

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page



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This brochure provides information about the qualifications and business practices of Capital Cove Financial. If you have any questions about the contents of this brochure, please contact us at (877) 639-6120, or email us at: info@capitalcove.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 Cove Financial also is available on the SEC's website at www.adviserinfo.sec.gov.

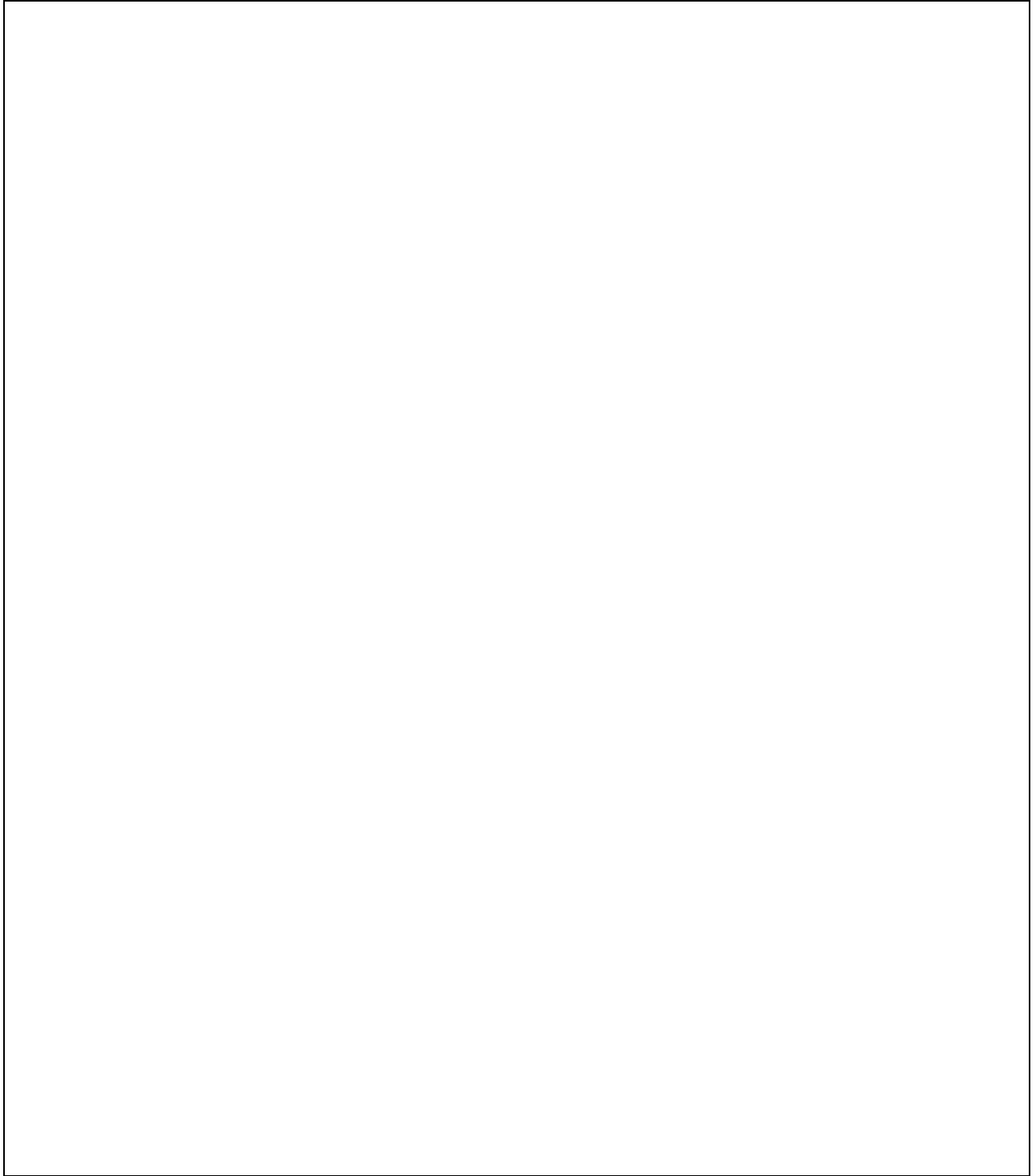
January 3, 2011

Item 2 Material Changes

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Item 4 Advisory Business

Capital Cove Financial is a client-focused Investment Advisory, Management Consulting and full-service REO Financial Services company. Our firm is focused exclusively on distressed REO real estate, mortgage portfolio assets, and related private equity investments. Through our main Investment Sales office, and wholly owned subsidiaries, Capital Cove Financial provides discretionary investment management services to a variety of individual and institutional clients, both in the United States and internationally. These clients include private accredited investors, pooled investment vehicles, alternative investment entities, FDIC-insured financial institutions, national asset management firms, non-profit organizations, and wealth management firms. In addition, Capital Cove Financial is a sub-adviser to affiliated and non-affiliated Private equity funds and limited partnerships. Capital Cove Financial, through its wholly-owned subsidiary – Aspyration Financial Group, also provides full-service real estate brokerage and development services in the form of customized trust deed investments, REO investment portfolios and joint venture opportunities.

