

Capital Cities Asset Management, Inc.

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Form ADV Part 2A

This brochure provides information about the qualifications and business practices of Capital Cities Asset Management, Inc. (CCAM). If you have any questions about the contents of this brochure, please contact us at 512-219-7566. 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.

Capital Cities Asset Management, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Capital Cities Asset Management, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

In July of 2010, the United State Securities and Exchange Commission significantly amended its rules regarding the disclosure document that we provide to clients. Many similar changes were also adopted by state regulators. This brochure is a new document prepared according to the new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

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

Our brochure may be requested by contacting CCAM at 512-219-7566.

Item 3 -Table of Contents

Item 1 – Cover Page	i
Item 2 – Material Changes	ii
Item 3 - Table of Contents.....	iii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation.....	2
Item 6 – Performance-Based Fees and Side-By-Side Management.....	3
Item 7 – Types of Clients	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	4
Item 9 – Disciplinary Information.....	6
Item 10 – Other Financial Industry Activities and Affiliations	6
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	6
Item 12 – Brokerage Practices	6
Item 13 – Review of Accounts	7
Item 14 – Client Referrals and Other Compensation	8
Item 15 – Custody.....	8
Item 16 – Investment Discretion	8
Item 17 – Voting Client Securities.....	9
Item 18 – Financial Information.....	9
Item 19 – Requirements for State-Registered Advisers	9
Privacy Information	10

Item 4 – Advisory Business

Capital Cities Asset Management, Inc. (CCAM) is a privately owned Registered Investment Advisory firm, headquartered in Austin, Texas. CCAM has been providing investment advisory services since 1994. Ronald Rowland is the principal owner, President, and Chief Executive Officer of CCAM.

Capital Cities Asset Management provides portfolio management services through numerous investment programs. These programs span a wide range of risk and performance objectives, with the majority of assets being held in third-party Exchange Traded Funds (ETF) and mutual funds. Some of the portfolios are based primarily on mutual funds from Fidelity. Others are based on mutual funds from a wide variety of fund families that are no-load or that usually do charge a load but that CCAM can buy for clients at net asset value. Still other programs may emphasize ETFs or individual securities. Even though portfolios may focus on a particular investment vehicle, any combination thereof is eligible for any portfolio.

When appropriate to the needs of the client, CCAM may recommend the use of trading (securities sold within 30 days), short sales, margin transactions, options, or hedge funds. Because these investment strategies involve certain degrees of risk, they will only be recommended if consistent with the client's stated tolerance for risk.

Capital Cities Asset Management (CCAM) provides generalized market analysis, recommendations, and investment advice to unaffiliated registered investment advisors, institutions, or other third parties, through consultations or written or oral reports ("Managed Investment Consultations"). These services may be given on an ad hoc or more frequent basis, as contracted with the unaffiliated third party. For these Managed Investment Consultations, CCAM receives a negotiated fee that is typically equal to a certain percentage of assets managed by the unaffiliated third party. These Managed Investment Consultation services may be provided by CCAM either independently of, or in conjunction with, the services it provides to clients for which it acts as a sub-advisor or investment advisor.

CCAM may solicit clients on behalf of another advisor. CCAM may also contract with others to supply sub-advisory and solicitation services to CCAM.

CCAM provides non-comprehensive planning advice in the form of an investment plan that addresses investment planning and asset allocation. The plan is developed from information provided by the client and is based on a client's needs and objectives. The plan focuses on investing and investment goals, and does not encompass all financial aspects such as budgeting, college funding, tax planning, estate planning, etc. Basic conversations around those aspects may take place, however we neither recommend nor offer any specific advice. It is recommended that a client consult their respective tax or legal team when considering such situations. A simple plan may take from 2-12 hours to develop depending on the client and what assistance their specific situation entails. This service is provided to any client upon request, and CCAM does not charge separately for these services. Recipients of plans are under no obligation to hire CCAM to manage their investments, and plans are available without regard to net worth.

