



# Form ADV Part 2A

## Capstone Financial Solutions, LLC

February 27, 2012

### Item 1 Cover Page

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This brochure (“Brochure”) provides information about the qualifications and business practices of Capstone Financial Solutions, LLC (“Capstone Financial Solutions”). If you have any questions about the contents of this Brochure, please contact us at 713-260-9000 or [info@capstonefinancial.com](mailto:info@capstonefinancial.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Capstone Financial Solutions is registered with the Securities and Exchange Commission, which oversees its investment management activities. Registration with the Securities and Exchange Commission does not imply a certain level of skill or trading. Our oral and written communications are intended to provide you with information which you may use to determine to hire or retain us to provide investment advice.

Additional information about Capstone Financial Solutions is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2    Material Changes**

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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 material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year (September 30<sup>th</sup> of each 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. The material changes in this February 27, 2012 update to our Brochure are as follows:

Capstone Financial Solutions, LLC ("Capstone Financial Solutions") is a wholly-owned subsidiary of Capstone Financial Services, Inc. ("CFS"). Prior to January 12, 2012, Dan Watson and Edward Jaroski each owned interests in CFS that were deemed to be controlling, under applicable law. On January 12, 2012, Mr. Jaroski converted his CFS holdings to shares with lesser voting rights. On that date, Mr. Watson sold all his CFS shares to Steward Financial Holdings, Inc. ("SFH"). Prior to January 12, 2012, SFH was a minority shareholder of CFS. As a result of the January 12, 2012 transactions, SFH became the holder of shares constituting 51.46% of the voting power over CFS and 59.31% of the outstanding shares of CFS. Under applicable law, a person who owns beneficially, either directly or through one or more controlled companies, more than 25% of the voting securities of a company shall be presumed to control such company. Thus, Steward Financial Holdings, Inc. is deemed to have a controlling interest in CFS. No other person has a controlling interest in CFS. SFH, 1661 N. Boonville Avenue,, Springfield, MO 65803-2751, is a holding company. SFH is a wholly-owned, for-profit subsidiary of AG Financial Services Group ("AGFSG").

Currently, our Brochure may be requested by contacting Richard Nunn, our Chief Compliance Officer, by telephone at (713) 260-9000 or via email at [Rnunn@Capstonefinancial.com](mailto:Rnunn@Capstonefinancial.com). Our Brochure is available free of charge.

Additional information about Capstone Financial Solutions is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with Capstone Financial Solutions who are registered, or are required to be registered, as investment adviser representatives of Capstone Financial Solutions.

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**Item 4    Advisory Business**

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Capstone Financial Solutions is a privately owned investment adviser headquartered in Houston, Texas. Capstone Financial Solutions is wholly owned by Capstone Financial Services, Inc. which is a privately owned company (see below).

Capstone Financial Solutions provides investment advice and supervisory services to its clients by advising on equities, options, debt instruments, municipal securities, governmental securities, and/or mutual fund shares in or for its client's accounts which will provide proper diversification and help meet the client's stated investment objectives. Capstone Financial Solutions provides discretionary and non-discretionary investment supervisory services to its clients. The specific investment style chosen per client is based upon the goals, objectives, and individual needs of the client. Capstone Financial Solutions provides this service to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations. Certain asset allocation clients of Capstone Financial Solutions invest in mutual funds advised by its affiliate Capstone Asset Management Company.

As of 9/30/2011, Capstone Financial Solutions had discretionary assets under management of \$437,618,552 and non-discretionary assets under management of \$19,495.

Capstone Financial Solutions is a wholly-owned subsidiary of Capstone Financial Services, Inc. ("CFS"). Prior to January 12, 2012, Dan Watson and Edward Jaroski each owned interests in CFS that were deemed to be controlling, under applicable law. On January 12, 2012, Mr. Jaroski converted his CFS holdings to shares with lesser voting rights. On that date, Mr. Watson sold all his CFS shares to Steward Financial Holdings, Inc. ("SFH"). Prior to January 12, 2012, SFH was a minority shareholder of CFS. As a result of the January 12, 2012 transactions, SFH became the holder of shares constituting 51.46% of the voting power over CFS and 59.31% of the outstanding shares of CFS. Under applicable law, a person who owns beneficially, either directly or through one or more controlled companies, more than 25% of the voting securities of a company shall be presumed to control such company. Thus, Steward Financial Holdings, Inc. is deemed to have a controlling interest in CFS. No other person has a controlling interest in CFS. SFH, 1661 N. Boonville Avenue,, Springfield, MO 65803-2751, is a holding company. SFH is a wholly-owned, for-profit subsidiary of AG Financial Services Group ("AGFSG").