Item 5 Fees and Compensation

As a general matter, fees are billed quarterly and are payable either in advance or in arrears, as mutually agreed upon with the client. Each quarterly billing is twenty-five (25%) of the annual fee applicable to the account based on the market value of the account and/or portfolio, including cash and cash equivalents, on the last business day of the quarter. Upon request, the firm may consider an alternative billing structure.

A client may terminate its investment advisory agreement and relationship before its expiration date by providing written notice of termination.

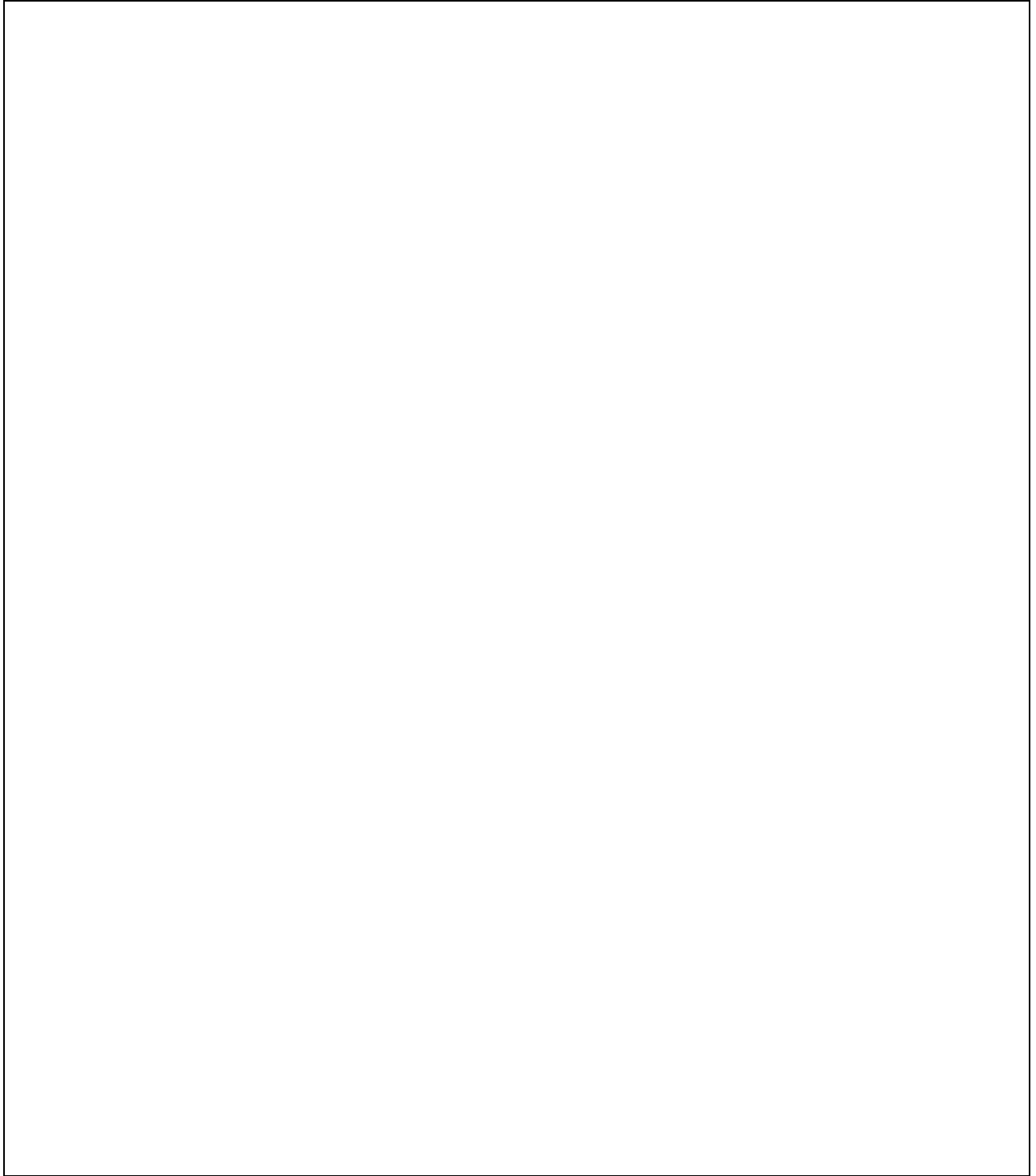
Upon termination, fees paid in advance will be prorated and any unearned portion thereof will be returned to the client. The refund will be calculated based on the number of days remaining in the billing period after the date of termination. Fees paid in arrears will be prorated and any earned portion thereof will be due to Capital Cove Financial. The fee will be calculated based on the number of days during the billing period that the account was managed before the date of termination.

From time to time, Capital Cove Financial may also charge performance-based advisory fees and specialized transaction fees to clients, the terms of which are negotiated between Capital Cove Financial and the client. In all events, such arrangements shall comply with any applicable provisions under the Investment Advisers Act of 1940.

