

FORM ADV, PART 2A

DISCLOSURE BROCHURE | December 1, 2020

This document provides information about the qualifications and business practices of Capitol Securities Management, Inc. If you have any questions about the contents of this document, please contact us at 804.612.9713 or khallberg@capitolsecurities.com

The information in this document has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information Capitol Securities Management is available on the SEC's website at: adviserinfo.sec.gov.

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Item 2 - Material Changes

In this section, Capitol Securities Management, Inc. ("CSM", the "Firm" or "We") will discuss material changes to this disclosure since its last annual amendment. The last filing of our Form ADV Part 2A was on June 24, 2020.

At any time, a person may view the current ADV Part 2A on-line at the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. Click Investment Advisor Search in the left navigation menu. Select the option for Investment Advisor Firm and enter 14169 (our Firm's CRD number) in the field labeled "Firm IARD/CRD Number". This will provide access to Form ADV Part 1, Part 2A and our Wrap Fee Brochure.

A person may also request a copy of the ADV Part 2A at any time, by contacting the Chief Compliance Officer at 804.612.9713 or by emailing us at khallberg@capitolsecurities.com.

The following material change has occurred since the last filing:

Item 9-Disciplinary Information:

Effective November 5, 2020, without admitting or denying any findings, CSM consented to an order ("the Order") entered by the Securities and Exchange Commission relating to the SEC's share class disclosure initiative. The firm was found to have violated Sections 206(2) and 206(4) of the Investment Advisers Act of 1940 ("Advisers Act") and Rule 206(4)-7. Under the Order, CSM was ordered to cease and desist from violating Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, censured, required to pay a civil monetary penalty in the amount of \$55,000 and required to pay disgorgement and prejudgment interest totaling \$203,414. The Order also required CSM to agree to certain undertakings relating to mutual fund share class selection and 12b-1 fees, including reviewing and correcting relevant disclosure documents and evaluating and updating the firms policies and procedures, as necessary, to prevent violations of the Advisers Act.

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COMPANY HISTORY & PRINCIPALS

Founded in 1985, Capitol Securities Management, Inc. is a privately owned full-service retail brokerage and investment advisory firm headquartered in Richmond, Virginia. Since our inception, we have approached financial management with a unique philosophy that makes our clients and advisors our first priorities. We empower our investment professionals to provide personalized wealth management services and portfolio designs based on their clients' individual needs. We offer insurance and investment products and services directly and through our clearing custodian, Raymond James & Associates Asset Management Services ("RJ", "Raymond James, of the "Custodian") CSM has no banking division and does not develop any proprietary products for sale to clients.

CSM is owned 100% by CS Financial Group Inc., a holding company formed in Delaware. Joseph A. Jianos, Chief Executive Officer of CSM, is the largest shareholder of the holding company.

INVESTMENT ADVISORY SERVICES

CSM offers a variety of service options to its clients and its investment adviser representatives ("IARs"). All services are not necessarily intended for all clients. A client will execute an agreement with CSM, or Custodian, which will outline the services to be provided to the client and the IAR shall be responsible for providing investment advice to the client.

CSM and its IARs will provide investment advice and portfolio management on a continuous basis to its clients. Through personal discussions with the client, during which the client's goals and objectives are established based on the client's particular circumstances, the IAR will develop the client's personal investment policy. During the data-gathering process, the IAR will determine, among other things, the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, the IAR may also review and discuss a client's prior investment history, as well as family composition and background.

Our investment recommendations are not limited to any specific product or service offered by an asset manager, broker-dealer or insurance company and will generally include advice regarding the following types of securities:

Exchange-listed securities	Mutual fund shares	Exchange-traded funds
U.S. governmental securities	Over-the-counter securities	Foreign issuers
Corporate debt securities	Warrants	Commercial paper
Certificates of deposit	Municipal securities	Variable life insurance
Variable annuities	Options contracts on securities	Interests in partnerships
Investing in real estate	Investing in oil and gas interests	Advisory UITs

Because some types of investments involve certain additional degrees of risk, they will only be implemented or recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. Clients may impose reasonable restrictions on investing including restrictions on specific securities, types of securities, and/or industry sectors. Once the client's portfolio has been established, we review the portfolio periodically and if necessary, rebalance the portfolio as deemed appropriate based on the client's individual needs.

Client assets will be maintained in Separately Managed Accounts ("SMAs") which may then be managed on an individual client basis or may be invested in the wrap fee program managed by CSM or a third-party advisor recommended and/or selected by CSM.

