Broker/Dealer, a Futures Commission Merchant, a Commodity Pool Operator, or a Commodity Trading Advisor, nor an associated person of the foregoing entities except investment advisor representatives of CIA are associated persons of the broker-dealer CIR.

Broker/Dealer Relationship

Investment Advisor Representatives of CIA are Registered Representatives of Cambridge Investment Research, Inc. (CIR), a securities broker-dealer, a member of the Financial Industry Regulatory Authority (FINRA), and a member of the Securities Investor Protection Corporation (SIPC).

Approximately 10% of an Investment Advisor Representative's time may be engaged in this activity.

As a broker-dealer, CIR engages in a broad range of

activities normally associated with securities brokerage firms. Pursuant to the investment advice given by us or our representative, investments in securities may be recommended for clients. If CIR is selected as the broker-dealer, it may affect transactions in securities for our clients or those of our representatives.

By serving as the broker-dealer, CIR and its Registered Representatives, including our representatives, may receive commissions for executing securities transactions. When commissions are received by our representatives in connection with the advice given to advisory clients, we may reduce Maximizer or first time planning fees by the amount of the commission earned by our representatives (for transactions that generate commissions in excess of \$10,000).

Clients are advised that if CIR is selected as the broker-dealer, the transaction charges may be higher or lower than the charges the client may pay if the transactions were executed at other broker-dealers. Clients should note, however, that they are under no obligation to purchase securities through our representatives or CIR.

Moreover, clients should note that under the rules and regulations of the FINRA, CIR has an obligation to maintain certain client records and perform other functions regarding aspects of the investment advisory activities of its Registered Representatives. These obligations require CIR to coordinate with, and have the cooperation of, its Registered Representatives that operate as or are otherwise associated with investment advisers.

Accordingly, CIR may limit the use of certain custodial and brokerage arrangements and may collect as paying agent for us the investment advisory fees remitted to us by the account custodians. CIR may retain a portion of the investment advisory fee so remitted as a charge for the functions it performs, and such portion may be further distributed to other registered representatives of CIR. The charge will not increase the brokerage charges to the client or the fee the client has agreed to pay us.

Insurance Agency Relationship

In addition, our Investment Advisor Representatives may also be licensed insurance agents. We or our Investment Advisor Representatives may receive

compensation for their/its activities as Registered Representatives or insurance agents.

Approximately 20% of the time of our representatives is spent in connection with these activities.

Our Investment Advisor Representatives are appointed with various life, disability, and other insurance companies. As such, we or our representatives may recommend the products offered by these insurance companies. If clients purchase these products through our representatives, we or our Investment Advisor Representatives may receive the normal commissions or fees for effecting such sales. When commissions or fees are received by us or our representatives in connection with the advice given to advisory clients, we may reduce our Maximizer or first time planning fee by the amount of the commission or fee earned by us or our representatives (for transactions that generate commissions in excess of \$10,000). However, clients should note that they are under no obligation to purchase any life, disability, or other insurance product through us or our Investment Advisor Representatives.

We are affiliated through both ownership and control with Capital Insurance Group Companies, Inc. (CIG), a licensed insurance broker in the District of Columbia. We are also affiliated through both ownership and control with AGI Financial Services, Inc. (AGI), a licensed insurance broker in the District of Columbia, and the predecessor to Capital Asset Management Group. However, as soon as all of AGI's business has been transferred to CIG, this entity will be terminated.

Tax preparation and bookkeeping services are provided to clients through our parent company entity Capital Asset Management Group, Inc. This is a conflict of interest as fees are earned by an entity commonly owned by our principal. CIA follows its fiduciary duty and always acts in the best interests of its clients. No client is required to purchase tax preparation or bookkeeping services through the parent company Capital Asset Management Group, Inc.