While it is the general policy of Capital Cove Financial to charge earned fees to its clients in accordance with the fee schedules in effect at the time of executing the investment management agreement, fees are subject to negotiation and may vary from the schedules below to reflect circumstances that may apply to a specific client account. For example, fees may differ from those stated herein because of long-standing relationships, anticipated client additions to assets under management, changing market conditions, or for other reasons directly related to client's account or a specific asset within the client's portfolio.

Fee Schedule:

1.75%	On the first \$10 million
1.25%	On the next \$40 million
1.00%	On the next \$50 million
0.75%	On the next \$100 million
0.50%	On portion of assets in excess of \$200 million



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

Capital Cove REO Opportunities Fund

Base Fee 1.75% Net Asset Value

Base Fee Plus Performance Fee 1.25% Net Assets, plus 40% of Performance in excess
of targeted returns

Item 7 Types of *Clients*

Capital Cove Financial provides investment management services to a wide variety of private and institutional clients including high net-worth individuals, corporations, non-profit entities, and U.S. and non-U.S. investment funds.

Capital Cove Financial also offers investment advisory services to the clients of introducing financial consultants or the contracted asset management firms of FDIC-insured financial institutions.

When consistent with a client's investment objectives, guidelines, restrictions and risk tolerances, Capital Cove Financial may invest in certain distressed mortgage products and real estate-owned assets, such as 1st Trust Deeds, bank foreclosure properties, distressed lending opportunities, and other REO mortgage backed securities. Certain REO financial services transactions involved foreclosed real estate and or mortgages in default. These products carry an above average risk to client accounts than investing in non-foreclosure real estate and performing mortgages.

Capital Cove Financial may also advise clients in the purchase of commingled vehicles or hedge funds sponsored by Capital Cove Financial.

At Capital Cove Financial, we strive to provide investors with excellent risk-adjusted returns and long-term high performance relative to other alternative investment vehicles in the marketplace. We focus on selecting those REO real estate and mortgage securities that we believe offer the most value on an asset-by-asset basis.

Item 9 Disciplinary Information

Item 10 Other Financial Industry Activities and Affiliations

Capital Cove Financial is a licensed Real Estate Brokerage in the State of California, as well as an SEC Registered Investment Advisor. The firm is a certified Minority Business Enterprise. Moreover, the majority of executives within the firm are affiliated with the following organizations:

CFA Institute
CCIM Institute
CAIA

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

Capital Cove Financial has implemented a strict client privacy and non-conflict of interest policy throughout each and every level of the firm. It is against our policy for any company member to engage in direct investment in any Client transactions or personal trading with regard to their own clients.

Capital Cove Financial will provide a copy of the firm's Code of Ethics to any client or prospective client immediately upon request.

Generally, Capital Cove Financial acquires and disposes of distressed mortgages and related REO financial services products as a Principal Buyer in the vast majority of the firm's transactions. All disposition services are provided by Aspyration Financial Group, a wholly-owned subsidiary of Capital Cove Financial.

Capital Cove Financial does not recommend any Broker-Dealer on an exclusive basis; however, the majority of our custodial accounts either are or will remain with Schwab, TD Ameritrade and Scottrade.

Item 13 Review of Accounts

As a matter of company policy, all client accounts are reviewed weekly by the Vice Presidents of their respective divisions, and on a monthly audit basis by the Controller. For each client account at Capital Cove Financial, a dedicated Primary Advisor is chosen. This Primary Advisor has daily access to all his or her client accounts during normal business hours. Moreover, all client accounts at Capital Cove Financial are available electronically and in real time.

Item 14 *Client Referrals and Other Compensation*

Generally, Capital Cove Financial only accepts referrals from registered intermediaries or fiduciaries that have a signed, and legally binding, Referral Agreement in place.

All clients of Capital Cove Financial may elect to have the firm provide a Custodial Account at any major RIA custodian duly registered with the SEC. In some cases, Capital Cove Financial will open an Escrow Holding Account for a specific transaction or asset at one of the major Escrow and Title companies in the U.S. If Capital Cove Financial does open and maintain a Custodial Account for a client, the client will be issued a login password and custodial account number.

Item 16 Investment Discretion

Capital Cove Financial maintains both discretionary and non-discretionary client accounts. All procedures that govern custodial accounts apply with all client accounts. All investor funds at Capital Cove Financial are housed in a custodial capacity in a managed account, a mortgage backed security, or in equity ownership.

Item 17 Voting *Client* Securities

Item 18 Financial Information

Capital Cove Financial is a qualified custodian as defined in SEC rule 206(4)-2.

Item 19 Requirements for State-Registered Advisers

Rashid K. Khalfani, born 1967

M.A. , Ohio University

Mr. Khalfani is a founding member of Capital Cove Bancorp LLC, and a General Partner in its flagship private equity fund. Prior to assuming his current position as Chief Investment Officer, Mr. Khalfani was the Managing Director and CEO of Aspyration Capital Advisors Inc.