WRAP FEE PROGRAMS SPONSORED BY CSM

The Firm offers a selection of wrap fee programs through the Capitol Securities Wrap Fee Program (the "Program"). The Program provides access to a variety of investment programs and styles for use in client accounts where a CSM IAR serves as Portfolio Manager and CSM serves as the Sponsor. The investment programs are more fully described in CSM's Wrap Fee Program Brochure ("Wrap Brochure"). If a client participates in the Program, the client will pay a single advisory fee that includes investment management and portfolio monitoring. A Wrap Brochure is presented to the client by CSM prior to investing in the Program. The Firm's Wrap Brochure is available upon request at any time by calling our Chief Compliance Officer, Katherine Hallberg at 804.612.9713 or by emailing khallberg@capitolsecurities.com. You can also access the Wrap Brochure on the SEC's website at www.advisorinfo.sec.gov and entering the Firm's CRD # 14169.

WRAP FEE PROGRAMS SPONSORED BY THIRD-PARTY MONEY MANAGERS

As part of the advisory services provided by CSM, the Firm offers a selection of wrap fee programs sponsored by RJA ("RJA Programs") for use in client accounts. The RJA Programs provide access to a variety of investment programs and styles for use in client accounts utilizing various third-party money managers ("Money Managers") which are accessible through the Custodian's platform. The RJA Programs are fully described in the RJA Wrap Fee Program Brochure ("RJA Wrap Brochure"). The RJA Programs will be offered in partnership with the Custodian, who will provide custody services, access to various Money Managers and due diligence services. Clients who enter into agreements with sub-advisors or the RJA Programs will receive that firm's ADV Part 2 prior to or at the time of signing the client agreement.

Money Managers will have access to a profile for each client they manage. The information they have access to may include client name(s), client address, social security number, date of birth, annual household income, net worth, investment time horizon, and if the client or manager chooses to act on proxies. Each Manager has a unique secure username and password. It is the IAR's responsibility

to update the client profile as needed. All client contact and communications regarding participation in the program will occur through the IAR. CSM will promptly advise the Money Managers of any changes to the client's investment objectives and financial situation.

CSM may recommend the investment strategies of Money Managers to its clients through the RJA Program described above. For those Money Managers accessed through the RJA Program, CSM has performed a due diligence review of the vetting process used by RJA and will monitor its effectiveness. The IAR will select an appropriate program or Money Manager with which to invest the client's assets. If a Money Manager is selected to manage a portion of a client's assets, the client may be required to execute a separate agreement or account opening documentation with the Money Manager. The RJA Wrap Brochure describes the investment strategy, the fees to be charged and the services to be performed by the Money Manager.

COMPREHENSIVE FINANCIAL PLANNING

CSM offers financial planning services to its clients. Financial planning is a comprehensive evaluation of a client's current situation and that client's future goals and objectives. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. A client purchasing this service receives a written report which provides the client with a detailed financial plan designed to assist the client towards achieving his or her financial goals and objectives. Financial planning services may be offered for a single, one-time plan, or clients may choose to engage CSM to perform ongoing monitoring of their financial plan, investments, financial situation and financial objectives on a year-round basis.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information, and financial goals.
- **TAX & CASH FLOW:** In coordination with the client's tax planning professional, we analyze the client's income tax, spending and planning for past, current and future years; we then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investments and their effect on the client's portfolio
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

The Firm gathers required information through in-depth personal interviews. This information includes the client's current financial status, tax status, future goals, desired returns, objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion. We may also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically, the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly supplied.

CONSULTING SERVICES

The Firm's IARs may provide advice regarding various financial topics where no financial plan or written report is provided to the client. Topics for which consulting services may be provided may include:

Financial Plan Analysis	Retirement Planning	Cash Flow Analysis
College Planning	Divorce Planning	Budgeting
Business Planning	Tax Planning	Realized Gain/Loss Report
Account Re-registrations	Estate Re-organizations	Savings Bond Evaluations
Beneficiary Changes	Asset Allocation Services	401(k) Asset Allocation
Stock Re-registration/Rule 144	Stock Account Registration Change	Savings Bond Evaluation
Change of Beneficiary	Realized Gain/Loss Reports	Death Claim/Estate Processing

INVESTMENT STRATEGIST SERVICES

A CSM IAR may serve as a sub-advisor to certain institutional clients to whom the IAR provides Investment Strategist Services ("ISS"). CSM's ISS may include strategic asset allocation models, tactical asset allocation models, absolute-return oriented models as well as a multi-manager, multi-product and/or multi-strategy models for individual asset classes and/ or for the total portfolio asset allocation. The IAR may or may not provide these services while acting as a portfolio manager for a wrap fee program that is not sponsored by CSM. An investment adviser other than CSM will establish and maintain a relationship with its clients directly and will retain sole responsibility for suitability and overall management of the client relationship. CSM, as sub-advisor, will not establish a contractual relationship directly

with these retail clients.