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

Code of Ethics

CIA has adopted a Code of Ethics designed to meet the requirements of SEC Rule 204 (A) (1). CIA monitors the personal securities transactions of its employees, officers, directors, and IARs. The Code of Ethics sets forth standards of conduct and addresses potential conflicts of interest among CIA, CIA's employees and agents, and CIA's advisory clients. All CIA clients may request a free copy of CIA's Code of Ethics by mailing a written request to:

Capital Investment Advisors, Inc.
Attn: Investment Advisory Compliance
1000 Potomac Street NW Suite 300
Washington DC 20007

Potential Conflicts of Interest

Occasionally, our Investment Advisor Representatives may buy or sell for themselves securities that may also be selected by Third Party Multi-Manager Program investment strategist for use in a client's investment portfolio. Prior to effecting such transactions, our representatives are required to disclose their interest in such transactions. Mutual fund transactions, however, may be made by our representatives for their own accounts without disclosure to the client. However, such transactions are not affected when they are adverse to the client's interests.

If a financial consultation services client executes recommended securities transactions through our Investment Advisor Representatives in his or her separate capacities as Registered Representatives of CIR, these individuals will earn commissions that are separate and distinct from fees charged for advisory services. In some instances, depending on the size of the transaction, we may offer to offset our I2M financial consultation fees by up to 50%, and our annual review Maximizer fees for up to two years in lieu of the Insurance or brokerage commissions so earned (for transactions generating commissions in excess of \$10,000). Commissions will not be credited towards future advisory fees. (Refer to Item 5)

The client has no obligation to implement any such recommendation through us, our representatives, or our affiliates. If a client chooses not to pursue implementation of a financial consultation services plan through us, the client will still be obligated to pay the stated fee for the plan's preparation.

CIR is a participant in Pershing's FUNDVEST® ticket charge program, and FCCS' FUNDSMART® Select ticket charge program. These programs offer clients no-load mutual funds with no transaction fees. Through formal agreements CIR, not CIA or its affiliated companies, is eligible to receive revenue sharing participation for assets that are held within these programs. Restrictions may apply in certain situations. Both of these programs can be used in the CAAP or Cambridge Investment Management Platform. Clients should be aware that CIA and its affiliates, and/or any partners, officers, directors, agents, or employees will act as an investment adviser for other persons or entities; and we and our affiliates and/or any partners, officers, directors, agents, and employees will affect transactions in securities for their own accounts, or for the accounts of others, to the extent permitted by law.

Clients should also be aware that we and our affiliates have investment responsibilities, render investment advice to, and perform other investment advisory services for other individuals and entities ("Other Portfolios"), and that we and our affiliates and/or their partners, directors, officers, agents, and employees may buy, sell or trade in any securities for their respective accounts ("Affiliated Portfolios").

We and our affiliates may give advice or exercise investment responsibility and take such other action with respect to Other Portfolios and Affiliated Portfolios which may differ from the advice given, or the timing or nature of the action(s) taken, with respect to the client's portfolio; provided that they act in good faith, and provided further that it is their policy to allocate, within their reasonable discretion, investment opportunities to the client's portfolio over a period of time on a fair and equitable basis relative to the Other Portfolios and the Affiliated Portfolios, taking into consideration the cash position and the investment objectives and policies of the client.

It is further understood that Other Portfolios or

Affiliated Portfolios may have investment positions in which the client's portfolio may have an interest, whether in transactions which involve the client's portfolio or otherwise. Neither we, nor our affiliates shall have any obligation to acquire for the client's portfolio a position in any investment, which the Other Portfolios and/or Affiliated Portfolios may acquire, and the client shall have no first refusal, co-investment, or other rights in any such investment.

Item 12: Brokerage Practices

When CIA provides asset management services, our Investment Adviser Representatives make recommendations for Third Party Multi-Manager Programs or personally provide investment management and continuous supervision of the client's investment portfolio.

For third party money managers, the executing broker/dealer is predetermined by the terms of the program, as more fully described in the respective program descriptions provided in the sponsor's Wrap Fee Brochure. Client's participating in any of our Third Party Multi-Manager Programs will be provided with, and should review, the sponsor's Wrap Fee Brochure prior to investing.