CCAM consults with clients to develop an investment portfolio that attempts to be consistent with the client's goals, objectives, and risk tolerance. The resulting client portfolio is typically a mixture of various CCAM investment programs. Clients may inform CCAM of specific securities or security types that they wish to avoid. Clients must provide this request in writing, whether it be on the advisory agreement when beginning a relationship with CCAM or later in a separate correspondence, and will be applied on a best efforts basis.

CCAM acts as a portfolio manager in a wrap program for the Mid Atlantic Portfolio Solutions Program sponsored by Mid Atlantic Financial Management. The accounts under that arrangement are managed in a materially similar manner as direct accounts. CCAM receives a portion of the management fee collected by the program's sponsor.

The Investment Advisory Agreement is effective upon the date of signing and covers all investment portfolios. The Agreement will run through December 31 of each year and shall be renewed automatically for successive

one-year terms unless terminated as described below. If the client terminates the Agreement within five (5) days of signing, CCAM agrees to return any fees received for executing said Agreement, except service fees for accounts which have been opened in that five-day period.

Either party may terminate the Agreement, with termination effective immediately upon receipt of written notice.

As of September 30, 2010, CCAM managed \$19,300,000 on a discretionary basis and \$1,300,000 on a non-discretionary basis. In addition, CCAM indirectly managed \$35,700,000 via the Managed Investment Consultations described above.

Item 5 – Fees and Compensation

Clients with *less than* one million under management:

Assets Under Management

First \$100,000	2.40%
Next \$150,000	2.00%
Next \$250,000	1.60%
Next \$500,000	1.40%

Clients with *one million or more* under management:

Assets Under Management

First \$1,000,000	1.60%
Next \$1,000,000	1.30%
Next \$1,000,000	1.00%
Next \$2,000,000	0.80%
Over \$5,000,000	Negotiable

Fees are billed quarterly at 1/4 of the annual rates shown above. If a client has more than one account with CCAM, all account balances (including Flexible Income and Absolute Return Strategy) will be aggregated to determine which rate scale (one million or more or less than one million under management) applies. Lower fees for comparable services may be available from other sources. The fees for the Flexible Income and Absolute Return Strategy programs are 1/2 of the fees listed above. The standard fee schedules are negotiable. Balances in the Flexible Income and Absolute Return Strategy strategies may not be aggregated with other strategies to determine breakpoints within each rate scale.

CCAM will negotiate a fee schedule on a case by case basis for:

- 1) Clients with more than \$5,000,000 in assets under management
- 2) Clients with less than \$100,000 under management
- 3) Non-discretionary services
- 4) Custom programs and services
- 5) Sub-Advisor Services
- 6) Managed Investment Consultation Services
- 7) Performance-based advisory fee options
- 8) Consulting, recommending, or purchase of hedge funds, closed-end funds, or other alternative investments

In standard practice, CCAM deducts management fees directly from each account. If a client wishes to pay fees in a different manner, a \$10 per quarter handling fee may apply. Any payment for management fees more than 30 days past due will be assessed a 10% premium.

Clients are responsible for all fees imposed by custodians, funds, variable annuity subaccounts, and other third parties. These fees may include, but are not limited to, transaction fees, account service fees, loads, and redemption fees. Account service fees may include items such as IRA custodial fees, wire transfer fees, etc. Some investment vehicles carry redemption fees of up to 2.0% or more, which vary by fund in terms of percentage and minimum required holding period. Redemption fees are deducted from sales proceeds by the

custodian at the time of redemption. Accounts using margin will also be assessed margin interest expenses. Accounts trading stocks and ETFs will be charged commissions by the custodian/broker on stock and ETF trades.

Assets invested in shares of mutual funds or ETFs are subject to the management fees charged by the mutual fund and ETF management companies, which are indirectly assessed as a fund's expense ratio. Clients of CCAM are, in effect, paying two advisory fees. First, clients pay a management fee to CCAM based on the market value of the client's assets under CCAM's management. In addition, clients indirectly pay another management fee to the investment advisor of each mutual fund or ETF based on the client's investment in that fund.