PENSION CONSULTING SERVICES

With respect to advisory services provided to the sponsor of a pension plan, CSM may provide some or all of the following services:

- Due diligence on existing, potential, and selected investment managers and/or service providers
- Retirement plan asset-class menu recommendations
- Investment policy statement review or its development and implementation
- Trustee education
- Plan design recommendations
- Plan mid-year and year-end reviews with trustee(s), as appropriate
- Investment monitoring reports
- Substitution recommendations
- Watch list recommendations
- Model portfolio generation for participants
- Participant educational workshops
- Site visits when/where needed, upon request

Upon request, CSM can review an existing or prepare a new investment policy statement (IPS) or similar plan document. The purpose of the IPS is to assist investment committees or plan sponsors in effectively supervising, monitoring and evaluating the company's retirement plan. Topics may include:

- Investment committee's expectations, objectives and guidelines for the plan, as well as ensuring effective communications between the investment committee and all parties involved with investment management decisions;
- Establishing formal criteria for provider selection and evaluation; and,
- Complying with all ERISA, fiduciary, prudence and due diligence requirements applicable with laws, rules and regulations from various local, state or federal entities that may impact plan assets.

EDUCATIONAL SEMINARS & WORKSHOPS

CSM's IARs may conduct seminars for consumers, corporations, associations, nonprofit organizations and community and religious groups on a variety of personal finance topics. The IAR creates the presentations, which are reviewed by the IAR's designated supervisor or the Compliance Department. These presentations are designed to educate participants on complex financial concepts.

Item 5 - Fees and Compensation

FEES FOR INVESTMENT ADVISORY SERVICES

CSM's Advisory Fee for providing investment advisory advice is calculated as a percentage of assets under management in the account, payable in advance, on a quarterly or monthly basis depending on the type of program selected. The initial fee is calculated on the date the client account is accepted into the Program and is prorated for the remainder of the quarter or month. There could be a short delay between account inception and initial securities transactions. Subsequent fees will be determined for calendar quarter or monthly periods and shall be calculated on the basis of the market value of the securities and eligible cash held in a client's account on the last business day of the previous calendar quarter or month. The maximum Advisory Fee is 2.0% per annum. CSM and the Custodian receive a portion of the Advisory Fee. The IAR receives a portion of the Advisory Fee as his or her compensation.

Limited Negotiability of Advisory Fees: We retain the discretion to negotiate alternative fees on a client-by-client basis. The specific annual fee is identified in the investment management agreement between the IAR and each client. Client facts, circumstances and needs are considered in determining the fee schedule.

These include:

- Complexity of the client;
- Assets to be placed under management;
- Anticipated future additional assets;
- Related accounts;
- Portfolio style;
- Account composition; and
- Reports, among other factors.

FEES WHEN PARTICIPATING IN WRAP FEE PROGRAMS SPONSORED BY CSM

For clients who participate in the Program, the client will pay a "Wrap Fee" which includes investment advisory services as well as brokerage execution costs, without regard to the number of transactions executed during the billing period. CSM has negotiated fees with

each of its Custodians for clearing and execution services. Transaction costs imposed by each Custodian are covered as part of the Wrap Fee. Effective July 1, 2019, for most programs, the fee is calculated on a monthly basis, based upon assets in the client account at the end of the preceding month and is paid monthly, in advance. The IAR is paid from this Wrap Fee. The maximum Wrap Fee is 2.0% per annum based upon the market value of the securities and cash or cash equivalents in the client's account and the complexity of the client services provided. The exception to this is the program from Capital Group Companies, which calculates the fee on a quarterly basis, based upon the assets in the client account at the end of the preceding quarter and is paid quarterly, in advance. The fee for this program is fixed at 0.50% per annum based upon the market value of the securities and cash or cash equivalents in the clients account.

The Wrap Fee does not include certain account and securities related costs, including the fees embedded in the mutual funds, ETFs or annuities in which wrap fee accounts invest. In addition, the fee does not include debit balances, related margin interest, IRA and retirement plan fees, transfer fees, 12b-1 fees, wire transfer fees, overnight check fees, account closing fees, paper statement delivery fees, non-standard asset fees, insufficient fund fees, returned check fees, expenses charged by the mutual funds, expenses charged by the variable annuities and exchange traded funds, or other fees or taxes that are required by law. These fees will increase the net cost to clients.

Program Wrap Fees may vary from fees that might otherwise be charged if a client was to select a separate brokerage service and negotiate commissions in the absence of the additional advisory service provided by CSM. The overall cost associated with a client's relationship with CSM (and the compensation we receive) varies depending on several factors, including: 1) a client's particular investment advice requirements and product preferences and 2) the value of a client's account or the client's household's relationship with the Firm.

FEES WHEN PARTICIPATING IN THE RJA PROGRAMS

For clients who participate in the RJA Programs, the client will pay a Wrap Fee which includes investment advisory services, as well as brokerage clearing and execution costs, without regard to the number of transactions executed during the billing period. RJA is responsible for setting the clearing and execution services. Transaction costs imposed by these brokerage firms are covered as part of the Wrap Fee. The maximum Wrap Fee is 2.0% per annum based upon the market value of the securities and cash or cash equivalents in the client's account. The fee is calculated on a quarterly basis, based upon assets in the client account at the end of the preceding quarter and is paid quarterly, in advance. The IAR is paid from this Wrap Fee.