As stated, CIA may manage managers of asset programs who in turn choose the broker dealer that executes transaction orders or CIA will provide advisory services on a discretionary basis. CIA recommends custodians.

Custodians will be recommended based on CIA's duty to seek "best execution," which is the obligation to seek to execute securities transactions for a Client on terms that are the most favorable to the Client under the circumstances. The client will not necessarily pay the lowest commission or commission equivalent, and CIA may also consider the market expertise and research access provided by the payment of commissions, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers to aid in the research efforts of CIA. CIA will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

1. Research and Other Soft-Dollar Benefits

CIA receives research, products, or other services from its custodian or other third-parties in connection with client securities transactions ("soft dollar benefits"). There is no minimum client number or dollar number that CIA must meet in order to receive free research. There is no incentive for CIA to direct clients to any custodian or broker-dealer who offer the same services. The first consideration when recommending custodians to clients is best execution. CIA always acts in the best interest of the client and may direct the client to a certain custodian for the benefit of the client in terms of better/lower custodial fees as negotiated by either CIA or CIR on the client's behalf. CIA does not directly benefit from directing clients to one custodian over another.

2. Brokerage for Client Referrals

CIA receives no referrals from custodians or third parties in exchange for using that custodian or third party.

3. Clients Directing Which Broker/Dealer/Custodian to Use

CIA will allow clients to direct brokerage; however, CIA may recommend custodians. CIA may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost a client money because without the ability to direct brokerage CIA may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

4. Aggregating (Block) Trading for Multiple Client Accounts

CIA maintains the ability to block trade purchases and sales across accounts. When more than one account is trading a particular stock or ETF on the same day, block trading may be used to get identical pricing on the trades. Declining to block trade can cause more expensive trades for clients.

Item 13: Review of Accounts

CIA has established an annual review process for our

financial consultation services initial financial plans. Depending on the level of service selected, a client's financial plan will be reviewed with the client at least annually, or as frequent as quarterly. This review will be conducted by one of our Investment Advisory Representatives. Presentation material used during the review, and correspondence documents a recap of actions to be taken are reviewed by the firm's chief compliance officer.

During this plan review process, our representative will determine if the client has experienced any lifestyle or financial changes that would warrant modification to the plan, review if the components of client's plan, including the performance of any Third Party Multi-Manager Programs, appear to be on track toward meeting the goals and objective, and, if warranted, will recommend changes or modification that might be beneficial.

On a less formal basis, our representative will similarly review the financial plan when addressing a client question that might arise outside the normal review cycle.

When CIA provides asset management services, our Investment Adviser Representatives make recommendations for Third Party Multi-Manager Programs or personally provide investment management and continuous supervision of the client's investment portfolio. Investment strategists employed in these programs have developed various programs to help them supervise investments within the portfolio, and make changes as warranted. The method by which these reviews are conducted is more fully described in the respective program descriptions provided in the sponsor's Wrap Fee Brochure. Client's participating in any of our Third Party Multi-Manager Programs will be provided with, and should review, the sponsor's Wrap Fee Brochure or ADV 2A prior to investing. Our Investment Adviser Representatives will conduct quarterly reviews on all accounts whether managed by a third party or CIA.

Clients who participate in most of our Third Party Multi-Manager Programs will receive a statement from the sponsor's custodian at least quarterly and in some cases more frequently. These statements will disclose investment holdings and a record of transaction activity. Clients will also receive statements from the

Third Party Multi-Manager Program that will present holdings, activity, fees, and performance. Most programs will submit statements to the client on a quarterly basis. The CAAP program submits an annual statement. In most cases, clients may elect to receive printed or electronic copies of their statements.

CIA provides account aggregation reporting to clients electing one of our financial consultation services annual review programs. These reports are typically provided via secure online resources.

Item 14: Client Referrals and Other Compensation

CIA attempts to maintain a network of attorney, accountant, mortgage broker, and benefit plan administrator professionals who might aid our clients in need of such of their services.