Fidelity charges a short-term trading fee of .75% of the sale for shares of Fidelity Select funds held less than 30 days.

Mutual funds that *are not* included in your respective custodian's No-Transaction-Fee group are subject to a transaction fee upon purchase and sale. Mutual funds that *are* included in your respective custodian's No-Transaction-Fee group may be subject to a short-term trading fee upon sale.

For variable insurance products (variable annuities and variable universal life), clients are responsible for any expenses levied by the respective insurance company, including, but not limited to, transaction fees, redemption fees, and surrender charges.

Please also see the brokerage discussions in Item 12.

Management fees are payable in advance, except for the 'incentive fee' that is explained in Item 6. At the time of contract termination, management fees paid in advance will be calculated on a pro-rated basis, with the excess to be refunded by CCAM. If management fees are paid in arrears, fees will be calculated on a pro-rated basis and will be immediately due and payable.

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

CCAM offers a negotiated management fee option, called a performance-based advisory fee. The performance-based advisory fee consists of two parts: (i) a maintenance fee which may range from .4% to 1% annually plus (ii) an incentive fee that is based on a percentage of the gains in a client's account which may range from 5% to 20%. The specific amount of the maintenance and incentive fees are negotiated. To qualify for this type of fee schedule, a client must either demonstrate a net worth of at least \$1,500,000, have at least \$750,000 under management with CCAM, or be a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 [15 U.S.C. 80a-2(a)(51)(A)]. A client's specific performance-based fee schedule is detailed in an amendment to their Advisory Agreement, a sample of which is available upon request.

Implementation of a performance-based advisory fee may create an incentive for CCAM to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. A performance-based advisory fee arrangement may result in increased compensation for CCAM. The client must understand the proposed method of compensation and its risks prior to entering into the contract.

Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. To prevent this conflict from influencing the allocation of trades among clients, when trading securities with a higher propensity of being able to be affected, such as individual equities and exchange traded funds, CCAM makes a best effort to aggregate all accounts managed in a similar fashion with an average cost of all trades over the course of the day. These procedures are designed to treat clients fairly and equally and do not apply to mutual funds because they are only priced once per day.

Performance-based advisory fees will only be charged in accordance with the provisions of reg. 205-3 of the Investment Advisers act of 1940 and/or applicable state regulations. The fees will not be offered to any client residing in a state in which such fees are prohibited. In California, a performance fee will only be charged in accordance with the provisions of CCR Section 260.234.

Item 7 – Types of Clients

CCAM provides investment advice to the following types of clients:

- Individuals
- Trusts, estates, or charitable organizations
- Other Investment Advisors
- Pension and profit sharing plans
- Corporations or business entities

CCAM typically imposes a minimum of \$100,000 of assets under management per client relationship and a minimum of \$50,000 in any single CCAM managed account. Some of the combination investment programs have a \$200,000 minimum. CCAM reserves the right to change the amount of these minimums from time to time or to waive them in whole or in part. In the event that a lower minimum is offered or negotiated, the account may be subject to a minimum fee. Custom programs and programs utilizing outside managers may have larger minimums.

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

CCAM offers investment programs ranging from those that are primarily conservative fixed-income oriented to ones that are primarily aggressive equity oriented. Each client's portfolio can be customized through the allocations to conservative and aggressive investments. Investing in securities involves risk of loss that clients should be prepared to bear.

The majority of investment programs managed by CCAM utilize an active approach to the market by rotating client assets into Exchange Traded Funds (ETFs), Exchange Traded Notes (ETNs), mutual funds, closed-end funds, and other securities that it believes will appreciate in value. This active approach generally does increase transaction costs born by the client when utilizing securities that are charged a commission on each trade and most capital gains are short-term (please consult with your tax advisor regarding any tax consequences).

The portfolios may have exposure to a wide variety of securities, including but not limited to: style, sector, specialty, debt, international, inverse, high yield "junk" bonds, zero-coupon bonds, treasury bonds, corporate bonds, municipal bonds, convertible bonds, international debt, conservative growth, utilities, real estate, preferred equities, emerging market debt, money market funds, unit investment trusts, closed end funds, international equity, country specific funds, geographic specific, global asset allocation, international sector, diversified international funds, commodities, currencies, and Certificates of Deposit. Some of the funds purchased for clients may contain futures, swaps, options, and other derivatives.