The RJA Wrap Fee does not include certain account and securities related costs, including the fees embedded in the mutual funds, ETFs or annuities in which wrap fee accounts invest. In addition, the fee does not include debit balances, related margin interest, IRA and retirement plan fees, transfer fees, 12b-1 fees, wire transfer fees, overnight check fees, account closing fees, paper statement delivery fees, non-standard asset fees, insufficient fund fees, returned check fees, expenses charged by the mutual funds, expenses charged by the variable annuities and exchange traded funds, or other fees or taxes that are required by law. These fees will increase the net cost to clients.

RJA Program fees may vary from fees that might otherwise be charged if a client was to select a separate brokerage service and negotiate commissions in the absence of the additional advisory service provided by RJA. The overall cost associated with a client's relationship with CSM (and the compensation we receive) varies depending on several factors, including: 1) a client's particular investment advice requirements and product preferences and 2) the value of a client's account or the client's household's relationship with the Firm.

FEES WHEN PARTICIPATING WITH A THIRD PARTY MONEY MANAGER

CSM IARs may recommend that client assets be sub-advised/managed by Money Managers who manage money according to a particular investment strategy that is appropriate and available to the Firm's clients. When investing with Money Managers, clients will do so under the RJA Programs. The Wrap Fee will include CSM's advisory fee and the Money Manager's fee and will cover the costs of typical transactions costs as described above.

The management fee payable to discretionary Money Managers available through the RJA Programs typically ranges between forty and fifty basis points (0.40% – 0.50%) for equity and balanced accounts, and twenty to thirty basis points (0.20% - 0.30%) for fixed income accounts, but may vary due to incremental rate negotiation between RJA Programs and the Money Manager. With regard to model portfolios containing mutual funds and exchange-traded funds available through the RJA Programs, the advisory fee paid to the manager of the model portfolios ("Model Managers") is typically 0.30% - 0.35%.

The negotiated management fee may differ between Money Managers, or the management fee paid by RJA Programs may be more or less than the Money Manager may receive for providing similar services pursuant to another sponsor's Money Manager or the RJA Programs. As with any negotiation, Money Managers may agree on a negotiated fee or decline to participate in any of the programs. A Money Manager's decision to participate in the RJA Programs is theirs alone to make and may be based on their own economic considerations.

Please be aware that RJA Program fees may vary from fees that might otherwise be available if a client was to select a separate brokerage service and negotiate commissions in the absence of the additional advisory services provided by RJA. The overall cost associated with a client's relationship with CSM (and the compensation we receive) varies depending on several factors, including: 1) a client's particular investment advice requirements and product preferences and 2) the value of a client's account or the client's household's relationship with the Firm.

FINANCIAL PLANNING & CONSULTING SERVICE FEES

CSM's fees for financial planning and consulting services are determined based on the nature of the services provided, the complexity of each client's circumstances, and the skills and experience of the IAR engaged by the client. All fees are agreed upon in advance and evidenced via a written agreement. Client shall make and shall be solely responsible for any and all decisions as to whether to follow or disregard, wholly or partially, any information, recommendation, and/or advice provided by IAR.

Financial Planning Fees: The financial planning service fee for a single, one-time plan may be billed on a fixed fee or an hourly basis. For a fixed fee engagement, the client will be required to pay one-half of the fixed fee upon execution of the agreement. The balance will be due upon delivery of the financial plan to the client.

Hourly fees for financial planning will be billed monthly or quarterly in arrears, as agreed upon with the client. An invoice will be provided to the client and the fee will be collected from the advisory or brokerage account designated by the client. Financial planning hourly fees will generally range from \$150 to \$500 per hour. Fixed fees will depend on the level and scope of the services required and the expertise of the professionals rendering service.

Ongoing Financial Planning Fees: A client may engage the IAR to provide financial planning with on-going monitoring of the plan. Such an arrangement may be billed based on an annual fixed fee or on an annual percentage of a client's net worth. For an annual fixed fee, the fee will be payable in advance on an installment basis at the calendar month-end or quarter-end. The first payment will be prorated to cover the period from the date the Agreement is signed through the end of the current calendar quarter.

Annual fees based on a client's net worth will be calculated upon initial execution of an agreement between CSM and the client. Each year, the client will be provided with an invoice upon completion of the plan. The maximum percentage charged for financial planning with ongoing monitoring will be 1.00% per annum, as agreed by contract.

Termination: After the first year, this Agreement may be terminated at any time, by either party, for any reason with written notice. Certain fees may be paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro-rate the reimbursement according to the number of days remaining in the billing period.