We do not receive any form of compensation of other economic benefit from them for referrals we may make to them, nor do they receive any form of compensation of other economic benefit from us for referrals they may make to us.

CIA may act in the capacity of a solicitor for other third party asset managers and share in management fees charged to the client referred.

Item 15: Custody

We accept securities and checks from clients solely for the immediate transmittal to custodians or other product vendors. Money is disbursed from client accounts solely upon the client's written authorization.

CIA does not accept client securities and if inadvertently sent in the securities will be returned to the client immediately. Any checks sent into CIA will be forwarded to the custodian for deposit into the client's account. Proper documentation will be kept.

When CIA provides asset management services, our Investment Adviser Representatives make recommendations for Third Party Multi-Manager Programs to provide investment management and direct continuous supervision of underlying securities

in a client's portfolio. These Third Party Multi-Manager Program sponsors have made arrangements with custodians to act on their behalf to hold the investments, collect income, and remit and collect other funds for the benefit of the client.

On a quarterly or more frequent basis, these custodians will provide the client with a statement of activity and investment holdings. The client should carefully review these custodial statements for accuracy, and promptly contact their CIA Investment Advisor Representative or our firm's Chief Compliance Officer to report any error.

Clients may also receive periodic reports from the Third Party Multi-Manager Program sponsors. Clients who have elected our financial consultation annual review services may also receive account aggregation reports from us. Reports clients receive from Third Party Multi-Manager Program sponsors or us are meant to replicate the investment holdings and activity also reported by the client's custodian. The client is urged to carefully compare custodial statements to those provided by Third Party Multi-Manager Program sponsors or us.

If the client discovers a discrepancy between the two statements, the qualified custodian's statement is to be deemed to be accurate representation of the client's accounts. The client should promptly contact their CIA Investment Advisor Representative or our firm's Chief Compliance Officer to report and discrepancy between statements that might be discovered.

Item 16: Investment Discretion

For those client accounts where CIA will have investment discretion, the client has given CIA written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides CIA discretionary authority via a discretionary investment management clause in the Investment Advisory Contract and/or a limited power of attorney clause in the contract between the client and the custodian. Client contracts with Third Party

Multi-Manager Programs may also provide CIA with discretionary authority.

It is, however, CIA's current practice to notify client in writing or via conversation in advance of any change in a non-third party managed portfolio.

Item 17: Voting Client Securities

Neither we nor our Investment Adviser Representatives will (a) vote any proxies solicited by, or with respect to, the issuers of any securities held in any portfolio, nor (b) participate in any legal proceedings involving securities or other investments presently or formerly held in any portfolio, or the issuers thereof, including bankruptcies.

The agreement between the client and the Third Party Multi-Manager Program sponsors provide for appointing the sponsor or the sponsor's investment strategist as the client's agent and attorney-in-fact, with discretion to vote proxies with respect to any securities in the portfolio.

The Third Party Multi-Manager Program sponsor or its' investment strategist will execute waivers, consents and other instruments with respect to such securities, and consent to or reject any plan of reorganization, merger, combination, consolidations, liquidation or similar plan with reference to such securities. The client may retain the right to vote proxies by providing written notice to the Third Party Multi-Manager Program sponsor.

We will send all proxy and legal proceedings information and documents we receive to the Third Party Multi-Manager Program sponsor, so it may take whatever action it deems advisable.

Item 18: Financial Information

Registered Investment Advisors are required to provide certain financial information or disclosures about CIA's financial condition. CIA has no financial commitment that impairs our ability to meet contractual and fiduciary commitments to our clients.

CIA does not require nor solicit prepayment of more than \$1200 in fees from a client, six months or more in advance, nor take custody of client funds. Thus, we do not qualify for inclusion of a balance sheet for our most recent fiscal year.

CIA has never been the subject of any bankruptcy petition.

Thank you for reviewing the Capital Investment Advisors, Inc.
Part 2A of Form ADV.