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## Item 5 Fees and Compensation

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Capstone Financial Solutions provides investment advisory services to individuals, families, institutions and religious organizations. For services rendered, the client pays Capstone Financial Solutions for its investment management services based upon the client's assets under management. The advisory fees payable to Capstone Financial Solutions is an annual fee range of 0.05% to 1.00% of assets under management. Such fee shall be assessed quarterly. Fees are calculated by multiplying the assets under management by the relevant percent and dividing such product by four (4). Accounts opened in mid-quarter will be assessed at a pro-rated management fee. All advisory fees and account minimums are negotiable. Capstone Financial Solutions' minimum account size is \$50,000 with a minimum annual fee of \$250.

Fees are payable quarterly in advance based on the account asset value on the last business day of the previous calendar quarter. Such fees may be deducted by the custodian from the client's account(s) quarterly within thirty (30) days. All fees for new accounts are calculated on a pro-rata basis, and collected but unearned management fees are refunded on a pro-rata basis for terminated accounts.

With regard to employee related accounts, the quarterly fees may be less, depending upon a number of factors, including portfolio size, length of employment and relationship to the employee.

Fees are calculated on an incremental basis and are subject to change with thirty (30) days written notice. Notwithstanding the above, certain clients of Capstone Financial Solutions with pre-existing relationships may initially be charged fees that are less than those set out above.

Capstone Financial Solutions maintains an Investment Advisory Agreement for all discretionary accounts for the purposes of directing and/or otherwise effecting investments on behalf of the managed account. Further, the Investment Advisory Agreement allows all discretionary and non-discretionary accounts for the direct payment of Capstone Financial Solutions fees and/or the payment of any commissions, custodial fees and or other charges incurred by the account(s).

To the extent mutual funds are selected by Capstone Financial Solutions to develop a client's overall investment strategy, the annual advisory fee paid to Capstone Financial Solutions does not include the customary fees and expenses associated with investing in mutual funds or other costs of establishing and maintaining an account with mutual funds including Rule 12b-1 fees and expenses if any. Clients are advised that, in addition to the annual advisory fee, some mutual funds in which assets are invested may result in additional expenses.

### ***Tactical Asset Allocation Program***

The Tactical Asset Allocation Program seeks to enhance performance by opportunistically shifting the asset mix of a portfolio in response to the changing patterns of reward available in the capital

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markets. Capstone Financial Solutions' Tactical Asset Allocation Program incorporates both active and passive investment styles in constructing risk adjusted growth portfolios. The annual fee for the Tactical Asset Allocation Program ranges from 0.15% to 0.40% of all assets in the account in addition to the advisory fee. The annual management fee is paid quarterly to Capstone Financial Solutions in accordance with the fee schedule.

#### ***Other Advisers***

Capstone Financial Solutions has entered into an arrangement with Fidelity Managed Portfolio Program, an investment adviser registered with the Securities and Exchange Commission. The program includes client access to investment managers for the discretionary management of client accounts.

#### ***Greenrock Research Managed Portfolios Program***

Capstone Financial Solutions acts as an investment advisor with respect to the Greenrock Research Managed Portfolios Program (the "Program"), investment advisory program sponsored by Greenrock Research ("Greenrock"), an unaffiliated investment advisor. Under the Program, Capstone Financial Solutions will review a client's financial circumstances, investment goals, objectives and restrictions, risk tolerance and such other information believed by Capstone Financial Solutions to be necessary to make determinations or recommendations for the investment of the client's assets in the

Program. Greenrock will recommend to Capstone Financial Solutions combinations of independent portfolio managers to manage the assets in the client's account in accordance with the client's goals as determined by Capstone Financial Solutions.

At Capstone Financial Solutions direction, Greenrock will arrange with each portfolio manager selected by Capstone Financial Solutions for the discretionary management of a portion of the client's account and each such portfolio manager will handle the day-to-day investment management with respect to that portion of the client's account. Capstone Financial Solutions may additionally recommend to the client certain mutual funds in which to invest under the Program.