The objective of most CCAM programs is to outperform a relative benchmark over a full market cycle. Benchmarks vary based on the risk nature of the program, but are typically based on popular stock and bond indexes, both domestic and international.

Investment programs are subject to change. Market and security price fluctuations can result in a loss of capital. The objectives for CCAM programs range from conservative to very aggressive. There is no assurance

that any of the stated objectives will be met. Programs with an international component will also be affected by the fluctuating value of the U.S. dollar in relation to foreign currencies and political events in foreign countries.

If appropriate for a client's needs and objectives, CCAM may recommend an equity portfolio investing in individual stocks, with the flexibility to hold cash and/or short equity positions. Short selling is an inherently riskier strategy than standard purchases of stock.

If no combination of the standard CCAM product offerings or investment approaches meets the needs of our clients, then CCAM will work with the client to jointly define and implement a custom investment strategy. A few of the possible strategies include, but are not limited to: hedge funds, treasury ladders, hedging, income, CDs, CCAM acting as a sub-advisor, wrap manager, separate account manager, new programs, other alternative investments, non-discretionary accounts, use of outside managers, and strategic asset allocation programs that are either tax sensitive or non-tax sensitive in nature. The intent is to provide the types of programs our clients want and/or need. All fees for custom programs are determined on a negotiated basis. In general, the fees for custom programs will be higher than those of CCAM's standard programs with similar objectives unless they involve a considerable amount of assets.

CCAM has the ability to work with clients whose investment choices are limited by the custodian or plan sponsor. Common examples might include variable annuities, 403(b) and 401(k) plans. The attainment of the client objectives may be affected by the limited number of subaccounts and investment options available as well as other constraints imposed by the sponsor.

CCAM may offer clients an opportunity to utilize other investment management firms for asset allocation portfolios, privately managed account programs, or other investment objectives. The outside managers strictly manage a client's assets and do not provide any consultations on a client's circumstances nor do they alter their portfolios based on a client's individual needs or requests. CCAM is not affiliated with these outside managers.

At times, CCAM may introduce clients to investment managers who provide discretionary management of pooled investments or individual portfolios of equity and/or fixed income securities. Outside managers have developed their own strategies based on their information and research. Strategies are typically implemented with individual equities, but all types of securities may be utilized.

At times, CCAM may recommend that clients invest in hedge funds, closed-end funds, and other alternative investments.

CCAM makes use of the following main sources of information:

- Financial newspapers and magazines
- Research material prepared by AllStarInvestor.com
- Research material prepared by others
- Mutual fund rating services
- Stock rating and evaluation services
- Timing services
- Annual reports, prospectuses, filings with the SEC
- Company press releases
- Broadcast news services
- Broadcast and downloaded quote services
- Internet and the World Wide Web
- Other online news and data services

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of CCAM. CCAM has no information applicable to this item.

Item 10 – Other Financial Industry Activities and Affiliations

CCAM has no affiliations with other registered companies. CCAM does have an arrangement that is important to its business with AllStarInvestor.com, a non-registered firm and a publisher of financial information. Mr. Rowland is an employee and majority owner of both companies. Both companies share office space in Austin, Texas that they lease from Rakal, LLC. Rakal is owned by Ronald Rowland, who is also the principal owner of CCAM.

CCAM investment programs are not identical to the portfolios in the *All Star Fund Trader* newsletter, or other publications of AllStarInvestor.com. However, both CCAM clients and the newsletter portfolios may hold the same securities. CCAM may place trades on behalf of client accounts prior to, simultaneous to, or after recommendations for the same securities in the AllStarInvestor.com publications.