Consulting Fees: To the extent requested by the client, CSM may provide consulting services regarding non-investment related matters, such as estate planning, tax planning and insurance, among other matters. Neither CSM nor any of its IARs serve as an attorney or licensed insurance agent, and no portion of the CSM's services should be construed as such. To the extent requested by a client, the IAR may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from CSM. Consulting fees charged by CSM I generally range from \$150 to \$500 per hour. In some instances, CSM may charge a fee for Portfolio Analysis and Review ("PAR Fee"). The fee is between 0.00% - 0.75% and is a one-time charge.

It is the client's responsibility to promptly notify CSM of any material changes in the client's financial situation or investment objectives.

FEES FOR INVESTMENT STRATEGIST SERVICES

As compensation for its ISS, CSM will enter into an investment sub-advisory agreement with each third party institutional adviser. The fees for sub-advisory services are based on a number of factors, including the size of the relationship and the nature and complexity of the services to be provided. The frequency and methodology for payment of sub-advisory fees will be detailed in each sub-advisory agreement. The maximum percentage charged for Investment Strategist Services will be 1.00% per annum. The fee is calculated on a quarterly basis, based upon assets in the client account at the end of the preceding quarter and is paid quarterly, in advance.

FEES FOR PENSION CONSULTING SERVICES

CSM's fees for pension consulting and management services are based on the nature of the services being provided, the complexity of the benefit plan, and the skills and experience of the IAR engaged by the plan sponsor. Fees may be for a flat, annual fee, or a percentage of assets under management. All fees are agreed upon in advance and documented in a written Agreement with any plan sponsor.

When offering consultation and plan management services on a fixed fee basis, fees will typically range from \$1,000 up to \$125,000 per year. For an annual fixed fee, the fee will be payable in advance on an installment basis at the end of the calendar quarter. The first payment will be prorated to cover the period from the date the agreement is signed through the end of the current calendar quarter. The first payment is due upon execution of the agreement.

Annual fees based on a plan's assets under management will be calculated upon initial execution of an Agreement between CSM and the plan sponsor. The fee is typically based on the reporting period ending value of plan accounts (e.g., the last market day of the quarter). The first billing cycle typically begins once the agreement is executed and account assets have settled into an account held by the Custodian of record. The maximum percentage charged for pension consulting and plan management services will be 1.00% per annum, payable quarterly, in advance, in accordance with the Agreement.

GENERAL INFORMATION ABOUT ADVISORY FEES

Termination of Agreement/Refund of Fees: Upon termination of a client's account, CSM will review the advisory services provided for the quarter or month of termination and refund any applicable unearned fees.

Additional Expenses Not Included in The Asset Based Advisory Fee: All fees paid to CSM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee, or 12b-1 fees. If the fund also imposes sales charges, a client will pay either an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our Firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Clients should also understand that the shares of certain mutual funds offered in these programs may impose short-term trading charges for redemptions (typically 1%-2% of the amount redeemed) made within short periods of time. These short-term charges are imposed by the funds (and not CSM) to deter "market timers" who trade actively in fund shares. Clients should consider these short-term trading charges when selecting the program and/or mutual funds in which they invest. These charges, as well as operating expenses and management fees, will increase the overall annual cost to the client by 1%-2% (or more), and are available in each fund's prospectus.

Clients should be aware that ETFs incur a separate management fee, typically 0.20%-0.40% of the fund's assets annually (although individual ETFs may have higher or lower expense ratios), which is assessed by the fund directly and not by CSM. This management fee is in addition to the ongoing advisory fee assessed by CSM, and will generally result in clients which utilize an SMA Manager or Investment Strategy that invests in ETFs paying more than clients utilizing one that invests in individual securities, without taking into effect negotiated asset-based fee discounts, if any. Certain ETFs may be classified as partnerships for U.S. federal income tax purposes, which may result in unique tax treatment, including Schedule K-1 reporting.

Certain no-load variable annuities and indexed annuities may be purchased in or transferred into accounts may be charged an asset-based advisory fee. The annual advisory fees charged for these no-load variable annuities are in addition to the annual management fees and operating expenses (which are typically higher than either mutual funds or ETFs) charged by the insurance companies offering these products.

Surrender Charges or CDSC: If client transfers a previously purchased investment into a CSM accounts, such as a mutual fund, annuity or alternative investment, or liquidates the previously purchased investment and transfers the proceeds into an account, client may be charged a fee (sometimes called a surrender charge or CDSC) upon the sale or redemption in accordance with the investment product's prospectus. In many cases, the CDSC is only charged if a client does not hold the security for the minimum period of time. In particular, if a client transfers a previously purchased mutual fund (such as a Class C share) into an account that is subject to a CDSC, then the client will pay that charge when the mutual fund is sold.

