

**Capital Advisers, Inc.
Part 2A of Form ADV
The Brochure**

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This brochure provides information about Capital Advisers, Inc. (the “Adviser”). If you have questions, please contact us at 919.865.1930. Neither the United States Securities and Exchange Commission nor any state nor any other regulatory or licensing organization has reviewed this document.

Further information is available at www.adviserinfo.sec.gov.

Material Changes

The Adviser and its activities have not changed materially since the last ADV update.

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The Business

Capital Advisers, Inc., (hereinafter, “Capital Advisers”) is an independent, objective, open architecture money manager which continually researches, reviews, and monitors the complete investment universe of no-load and load-waived mutual funds, exchange-traded funds, and separate account managers to create a customized portfolio of traditional and alternative asset classes based upon each client’s risk tolerance and objectives.

Capital Advisers’ fundamental premise is that asset allocation will drive a portfolio’s risk and return characteristics. With quantitative and qualitative research, we seek superior managers for each asset class and style discipline. No single manager can replicate the return capture and risk management of our extended “team” of managers.

Capital Advisers adds value by:

- Researching intensively to select top managers regardless of the investment vehicle.
- Attempting to capture emerging quality managers before asset bloat, style and strategy drift, and manager burnout occur to diminish his value to portfolios.
- Understanding true, underlying investment characteristics.
- Monitoring rigorously all underlying investments to discover manager or process change or long-term secular incompatibilities with portfolios.
- Rebalancing unemotionally to capture and consolidate gains from outperforming asset classes by selling positions in asset classes which have exceeded their initial allocation percentages and placing those proceeds into those asset classes which have underperformed and, temporarily, reflect less than their initial allocation percentages.
- Employing an efficient, cost-effective trading technology platform used by many global money managers to achieve desirable and timely execution.
- Remaining vigilant to maximize cost-efficiency and tax-efficiency in a firm wide atmosphere of transparency in and full disclosure of processes and results.

Capital Advisers has only two (2) individual owners and offers no proprietary products. As of March 31, 2011, we are discretionary asset managers managing in excess of one hundred fifty million dollars (\$150,000,000.00) in individual and institutional assets. Roland S. Jones, Jr., President and Chief Investment Officer, has managed individual and institutional assets for over two (2) decades at Capital Advisers or a previous organization. Capital Advisers began formal operations in 1994.

Each client commits in writing to the percentage of their portfolio to be managed in equity exposures and the percentage of their portfolio to be managed in fixed income exposures.

Fees and Compensation

The client shall pay compensation to the Adviser for its investment management quarterly in advance in accordance with the fee as determined by the Adviser and Client. If the management of an account commences at any time other than the beginning of a calendar quarter, the Adviser shall prorate that fee. The fee is a percentage of assets under management.

All client accounts are subject to a minimum annual fee of one thousand and no/100 dollars (\$1,000.00). We have not enforced this.

Fees are based upon the fair market value of the client portfolio assets as of the last business day of each quarterly period. The initial fee is billed and based on the market value of the client portfolio assets as of the first day the client's custodian for the relationship with the Adviser receives assets. The Adviser receives no fees based upon a designated share of capital gains upon or capital appreciation of the portfolio assets or any segmented portion of portfolio assets and receives no revenue other than the fees described in this section.

Client Types

The Advisers serves individuals and institutions or organizations. The Adviser may waive account minimums but seeks to manage only accounts that are one hundred thousand dollars (\$100,000.00) or more upon inception of the relationship between the client and the Adviser. The Adviser serves as a fiduciary in many contexts.

Research, Analysis, and Strategies

Summary: Independent, open architecture, objective, risk-aware, fiduciary-friendly investment advisory firm creating and managing custom portfolios offering the entire universe of traditional and alternative asset classes and strategies with no proprietary products

Capital Advisers is an **independent, objective, open-architecture** money manager which continually researches, reviews, and monitors the complete investment universe of no-load and load-waived mutual funds, exchange-traded funds, separate account managers, and other investment vehicles to create portfolios of **traditional and alternative asset classes customized** for each client's risk tolerance and objectives.

Ego, fear, greed, and other human foibles cause much investor failure. While we acknowledge those limitations in ourselves, we seek to have **systems and processes to minimize those inhibitors and disruptors of success**. One of our core processes is the strategic, risk-aware rebalancing which occurs in all managed portfolios no less frequently than quarterly.

Investment advisers often neglect risk management and other fiduciary standards. Both of Capital Advisers' primary investment decision-makers are licensed attorneys, and one of the firm principals is a former securities regulator for the State of North Carolina. For the qualified marketplace, Capital Advisers' President offers the

experience of having owned two (2) third-party administrators for qualified plans and having practiced as an employee benefits and ERISA attorney.

Risk of Loss and Risk Management

Investing involves a risk of loss. Past performance is no guarantee of future results. We seek only long-term investors as clients and manage portfolios accordingly. We do not have the ability to liquidate, in whole or in part, client portfolios unless the client requires this in writing or except upon the Adviser's termination of a client relationship.

Capital Advisers, Inc., manages the following primary risks explicitly or implicitly:

Asset class [broadly meaning security type, capitalization, and style (value v. growth) discipline]

We manage every comprehensive portfolio (*i.e.*, the portfolio's investment policy allows equity and fixed income exposures) to include all broad asset classes and the well-defined sub-asset classes. In other words, these portfolios will contain, within equities, large, mid, and small capitalization equities and value and growth style discipline exposures; and, within fixed income, corporate, government (including but not limited to local and state issues), and securitized debt.