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

CCAM, its employees and affiliates, may buy and sell for itself the individual securities that it recommends for its clients. All employees of CCAM are required, as a condition of employment, to follow the firm's written code of ethics when conducting transactions in their own accounts. The timing of these transactions is such that they will not take place three days before, or on the same day as, similar transactions being executed for the clients of CCAM unless the account is being managed in one of the defined CCAM strategies. This restriction is for individual securities only and does not apply to mutual funds, variable insurance products, government issued securities, bankers' acceptances, commercial paper, CDs, or investment trusts (UIT, SPDRs, etc.). The code of ethics does allow for some exemptions to the timing rule outlined above. In addition, employees are required to provide duplicate statements and transaction confirmations to the compliance officer in order to ensure compliance with the rules established by the code of ethics. A copy of the code of ethics is available upon request.

On occasion, CCAM may engage in principal transactions. If CCAM does engage in a principal transaction, it is usually to obtain or to provide a minimal number of shares (less than 10) of a mutual fund that is closed to new investors.

Item 12 – Brokerage Practices

Due to the condition of maintaining a certain level of assets with Fidelity Investments, CCAM is provided with some complimentary materials including, but not limited to, marketing materials, mutual fund research, and planning software that benefit all clients. These are provided as part of maintaining the asset level and not by clients paying any kind of markup/markdown on commissions or executions.

CCAM requires that clients open and maintain an account with an appropriate custodian, broker, or mutual fund for each CCAM portfolio that the client is investing in.

All commissions and fees paid to brokers and custodians are determined by their standard fee schedule, unless CCAM has a negotiated fee schedule in place, for the services rendered. CCAM will not seek the client's approval prior to these commissions and fees being paid.

For investment programs that utilize securities with pricing throughout the day, such as individual stocks and ETFs, CCAM puts forth its best efforts to aggregate the orders by trading the accounts in each program at each custodian as a block (also called bunched) trade. When this is done, all accounts in the block (bunch) should receive the same average price.

CCAM typically makes a recommendation of a custodian and broker that the client should use based upon the investment program that the client is investing in. CCAM's recommendation is based foremost on the feasibility of the particular custodian to handle the types of securities and transactions that the investment program requires. Custodian and broker recommendations are based on the following considerations:

- ability to provide access to and custody services for the securities involved
- ability to safeguard client assets
- ability to satisfy the qualified custodian requirements
- ability to execute transactions in a timely and efficient manner for securities involved
- ability to provide a trading platform compatible with CCAM's trading methodology
- ability to provide trade aggregation on block trades
- ability to electronically exchange data with CCAM
- ability to provide low cost transaction fees and commissions on trades
- ability to provide proper accounting of client load credits
- ability to provide load funds at Net Asset Value
- ability to provide margin borrowing
- ability to provide client account documentation (statements/confirms/etc.)
- ability to provide fee billing for accounts

For most investment programs, CCAM will recommend the use of TD Ameritrade or Fidelity Investments as custodian and broker. Other custodians and brokers utilized include, but are not limited to, Fidelity Tax Exempt Services and the variable product divisions of various life insurance companies. Additional brokers and custodians will be considered and used that may be better suited to a given program or specific client. When referring clients to brokers, CCAM will only refer clients to those registered in states where the client resides.

In the event that CCAM is directed by a client to use a particular custodian or broker or dealer, CCAM may not be authorized under those circumstances to negotiate commissions and may not be able to obtain volume discounts or appropriate service levels. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct CCAM to use a particular broker or dealer and other clients who do not direct CCAM to use a particular broker or dealer.

Item 13 – Review of Accounts

New accounts are reviewed at the time of setup by the client's account representative and a portfolio manager to ensure the client is in a suitable strategy before any trades are placed. All accounts participating in the same CCAM investment program are managed in a similar manner, except for accounts with client-requested restrictions, and the securities held in various investment programs are reviewed at least weekly and often more frequently by a portfolio manager or research analyst, of which there may be up to 5 and each may review up to 300 accounts. These reviews focus on the analysis of all investment positions with respect to: price action of securities, portfolio objectives, global market conditions, and performance of alternative securities. Normal quarterly performance reviews are conducted by the account representative, of which there may be up to 5 and whose number of accounts overseen can vary substantially but may be up to 200. Events triggering additional reviews include: client requests, changes in client objectives or financial status, world political and financial events, and other events that may affect investment positions.