Clients participating in SMA programs may be charged various program fees in addition to the advisory fee charged by the Firm. Such fees may include the investment advisory fees of the Money Manager, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a fee for advisory, brokerage and custodial services. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by the Custodian and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which a Money Manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Advisory fees do not cover all custodial service charges and the client should be aware that additional fees from the Custodian may apply. A list of additional fees that the Custodian may charge can be found on the Schedule of Fees document which is provided to the client when the account is opened. Additionally, all fees charged will be listed on the account statement provided to the client on a monthly or quarterly basis. The Firm also includes on the statement a list of all possible fees that may be charged by the Custodian annually.

12b-1 Fees: As CSM is a registered broker/dealer as well as a registered investment adviser, the Firm may accept commissions in addition to advisory fees for the sale of mutual fund shares, as set forth in the prospectus for each security. A 12b-1 fee is an annual marketing or distribution fee charged by a mutual fund. The 12b-1 fee is considered to be an operational expense and, as such, is included in a mutual fund's expense ratio. 12b-1 fees are comprised of two distinct charges: a service fee and a distribution/marketing fee. 12b-1 fees are generally between 0.25% and 1% (the maximum allowed) of a fund's net assets, with service fees and distribution/marketing fees limited to 0.25% and 0.75%, respectively. CSM currently does not receive any portion of 12b-1 fees received for mutual fund shares purchased or held in CSM advisory accounts. Rather, the custodian receives any such fees. CSM is currently working with the custodian to have any 12b-1 fees paid on funds in advisory accounts rebated to the clients' accounts. Because the custodian receives 12b-1's for our clients, at this time, a potential conflict exists with the mutual shares classes that our custodian makes available to our firm. Use of a more costly mutual fund share class will reduce the performance of a client's account. Please note that CSM and its IARs do not have an incentive to recommend or select mutual fund share classes that have higher 12b-1 fees because their compensation is not affected by the share class selected.

Trading Away: Portfolio Managers may elect to execute transactions away from CSM, as they deem appropriate, as part of their best execution responsibilities. Costs and transaction fees arising out of transactions effected by entities other than CSM, including transactions effected through our affiliates or attributable to dealer mark-ups, markdowns or "spreads" (in transactions where CSM or another entity acts as principal for its own account) will be separately borne by the client.

A client should also be aware that annuities, non-traded real estate investment trusts, and syndicate offerings held in an advisory account may contain separate fees (including, but not be limited to, 12b-1 fees) that the client will be charged for and are not included in the advisory fee.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to CSM's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our Firm's minimum account requirements will differ among clients.

ERISA Accounts: CSM is deemed to be a fiduciary to advisory clients that are employee benefit plans pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our Firm is subject to specific duties and obligations under ERISA and the Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, CSM may only charge fees for investment advice about products for which our Firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our Firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset CSM's advisory fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Order Flow: Custodians of assets, including Raymond James may also collect revenue from the sale of order flow to other parties. CSM does not participate in this revenue and cannot control what the custodian does with regard to order flow.

Limited Prepayment of Fees: Under no circumstances will CSM require or solicit payment of fees in excess of \$1200 six months or more in advance of services rendered.

IAR as Portfolio Manager: When an IAR provides portfolio management services, then no other Money Manager will be involved in the management of the client's account. Typically, when the IAR provides portfolio management services in this capacity, the IAR will receive higher fees compared to arrangements where an outside Money Manager is responsible for the portfolio management of a client's account; therefore, an incentive exists for the IAR to recommend himself as portfolio manager compared to other sub-advisory arrangements.

Investment of Cash Reserves: CSM, through its custodian, Raymond James, has established certain programs through which cash reserves "sweep" daily to and from the client's investment account to cover purchases or to allow excess cash balances to immediately begin earning interest, subject to certain minimum balances. CSM receives revenue on these balances. The account in which these cash reserves are held is considered the client's sweep account. CSM sweep programs include the following:

- Raymond James Bank Deposit Program ("RJBDP"), including:
 - RJBDP – Raymond James Bank Only
 - RJBDP with CIP

However, not all sweep programs are available in all accounts; rather, what sweep programs are available depends on the specific account type. For information on the rate being paid on your particular account(s), please contact your financial advisor or consult your periodic account statements. With respect to cash reserves of advisory client accounts, the custodian of the account assets will determine where cash reserves are held. The custodian may offer one or multiple options to different account types (such as non-taxable and managed accounts). In addition, the custodian may, among other things, consider terms and conditions, risks and features, conflicts of interest, current interest rates, the manner by which future interest rates will be determined, and the nature and extent of insurance coverage (such as deposit protection from the Federal Deposit Insurance Corporation ("FDIC") and SIPC). The custodian may change, modify or amend an investment option at any time by providing the client with thirty days advance written notice of such change, modification or amendment. Clients selecting the Raymond James Bank Deposit Program ("RJBDP") option are responsible for monitoring the total amount of deposits held at each Bank in order to determine the extent of FDIC insurance coverage available. CSM is not responsible for any insured or uninsured portion of client deposits at any of the Banks. In the RJBDP sweep program, Raymond James receives revenue from the participating banks. [Raymond has a revenue sharing agreement with CSM with regard to these programs.](#) The revenue earned by CSM and Raymond James is in addition to the asset-based fees that CSM and Raymond James receives from its advisory accounts. Each participating bank, except Raymond James Bank, will pay Raymond James a fee equal to a percentage of the average daily deposit balance in the client account at the bank. The fee paid to Raymond James may be an annual rate of up to 3% as applied across all client accounts taken in aggregate [depending upon prevailing interest rates](#). CSM receives a portion of this fee. Raymond James receives an annual fee of up to \$100 per account. [Your IAR does not receive any additional compensation from these programs.](#)