Industry sector

We refrain from industry sector rotation strategies. This constitutes market timing and is quite susceptible to confirmation biases, anchoring, and other behavioral contributors to investor failure. Through portfolio analytic software, we attempt to provide exposure to all well-defined industry sectors while avoiding undue concentration in any industry sector. This resulted in our exposure to financial services sector-related volatility being minimal relative to other investment advisory firms and provided meaningful exposure to commodities and natural resources during recent successful periods for that broad asset class.

Geography

All comprehensive portfolios have US and non-US equity and fixed income commitments. (Within non-US commitments, we will maintain appropriate emerging market equity and fixed income exposure.)

Company-specific

Generally, our commitment to dedicated asset class exposures as opposed to simply having a collection of so-called "core" (or generalist) managers minimizes security-specific risk. In addition, however, we use a portfolio analytic software application that helps, periodically, screen individual security overlap.

Cost

We seek lower-cost investment exposures that we believe will capture the desired risk and return profile. This might mean, *e.g.*, that the largest, most liquid, and most informationally-efficient and price-efficient asset classes might be a passive exposure with lower expense ratio. (Note that our compensation is entirely upon the value of assets under management. We receive no revenue-sharing or other additives to our revenue.)

Asset value decline

We rebalance unemotionally to capture and consolidate gains from outperforming asset classes by selling positions in asset classes which have exceeded their initial allocation percentages and placing those proceeds into those asset classes which have underperformed and, temporarily, reflect less than their initial allocation percentages

Liquidity

Unless our client's explicit requirements (e.g., private equity, direct real estate, hedge, and the like) require commitments with less liquidity, all holdings may be sold within the same trading day as the need arises. (Then, the usual settlement period occurs.)

Interest rate, inflation, and currency

For fixed income exposures, we do not make concentrated or "bulleted" bets on interest rate movements or absolute levels. We diversify in interest rate exposures in the same manner as we would diversify in other areas of risk.

A broadly diversified exposure in equities, generally, and the liquid real return assets (commodities, natural resources, and government-back inflation-protected securities) will address many inflation concerns.

The geographic diversity of our equity and fixed income portfolios will minimize short-term volatility associated with currency.

We emphasize again that one of the largest contributors to risk management and return capture is that we rebalance unemotionally to capture and consolidate gains from outperforming asset classes by selling positions in asset classes which have exceeded their initial allocation percentages and placing those proceeds into those asset classes which have underperformed and, temporarily, reflect less than their initial allocation percentages

Disciplinary Information

The Adviser and its employees have not been involved in legal or disciplinary events material to a client or prospect in the most recent ten (10) year period.

Other Financial Industry Activities and Affiliations

The Adviser and one (1) or more of its employees engage in limited business requiring securities brokerage or insurance licensing.

Code of Ethics, Client Transactions, and Personal Trading

The Adviser and its employees may own the same securities exposures held by client portfolios. The Adviser's Code of Ethic and its other internal compliance standards require compliance with law and regulation, no actual or apparent conflicts of interests, and the priority of client interests.

Material documents associated with this and other compliance requirements are available to clients.

Brokerage Practices and Custody

Third-party organizations unaffiliated with the Adviser hold client assets. The client has online or print access to all custodial data from these third parties. These third-party custodians make available to the client a monthly statement showing asset value and all account activity. The Adviser and its employees do not accept the role of custodian of assets.

Account Review

Accounts are monitored by the portfolio manager on a continuous basis and are reviewed at least monthly or more frequently, if warranted. Reviews are also performed when an account undergoes significant change. Review includes an evaluation of all security holdings in an account, in light of the client's stated objectives, risk profile, time horizon, and general economic and market conditions.

The primary reviewer is Roland Jones, President. The secondary reviewer is Steven Wilson, Principal. Mr. Jones handles the daily operations of the Adviser. The Adviser sends quarterly performance reporting. Performance reporting may be available on a more frequent basis if requested by the client.

Referrals and Other Compensation

The Adviser does not receive compensation of any kind incident to providing client advice or for selling a particular product or offering to a client.

On occasion, the Adviser receives a nominally-priced gift (calendar, cap or other apparel, and the like) from companies whose products or offerings the Adviser uses for clients and from companies whose products or offerings the Adviser does not use for clients. This might cause a conflict, but the compensation is non-cash and should not exceed the potential value of objective decision-making which can lead to the increase in client portfolio value and, thus, more revenue for the Adviser and its employees.

The Adviser will compensate individuals for client referrals. The Adviser discloses this in writing to the client and requires that the client agree to the fee received by the Adviser and by this third party referral source.

Investment Discretion

The Adviser retains discretion to manage the client portfolios subject to the written client requirements provided the Adviser at relationship inception and amended in writing by the client thereafter. In addition to those written requirements, the Adviser requires that each client receive, sign, and return an Investment Policy Statement reflecting the client's earlier written asset allocation requirement of equity percentage and fixed income percentage to be maintained by portfolio rebalancing.

The Adviser rebalances client portfolios not less frequently than quarterly.

Voting Client Securities

The Adviser does not engage in proxy voting for securities held in client portfolios. The duty remains at all times with the clients.

Financial Information

The Adviser has not experienced and is not aware of any financial condition or circumstance that is expected reasonably to affect the Adviser's ability to manage client accounts and engage in the business described herein.