CCAM provides normal client reporting on a quarterly basis. The written quarterly report includes a detailed portfolio performance report through the most recent calendar quarter. The account custodians (Fidelity, Ameritrade, etc.) provide monthly or quarterly statements detailing transactions, management fee deductions, and account positions at the end of the month or quarter. Clients whose accounts are held at some custodians may also receive a confirmation statement for each transaction in the account.

Item 14 – *Client Referrals and Other Compensation*

Neither CCAM nor a related person has any arrangement where it is paid cash or collects commissions from a non-client in connection with giving advice to clients.

Neither CCAM nor a related person has any arrangement where it directly or indirectly receives any 12b-1 fees, load fees, or redemption fees from any mutual fund as the result of clients investing in those funds.

Certain mutual funds have initiated the payments of service fees to advisors that use specific classes of their funds. Any fees that CCAM receives from any mutual fund company in this manner will be used to reduce the fees that clients of CCAM pay to CCAM. Any client affected by this will be notified and will be provided with the fee offset (or reimbursement) calculation.

CCAM may compensate others for client referrals, provided that individual or firm is properly registered and licensed (where required) and has a solicitor's agreement in place with CCAM. In addition, the clients will be advised of such an arrangement in accordance with Rule 206(4)-3 under the Investment Advisors Act of 1940. CCAM may receive compensation for referrals it makes.

Item 15 – *Custody*

Clients should receive statements at least quarterly from the independent broker dealer or other qualified custodian that holds and maintains client accounts. CCAM encourages you to carefully review such statements and compare these official custodial records to reports we provide to you. Our statements may vary from custodial statements based on accounting procedures or processing dates.

CCAM is deemed to have custody of clients' funds or securities but only for the purpose of deducting management fees. CCAM will not accept securities or funds delivered by a client. If a client does send CCAM an unsolicited security, cash, or other negotiable instrument, it will be returned to the client.

Item 16 – *Investment Discretion*

CCAM normally receives authority from the client to determine, without specific client consent, the securities to be bought or sold in the client's account. This authorization is granted through the account applications of the custodians and brokerages signed by clients, so please read those applications thoroughly. This authority allows CCAM to place trades in the client's account. At times, it may also allow CCAM to transfer funds to another account in the client's name with the identical account registration type. At no time may CCAM or its personnel withdraw funds to itself or to a third party without written instructions from the client, with the exception of management fees and service fees as described herein.

When clients wish to place investment guidelines and restrictions on their account, the instructions must be provided to CCAM in writing. For instance, this may be in the form of avoiding the stock of the client's employer or market sector the client wishes to avoid. These restrictions are noted in the client's records and will be adhered to on a best efforts basis.

Item 17 – Voting Client Securities

Unless the client and CCAM have otherwise agreed in writing, the client expressly retains the authority and responsibility for the voting of proxies and CCAM shall have no authority or obligation to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities in which account assets may be invested from time to time.

Item 18 – Financial Information

CCAM's financial health does not affect its ability to meet contractual and fiduciary commitments to clients, and it has not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

Ronald E. Rowland is the President and Chief Executive Officer of CCAM since 1995. He also heads up the investment management team. Prior to February 1995, he served as the company's Chief Investment Officer beginning with its inception in November 1993. He is also President of All Star Funds (dba AllStarInvestor.com) and the Executive Editor and Publisher of all publications produced by that firm, since 1995. He is an owner and member of Rakal, LLC (1999-present), which owns the office space occupied by these businesses. Mr. Rowland was born in 1955 and his formal education includes a BS in Electrical and Computer Engineering from the University of Cincinnati in 1978 with additional studies in the same field at the University of Texas from 1978 to 1981. Mr. Rowland's prior business experience includes Chief Investment Officer of Capital Cities Asset Management, Inc. (11/93-2/95), Managing Partner of RSM Sector Partnership (8/93-12/94), Lead Portfolio manager for the Chameleon Fund (12/00-5/02), and Owner and Editor of The Sector Ace, a Registered Investment Advisor and mutual fund newsletter (1/91-12/94).