In addition to the Program fees as set forth in the Program Disclosure Document, each of Capstone Financial Solutions' clients participating in the Program pays an advisory fee to Capstone Financial Solutions. The client pays Greenrock for its investment management services based upon the client's assets under management. The investment management fee payable to Greenrock is an annual fee of 0.10% of assets under management. Such fee shall be assessed quarterly. Fees are calculated by multiplying the assets under management by the relevant percent and dividing such product by four (4). Fees are payable quarterly in advance based on the account asset value on the last business day of the previous calendar quarter. Such fees may be deducted by the custodian from the client's account(s) quarterly within thirty (30) days. All fees for new accounts are calculated on a pro-rata basis, and collected but unearned management fees are refunded on a pro-rata basis for terminated accounts.

## Item 6 Performance-Based Fees – Side by Side Management

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Capstone Financial Solutions does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7 Types of Clients

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Capstone Financial Solutions provides investment management services to individuals, trusts, endowments, foundations, pension and profit sharing plans, estates, charitable organizations, corporations and religious organizations.

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

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- **Quantitative Analysis** seeks to understand behavior by using complex mathematical and statistical modeling, measurement, and research. When a securities analyst focuses on a corporation's financial data in order to project potential future performance, the process is called quantitative analysis. This methodology involves looking at profit-and-loss statements, sales and earnings histories, and the statistical state of the economy rather than at more subjective factors such as management experience, employee attitudes, and brand recognition.
- **Fundamental Analysis** involves an assessment of the fundamental financial condition and competitive position of a company. This approach generally involves an analysis of the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company maybe good, market conditions may negatively impact the security.
- **Technical Analysis** involves the examination of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of various quantitative-based calculations, variation metrics and charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Capstone Financial Solutions will be able to accurately predict such a reoccurrence.

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- **Cyclical Analysis** is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company that Capstone Financial Solutions is recommending. The risks with cyclical analysis are similar to those of technical analysis.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

#### **INVESTMENT MODEL STRATEGIES**

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

- **Conservative**
- **Moderate**
- **Balanced**
- **Aggressive Growth**
- **Diversified Equity**

#### **Custom Asset Allocations**

The Custom Asset Allocation Portfolio combines Capstone Financial Solutions' solid commitment to in-depth personalized service with the power of Capstone Asset Management's sophisticated investment management approach to offer custom asset allocation services usually reserved for only the largest investors. CAMCO is an affiliate of Capstone Financial Solutions. The investment process considers the clients' risk and performance requirements, along with a thorough understanding of each client's unique personal screening requirements.

#### **Risk of Loss**

The analysis of equity securities requires subjective assessments and decision-making by experienced investment professionals. However, there is a risk of an error in judgment. This is mitigated through Capstone Financial Solutions' Investment Team who thoroughly reviews each investment made on behalf of clients before making a decision to own, sell, increase or decrease position.



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An investment in equity securities is subject to investment risks, including the possible loss of some or the entire principal amount invested. There can be no assurance that Capstone Financial Solutions will be successful in meeting its investment objective. Capstone Financial Solutions' ability to choose suitable securities has a significant impact on the ability of Capstone Financial Solutions to achieve its investment objective.

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

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There are no legal or disciplinary events that we deem are material to a client's or prospective client's evaluation of our firm or the integrity of our management.

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

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Capstone Asset Planning Company (CAPCO), a FINRA registered broker-dealer, is also a wholly-owned subsidiary of Capstone Financial Services, Inc., Capstone Financial Solutions' parent. CAPCO is the underwriter of the investment companies for which Capstone Asset Management Company provides investment advice. CAPCO receives fees from certain of these investment companies for distribution and shareholder services under plans adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940.

We currently have management persons that are registered representatives of CAPCO. In the normal course of employment with Capstone Financial Solutions, their activities, which may include wholesaling, marketing, and other financial professional contact, may require the holding of a securities license. They do not receive compensation from CAPCO.

Capstone Asset Management Company (CAMCO) and Roger H. Jenswold & Company, Inc. are both registered investment advisory firms which are also both wholly owned subsidiaries of Capstone Financial Services, Inc., Capstone Financial Solutions' parent. Certain products offered by CAMCO are utilized by advisory clients of Capstone Financial Solutions, pursuant to a written sub-advisory agreement.

CFS Consulting Services, LLC (CCS) is a consulting firm that provides screening research services and administrative services. CCS is also a wholly owned subsidiary of CFS, Capstone Financial Solutions' parent.