Transactional Fees: CSM may have pre-existing advisory clients where the Advisor is the portfolio manager and transaction fees occur that are paid for by the IAR. Transaction charges up to \$25 may occur. Because the Advisor pays the transaction charge, there is a conflict of interest. Clients should understand that the cost to the Advisor may be a factor that the Advisor considers when deciding which securities to select and how frequently to place transactions.

Previously Paid Commissions: Clients should be aware that securities transferred into an account may have been subject to a commission or sales load when the security was originally purchased. Client should understand that, after the transfer into an account, an advisory fee will be charged based on the total assets in the account, including the transferred security. Depending on the share class and fee structure of the previously purchased mutual fund, CSM can receive fees such as 12b-1 fees, recordkeeping fees and revenue sharing from the previously purchased mutual fund until the position is liquidated and subsequently invested. In other words, if you paid IAR or another financial professional recently an upfront commission on the previously purchased security, you will be paying a new ongoing advisory fee going forward to IAR for advice on that same security.

Loss of Benefits: If the client will be funding the account with the proceeds of a sale or liquidation of a variable or fixed annuity, the client should understand that the client may be giving up guaranteed living or death benefits that were provided through the annuity that will not be provided through the CSM advisory account.

Additional Cost Considerations: When making cost comparisons, clients should be aware that the combination of multiple investments, advisory services, custodial and brokerage services available through each program may not be available separately or may require multiple accounts, documentation and fees. If an account within an advisory program is actively traded or the client otherwise does not qualify for reduced commissions or sales charges, the fees may be less expensive than separately paying the commissions and/or sales charges and advisory fees. If an account within an advisory program is not actively traded or the client otherwise would qualify for reduced commissions and/or sales charges, the fees in these programs may be more expensive than if utilized separately. The client's financial advisor may have a financial incentive to recommend a fee-based advisory program rather than paying for investment advisory services, brokerage, performance reporting and other services separately. A portion of the annual advisory fee is paid to the financial advisor, which may be more than the financial advisor would receive under an alternative program offering of CSM or if the client paid for these services separately. Therefore, the client's financial advisor may have a financial incentive to recommend a particular account program over another. Clients who do not wish to purchase ongoing investment advice or investment management services and who wish to follow a buy and hold strategy, should consider opening a brokerage account rather than a fee-based account. In a brokerage account, a client is charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. To ensure the financial advisor is making appropriate recommendations, CSM conducts reviews of advisory relationships to confirm sufficient documentation of fiduciary services provided is being maintained by your IAR. Additionally, reviews are conducted to assess the adequacy and appropriateness of fiduciary services provided.

Both CSM and a client's financial advisor are compensated based on the amount of assets in your account, it creates an incentive for us to increase your assets or engage in transactions that results in higher total assets in your account.

In addition to compensation, CSM provides IARs with access to financial incentives for affiliating with our firm. These arrangements include, but are not limited to transition assistance, bonuses, deferred compensation arrangements, enhanced pay-outs, repayable business transition or working capital loans, administrative fee reimbursements, marketing services and materials, and other valuable financial incentives. Based on these arrangements, your IAR is incentivized to recommend that clients open and maintain accounts for advisory and/or brokerage services. These incentives may influence your IAR's recommendation that you transition your account(s) to the firm.

Conflicts of Interest: CSM will make efforts to reduce potential conflicts of interest, but is not responsible for any actions of the custodian(s) or clearing firm(s) with regard to potential conflict of interest issues such as money market funds, the selling of order flow, cash balances, money market funds or other activities that may result in revenue being paid to an outside party.

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

CSM will not charge performance-based fees where an IAR's fee would be based on a share of capital gains or capital appreciation of the client assets. As such, there are no conflicts of interest to disclose at this time.

Item 7 - Types of Clients

CSM may offer financial planning and investment advisory services for individuals, high net worth individuals, trusts, endowments, small businesses, and benefit plans. Our typical clients are those who are experienced and comfortable with saving and investing for their retirement and their family's future, board members and/or trustees acting on behalf of the trust or organization they represent, or business owners looking for an advisory group to assist them in making prudent investment decisions for their benefit plans.

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

METHODS OF ANALYSIS & THE ASSOCIATED RISKS

CSM may use the following methods of analysis in formulating our investment advice and/or managing client assets:

Quantitative Analysis: We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis: We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, strength of research and development, factors not readily subject to measurement and predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Asset Allocation: Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

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.