Tanya M. Card is Vice President of Operations and Chief Compliance Officer with CCAM. She joined the firm in 1998. Ms. Card was born in 1972 and graduated with a BA in Business Administration from Truman State University (formerly Northeast Missouri State University) in 1995. She has been investing since 1989. Ms. Card was employed by Principal Financial Group as a Junior Underwriter and Group & Pension Representative from May of 1995 to October of 1998.

Ronald Rowland, a principal of CCAM, is the owner of All Star Funds, Inc., a publisher of financial information, and Rakal, LLC, as described in Item 10. Approximate monthly time addressed to these firms is 25 hours for All Star Funds and 5 hours for Rakal.

CCAM does offer performance-based fee arrangements, which have the potential to create an incentive for the advisor to recommend securities that carry a higher degree of risk to the client. Please refer to Item 6 for a detailed discussion of CCAM's use of performance-based fee arrangements.

CCAM bought out a shareholder with minority interest in 2001. Many disputes regarding the sale and payments owed to both parties arose from 2001 to 2005. One of the disputes was subject to an arbitration claim regarding solicitor payments and resulted in CCAM making additional payments to the former shareholder. It did not directly involve any clients or client assets.

CCAM does not have any relationships or arrangements with any issuers of securities. If you would like information about our arrangement with other companies, please see Item 10.

Privacy Policy

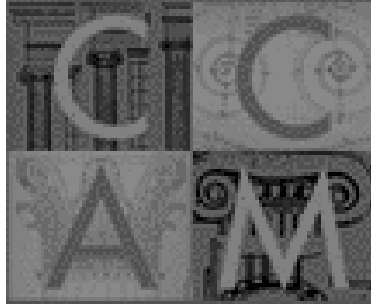
The privacy of our clients is of highest importance to Capital Cities Asset Management (CCAM). In order to provide you with the absolute best service possible from our firm, we collect personal information. We constantly strive to protect this information and your privacy.

The nonpublic personal information we collect includes information (i) you provide to us on account applications, investor profiles, and other forms or (ii) we obtain in other ways to provide our services, such as communications with you and custodians.

The following include our procedures to protect your nonpublic personal information:

- We do not provide any personal information to unaffiliated third parties, except with your prior consent or as permitted by law, such as information provided to and received from a custodian or secondary advisor.
- We provide security measures for both our physical location as well as information kept via electronic means in an effort to protect the integrity of your personal information.
- Employees with access to nonpublic personal information are required to sign a confidentiality agreement to safeguard that information.
- We do not sell or rent any names of current or prior customers to mailing lists or other parties.

Information such as name, address, and phone numbers is shared with our affiliate, AllStarInvestor.com, in order to provide services that may interest you.



Capital Cities Asset Management, Inc.

Form ADV Part 2B Brochure Supplement
Ronald Rowland
Tanya Card
Brian Campos
Patrick Watson

11651 Jollyville Road, Suite 200
Austin, TX 78759
512-219-7566
www.ccam.com

December 20, 2010

This brochure supplement provides information about Ronald Rowland, Tanya Card, Brian Campos, and Patrick Watson that supplements the Capital Cities Asset Management, Inc. brochure. You should have received a copy of that brochure. Please contact Tanya Card, Chief Compliance Officer, if you did not receive Capital Cities Asset Management's brochure or if you have any questions about the contents of this supplement.