A number of Capstone Financial Solutions advisory clients may acquire interests in Assemblies of God Loan Fund (or similar investments) and Capstone Financial Solutions may recommend to advisory clients with respect to the purchase of interests in Assemblies of God Loan Fund. Capstone Financial Solutions, or its related entities, may have a proprietary interest in certain of these investments or funds, which may include carried interests or prior investment by Capstone Financial Solutions and/or affiliates.

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To the extent clients of Capstone Financial Solutions hold or acquire securities issued by Assemblies of God Loan Fund, the relationship will be fully disclosed to client.

Capstone Financial Solutions may recommend the purchase and sale of shares of Steward Large Cap Enhanced Index Fund, Steward Select Bond Fund, Steward Small-Mid Cap Enhanced Index Fund, Steward International Enhanced Index Fund, and Steward Global Equity Income Fund to clients and prospective clients.

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

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Capstone Financial Solutions has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Capstone Financial Solutions and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Our code also provides for oversight, enforcement and recordkeeping provisions. Capstone Financial Solutions' Code of Ethics further includes Capstone Financial Solutions' policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [info@capstonefinancial.com](mailto:info@capstonefinancial.com) , or by calling us at 713-260-9000.

Capstone Financial Solutions and individuals associated with our firm are prohibited from engaging in principal transactions.

Capstone Financial Solutions does not permit cross-agency trades. A cross- agency trade is a transaction effected by an investment adviser between two or more of its clients without the use of an unaffiliated broker.

## **Item 12 Brokerage Practices**

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Capstone Financial Solutions will supervise and direct the investments of the client accounts subject to such limitations as the client may impose in writing. Capstone Financial Solutions, as agent and attorney-in-fact with respect to the client's account, without prior consultation with the client, may,

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(a) direct the purchase, sell, exchange, conversion, and otherwise trade in stocks, bonds and other securities including money market instruments, (b) direct the amount of securities purchased, sold, exchanged, and otherwise traded; (c) place orders for the execution of such securities transactions with Capstone Financial Solutions or other third party broker/dealers; and (d) determine the commission rates paid. Capstone Financial Solutions will allocate brokerage transactions in a manner it believes to be fair and responsible to its clients, and consistent with client objectives. Adhering to a strict formula will not be practicable given the variation in client objectives and guidelines.

Unless a client instructs Capstone Financial Solutions otherwise, Capstone Financial Solutions may place orders for the execution of transactions with or through a broker/dealer as Capstone Financial Solutions may select, and complying with Section 28(e) of the Securities Exchange Act of 1934, may pay a commission on transactions in excess of the amount of commission another broker or dealer would have charged. Capstone Financial Solutions will select such brokers that can effect transactions at the best price and execution under the prevailing circumstances. In managing investment portfolios, Capstone Financial Solutions acts in a manner in keeping with what it understands and believes to be the best interests of the client.

Individual securities are selected to provide diversification among economic sectors and industries which are chosen to achieve the desired balance between expected risk and expected return. Transactions of an unusual nature are discussed with clients before execution.

Capstone Financial Solutions has entered into a relationship with National Financial Services ("Fidelity") through which Fidelity provides Capstone Financial Solutions with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services. As a result of receiving such services, Capstone Financial Solutions may have an incentive to continue to utilize Fidelity's services. Capstone Financial Solutions examined this conflict of interest when it chose to enter into this relationship and determined that the relationship is in the best interests of Capstone Financial Solutions clients.

FRIAG ("Fidelity Registered Investment Advisor Group") may reimburse a portion of the expenses paid by Advisers who obtain certain portfolio management software products. The reimbursement is generally a one-time reimbursement to facilitate conversion to Fidelity and may be applied to software licenses, interfaces between the Adviser's portfolio management system and Fidelity's brokerage systems, annual maintenance fees and software upgrades.

## **Item 13    Review of Accounts**

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While the underlying securities within client accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's or products stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

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In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings.

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**Item 14 Client Referrals and Other Compensation**

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Capstone Financial Solutions has entered into contractual arrangements with individuals who may solicit clients for Capstone Financial Solutions. The arrangements are made in writing pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended. Rule 206(4)-3 requires, among other things, that such solicitors comply with requirements of the Rule and other applicable law, as well as their contract with Capstone Financial Solutions. The solicitor must, at the time of his solicitation, provide the client with a copy of Capstone Financial Solutions' Form ADV Part 2A and supplements. The solicitor must also provide the client with a separate document describing the solicitation arrangement, disclosing any affiliation between Capstone Financial Solutions and the solicitor, the compensation for solicitation, and whether advisory fees for solicited clients are higher than those for other clients due to compensation paid to the solicitor.

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**Item 15 Custody**

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Capstone Financial Solutions does not maintain custody over its clients' accounts. Client funds are held in custody at a number of "qualified custodians" chosen by the clients.

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**Item 16 Investment Discretion**

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Capstone Financial Solutions accepts discretionary authority to manage securities accounts on behalf of its clients. Clients may place limitations on this authority. Examples include restrictions to own certain stocks, bonds and limitations on the percentage of cash held at any one time.

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**Item 17 Voting Client Securities**

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Capstone Financial Solutions has adopted and implemented written Proxy Voting Policies and Procedures ("Proxy Voting Procedures") which are designed to reasonably ensure that Capstone Financial Solutions votes proxies in the best interest of its advisory clients for whom the adviser has voting authority.

The Proxy Voting Procedures describe the positions Capstone Financial Solutions generally takes in voting proxies on particular issues and requires Capstone Financial Solutions to keep records noting the reasons for any vote that differs from its stated policies. Capstone Financial Solution's guidelines address

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matters that are commonly submitted to shareholders of a company for voting, such as issues relating to corporate governance, auditors, and the board of directors, capital structure, executive and director compensation, and mergers. The Proxy Officer is obliged to vote all proxies as set forth in the Guidelines. The Proxy Officer is obligated to maintain records all of all votes received, all votes cast and other relevant information.

The Proxy Voting Procedures also provide that, in the event a particular proxy vote would involve a conflict between the interests of Capstone Financial Solutions and its affiliates, and those of one or more clients of Capstone Financial Solutions, Capstone Financial Solutions may select one of the following procedures for voting the proxies:

- arranging for the proxies to be voted in proportion to votes of security holders who are not Capstone Financial Solutions clients
- referring the voting decision to the client
- obtaining a waiver of the conflict from the client to permit voting in accordance with Capstone Financial Solution's established voting policies.

You may obtain a copy of Capstone Financial Solutions' Proxy Voting Policy or information about how Capstone Financial Solutions voted client proxies by contacting Capstone Financial Solutions (toll-free) at 1-800-262-6631.

## Item 18 Financial Information

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Registered investment advisers, such as Capstone Financial Solutions, are required to provide you with certain financial information or disclosures about their financial condition.

- Capstone Financial Solutions has no financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients, and
- Capstone Financial Solutions has not been the subject of a bankruptcy proceeding.

We do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance, therefore we have no material additional financial disclosures.

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## **Item 19 Privacy Policy**

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### **WE ARE COMMITTED TO PROTECTING YOUR PRIVACY**

Capstone Financial Solutions , LLC ("Capstone Financial Solutions") appreciates the privacy concerns and expectations of our customers. We are committed to maintaining a high level of privacy and confidentiality when it comes to your personal information and we use that information only where permitted by law. This privacy policy contains information about how we fulfill this commitment to you. In compliance with government regulations, we provide this notice annually.

### **OUR COMMITMENT TO YOU**

We value the trust of our customers and will continue to recognize the importance of holding your personal financial information as confidential.

We will use information responsibly in order to protect you from fraud, offer you improved products and services, and comply with legal obligations.

We will maintain accurate customer information and respond promptly to customer requests to correct information.

We will require companies with which we do business to use our customer information appropriately and to safeguard the confidentiality of such information.

### **COLLECTION OF INFORMATION**

We collect nonpublic personal information about you from the following sources:

- Information that we receive from you personally on applications, forms, or other correspondence, such as your name, address, phone number, social security number, and e-mail address.
- Information about your transactions with us, such as your account holdings and transaction history.

### **DISCLOSURE OF INFORMATION**

We do not disclose any Information about our customers or former customers to third parties except to the extent necessary to service your account, as permitted by law.

### **WE PROTECT NON-PUBLIC PERSONAL INFORMATION ABOUT FORMER CUSTOMERS**

If you decide to close your account(s), we will continue to adhere to the privacy policies and practices provided in this notice.

### **WE HAVE SAFEGUARDS IN PLACE**

We have safeguards in place to protect the confidentiality, security and integrity of your non-public personal information. We restrict access to non-public personal information to those who need to know that information in order to service your account. We maintain physical, electronic and procedural safeguards that comply with government requirements to guard non-public personal information.