Additional information about Ronald Rowland, Tanya Card, Brian Campos, and Patrick Watson is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Educational Background and Business Experience

Ronald Rowland – Ron is the President and Chief Executive Officer of CCAM since 1995. He also heads up the investment management team. Prior to February 1995, he served as the company's Chief Investment Officer beginning with its inception in November 1993. He is also President of All Star Funds (dba AllStarInvestor.com) and the Executive Editor and Publisher of all publications produced by that firm, since 1995. He is an owner and member of Rakal, LLC (1999-present), which owns the office space occupied by these businesses. Mr. Rowland was born in 1955 and his formal education includes a BS in Electrical and Computer Engineering from the University of Cincinnati in 1978 with additional studies in the same field at the University of Texas from 1978 to 1981. Mr. Rowland's prior business experience includes Chief Investment Officer of Capital Cities Asset Management, Inc. (11/93-2/95), Managing Partner of RSM Sector Partnership (8/93-12/94), Lead Portfolio manager for the Chameleon Fund (12/00-5/02), and Owner and Editor of The Sector Ace, a Registered Investment Advisor and mutual fund newsletter (1/91-12/94).

Tanya Card – Tanya is Vice President of Operations and Chief Compliance Officer with CCAM. She is also a member of the portfolio management team. She joined the firm in 1998. Ms. Card was born in 1972 and graduated with a BA in Business Administration from Truman State University (formerly Northeast Missouri State University) in 1995. She has been investing since 1989. Ms. Card was employed by Principal Financial Group as a Junior Underwriter and Group & Pension Representative from May of 1995 to October of 1998.

Brian Campos - Brian joined CCAM in 2010 as the Director of Wealth Management and is a member of the portfolio management team. Brian was born in 1974, and he graduated from James Madison University. Prior to CCAM, Brian spent five years in the Washington DC area, where he worked in the high net worth investment planning division of Fidelity Investments and for an independent wealth management firm, Meringoff Wealth Management.

Patrick Watson - Mr. Watson serves as Portfolio Manager and a Research Analyst for CCAM. Mr. Watson is also a member of the investment management team. He joined CCAM in 2004. Mr. Watson was born in 1964. He holds an undergraduate degree from Howard Payne University and an M.A. from Rice University, both in Political Science. Previously he spent ten years at Austin-based ProFutures Investments as VP of Marketing and Product Development.

Item 3 – Disciplinary Information

No information to disclose for Ronald Rowland, Tanya Card, Brian Campos, or Patrick Watson.

Item 4 – Other Business Activities

Ronald Rowland - Mr. Rowland is the owner of AllStarInvestor.com, a non-registered firm and a publisher of financial information. Mr. Rowland also owns Rakal, LLC, which owns the office space that is leased by AllStarInvestor.com and CCAM. Approximate monthly time addressed to these firms is 25 hours for AllStarInvestor.com and 5 hours for Rakal.

No information to disclose for Tanya Card, Brian Campos, or Patrick Watson.

Item 5 – Additional Compensation

No information to disclose for Ronald Rowland, Tanya Card, Brian Campos, or Patrick Watson.

Item 6 – Supervision

Ronald Rowland - Ron is a member of the portfolio management team and helps select investments for client accounts, normally with input from Tanya Card and Patrick Watson. As President, Ronald Rowland has no direct supervision. Concerns should be addressed with the Chief Compliance Officer, Tanya Card, 512-219-7566.

Tanya Card - Tanya helps clients determine which programs are suitable to their needs and goals. When new clients have selected their strategies, Ronald Rowland reviews the chosen options before they are implemented. Tanya is a member of the portfolio management team and helps select investments for client accounts only in conference with Ronald Rowland. Tanya is supervised by Ronald Rowland, President, 512-219-7566.

Brian Campos – Brian helps clients determine which programs are suitable to their needs and goals. When new clients have selected their strategies, Ronald Rowland reviews the chosen options before they are implemented. Brian is also a member of the portfolio management team, with recommendations reviewed by Ronald Rowland or Tanya Card. Brian is supervised by Ronald Rowland, President, 512-219-7566.

Patrick Watson – Patrick is a member of the portfolio management team and helps select investments for client accounts. Ronald Rowland or Tanya Card review the selections provided by Mr. Watson. Patrick is supervised by Ronald Rowland, President, 512-219-7566.

Item 7 – Requirements for State-Registered Advisers

No information to disclose for Ronald Rowland, Tanya Card, Brian Campos, or Patrick Watson.