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We appreciate the opportunity to serve your investment needs. We pledge to follow the policies, safeguards and guidelines as described in this notice, and to protect the confidentiality of your information. Your relationship is very important to us, and we will take great care to honor these commitments to you.

**For more information about Capstone Financial Solution's privacy policies, please call (800) 262-6631**

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**ADV 2B SUPPLEMENTAL BROCHURE**

**Capstone Financial Solutions, LLC.**  
**3700 West Sam Houston Parkway South Suite 250**  
**Houston, Texas, 77042**  
**(713) 260-9000**  
**[www.capstonefinancialsolutions.net](http://www.capstonefinancialsolutions.net)**

**Dated: December 31, 2011**

Edward L. Jaroski  
Scott H. Wynant  
Douglas E. Willingham  
Patrick N. Garboden  
Thomas G. Severson

Melville L. Cody, CFA  
Claude C. Cody, IV CFA  
Richard A. Nunn, CPA  
Joel A. Kennedy, CPA

This brochure supplement provides information about the above named professionals that supplements the Capstone Financial Solutions, LLC (“Capstone Financial Solutions”) brochure. You should have received a copy of that brochure. Please contact us by email at **[www.capstonefinancialsolutions.net](http://www.capstonefinancialsolutions.net)** if you did not receive Capstone Financial Solutions’ brochure or if you have any questions about the contents of this supplement.

Additional information about the above named professionals is available on the SEC’s website at **[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**.



## Item 2 Educational Background and Business Experience

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The qualifications of persons who will be involved in the investment advisory services will be examined for excellence in training, experience and professional reputation. While no set criteria exist for every individual to be employed, persons with account responsibilities will generally have degrees in finance, business or related fields. Some persons involved in the investment field will hold certain professional designations. Individuals employed by Capstone Financial Solutions hold the Chartered Financial Analyst (CFA) and Certified Public Accountant (CPA) designations. The minimum qualifications for each of these designations are summarized below.

A Chartered Financial Analyst (CFA Charterholder) must pass three six-hour exams (Levels I, II, III) covering a broad-based curriculum of investment principles, meet certain professional and ethical requirements, and become a regular member of the CFA Institute.

A Certified Public Accountant (CPA) is the designation given to qualified accountants in the United States who pass the Uniform Certified Public Accountant Examination and have met additional state education and experience requirements for certification as a CPA.

The name, year of birth, formal education and business background for the preceding five years for the persons involved in investment advisory services for Capstone Financial Solutions have been detailed below:

<b>Edward L. Jaroski</b>	<b>President - Chief Executive Officer</b>	<b>Birth Year: 1946</b>
	<b>Fixed Income Portfolio Manager</b>	
<b>Education:</b>	Temple University, BBA in Accounting	
<b>Business:</b>	Capstone Financial Solutions, LLC	2008 to Present
	Capstone Asset Management Company	1987 to Present
	Capstone Financial Services, Inc.	1987 to Present
	Capstone Asset Planning Company	1987 to Present
	CFS Consulting Services, LLC	2008 to Present
	Roger H. Jenswold & Company, Inc.	2010 to Present
<b>Scott H. Wynant</b>	<b>Executive Vice President</b>	<b>Birth Year: 1954</b>
<b>Education:</b>	University of Oregon, BA in Business Administration	
<b>Business:</b>	Capstone Financial Solutions, LLC	2008 to present
	Capstone Asset Management Company	2008 to Present
	Capstone Financial Services, Inc.	2008 to Present
	CFS Consulting Services, LLC	2008 to Present
	Roger H. Jenswold & Company, Inc.	2010 to Present
	AG Financial Wealth Management Solutions, LLC	1997 to 2008

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<b>Claude C. Cody IV</b>	<b>Senior Vice President Fixed Income Portfolio Manager</b>	<b>Birth Year: 1951</b>
<b>Education:</b>	Vanderbilt University, BA University of Texas, MBA Chartered Financial Analyst	
<b>Business:</b>	Capstone Financial Solutions, LLC Capstone Asset Management Company Capstone Financial Services, Inc. Roger H. Jenswold & Company, Inc.	2009 to Present 2009 to Present 2009 to Present 2005 to Present
<b>Melville L. Cody</b>	<b>Senior Vice President Equity Portfolio Manager</b>	<b>Birth Year: 1954</b>
<b>Education:</b>	University of Texas, BA in Finance University of Texas, MBA	
<b>Business:</b>	Capstone Financial Solutions, LLC Capstone Asset Management Company Capstone Financial Services, Inc. Roger H. Jenswold & Company, Inc.	2009 to Present 2009 to Present 2009 to Present 2005 to Present
<b>Thomas G. Severson</b>	<b>Senior Vice President -Investments Equity Portfolio Manager</b>	<b>Birth Year: 1968</b>
<b>Education:</b>	University of Wisconsin, BA	
<b>Business:</b>	Capstone Financial Solutions, LLC Capstone Asset Management Company	2007 to Present 2007 to Present
<b>Douglas E. Willingham</b>	<b>Investment Advisor Representative</b>	<b>Birth Year: 1954</b>
<b>Education:</b>	Missouri State University, BS in Accounting	
<b>Business:</b>	Capstone Financial Solutions, LLC Capstone Financial Services, Inc. Roger H. Jenswold & Company AG Financial Wealth Management Solutions, LLC	2008 to Present 2008 to Present 2010 to Present 2006 to 2008

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<b>Patrick N. Garboden</b>	<b>Vice President -Investments</b>	<b>Birth Year: 1957</b>
<b>Education:</b>	<b>Fixed Income Portfolio Manager, Municipal Bonds</b> University of Oregon, BA in Business Administration	
<b>Business:</b>	Capstone Financial Solutions, LLC	2008 to Present
	Capstone Asset Management Company	2008 to Present
	Capstone Financial Services, Inc.	2008 to Present
	Roger H. Jenswold & Company	2010 to Present
<b>Richard A. Nunn</b>	<b>Senior Vice President -Chief Compliance Officer</b>	<b>Birth Year: 1946</b>
<b>Education:</b>	Rice University, BA in Economics Rice University, BA in Business Administration Rice University, BA in Accounting Rice University, Masters in Accounting Certified Public Accountant	
<b>Business:</b>	Capstone Financial Solutions, LLC	2008 to Present
	Capstone Asset Management Company	2004 to Present
	Capstone Financial Services, Inc.	2004 to Present
	Roger H. Jenswold & Company, Inc.	2010 to Present
	MGL Consulting Corporation	2001 to Present
	GBM International, Inc.	1991 to Present
<b>Joel A. Kennedy</b>	<b>Chief Financial Officer</b>	<b>Birth Year: 1965</b>
<b>Education:</b>	Lamar University, BA in Accounting Certified Public Accountant	
<b>Business:</b>	Capstone Financial Solutions, LLC	2010 to Present
	Capstone Asset Management Company	2010 to Present
	Capstone Financial Services, Inc.	2010 to Present
	CFS Consulting Services, LLC	2010 to Present
	Roger H. Jenswold & Company, Inc.	2010 to Present

### Item 3      Disciplinary Information

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There are no legal or disciplinary actions to report on any of the aforementioned professionals.

### Item 4      Other Business Activities

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Edward Jaroski, John Wolf, Scott Wynant, Richard Nunn and Patrick Garboden are also registered representatives of Capstone Asset Planning Company ("CAPCO"), a registered broker dealer. Mr. Jaroski, Mr. Wolf, Mr. Wynant, Mr. Nunn and Mr. Garboden hold these registrations solely to permit them to solicit business for five mutual funds and one closed end fund (Steward Small-Mid Cap, Steward Large Cap, Steward International, Steward Global Equity Income Fund, Steward Select Bond Fund and Capstone Church Capital Fund) for which Capstone Financial Solutions' affiliate, Capstone Asset Management Company, provides advisory services. Their status as registered representatives of a broker-dealer does not present a conflict of interest with those of Capstone Financial Solution's clients.

No other supervised persons of Capstone Financial Solutions are actively engaged in any other investment-related business or occupation.

### Item 5      Additional Compensation

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None of the other aforementioned professionals receive any additional compensation from non-clients for providing advisory services.

## Item 6      Supervision

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Edward Jaroski, CEO, Richard Nunn, CCO, Joel Kennedy, CFO and Scott Wynant, Executive Vice President compose the Management Team which manages the day-to-day operations of the firm.

All other aforementioned professionals are supervised by the Management Team. The Management Team can be reached at 800-262-6631.

Capstone Financial Solutions has a Board of Directors which supervises the activities of the firm.