Monte Carlo Simulation: When offering financial planning services, CSM utilizes the desktop software of a third party provider. The software uses a Monte Carlo Simulation to evaluate the effects of fluctuations in a client's investment rate of return over time. The annual rate of return is randomly varied, and the overall analysis is repeated 1000 times. Each time the analysis is completed, the investments remaining at the end of the client's life expectancy are checked to determine the probability of success. The financial plan analysis is not a projection of future portfolio values because future returns are uncertain. We cannot and do not guarantee to any client that all possible goals at all aspirational spending levels can be achieved.

INVESTMENT STRATEGIES & THE ASSOCIATED RISKS

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:

Long-term purchases: We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when we believe the securities to be currently undervalued and/or we want exposure to a particular asset class over time, regardless of the current projection for this class. A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases: When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. The risk with short-term investment vehicles is they may be subject to purchasing power risk — the risk that a client's investment's return will not keep up with inflation.

Short sales: We borrow shares of a stock for a client's portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit. The risk when short selling is that losses can be unlimited. A security is not limited on how high its price can go.

Margin transactions: We will purchase stocks for a client's portfolio with money borrowed from a client's brokerage account. This allows a client to purchase more stock than the client would be able to with the client's available cash and allows us to purchase stock without selling other holdings. A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in the client's account minus what the client owes the broker falls below a certain level, the broker will issue a "margin call" and the client will be required to sell the client's position in the security purchased on margin or add more cash to the account. In some circumstances, the client may lose more money than the client originally invested. **Raymond James charges interest on margin balances and CSM receives a portion of this interest payment. Raymond James also receives compensation by lending securities at market rates. CSM receives a portion of this compensation, which creates a conflict of interest.**

Option writing: We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. The two types of options are calls and puts. A "call" gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires. A "put" gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for the client's portfolio. We use "covered calls", in which we sell an option on security the client owns. In this strategy, the client receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed-upon price. The Firm uses a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that the client buys and a call option that the client sells) for the same underlying security. This effectively puts a client on both sides of the market, but with the ability to vary price, time and other factors.

The risk associated with options occurs when purchasing securities; a client may pay for the securities in full or may borrow part of the purchase price. In order to borrow funds in connection with the account, the client will be required to open a margin account. The securities purchased in such an account are collateral for the funds loaned. If the value of securities in a margin account decline, the value of the collateral supporting the loan also declines, and, as a result, the lender may be required to take action by means such as issuing a margin call and/or selling securities or other assets in client accounts to maintain necessary level of equity in the account. Additional risks include, but are not necessarily limited to, i) the loss of more funds than were originally deposited into the margin account; ii) the forced sale of securities or other assets in the margin account; and iii) the sale of the client's securities or other assets without contacting the client.

RISK OF LOSS

All investment strategies inherently expose our clients to various types and varying degrees of risk, including loss of principal. Below we discuss other risks associated with investing in securities.

Political Risks. Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.

General Market Risks. Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.

Currency Risk. Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Derivatives Risk. Investments in futures and options are considered "derivative" investments. A small investment in derivatives could have a potentially large impact on performance. The use of derivatives involves risks different from or possibly greater than the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid and difficult to value. There is the risk that the hedging technique will fail if changes in the value of a derivative held do not correlate with the portfolio securities being hedged.

Regulatory Risk. Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws can impact the return on these investments.

Risks Related to Investment Term. If a client requires a liquidation of their portfolio during a period in which the price of the security is low, the client may not realize as much value as they might have, had the investment had the opportunity to regain its value, as investments frequently do, or had it been reinvested in another security.

Purchasing Power Risk. Purchasing power risk is the risk that an investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.

Business Risk. Many investments, including many Index Funds and Target-Date Funds, contain interests in operating businesses. Business risks are associated with a particular industry or company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Liquidity Risk. Liquidity is the ability to readily convert an investment into cash. For example, Treasury Bills are highly liquid, while real estate properties are not. Some securities are highly liquid while others are highly illiquid. Illiquid investments carry more risk because it can be difficult to sell them.

Financial Risk. Many investments, including many Index Funds and Target-Date Funds, contain interests in operating businesses. Excessive borrowing to finance a business' operations decreases the risk of profitability, because the company must meet the terms of

its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Default Risk. This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk. While the principal and accumulated interest of the Prudential Guaranteed Income Fund, expected to be offered by the Plan, are guaranteed by the Prudential Retirement Insurance and Annuity Company, it is nevertheless subject to default risk.

Management Risk. Investments may vary with the success and failure of investment strategies selected and implemented. If investment strategies do not produce the expected returns, the value of investments may decrease.

Risks Associates with Margin Trading. The risks of margin trading include the risk of amplified losses, of a margin call or forced liquidation. In addition, margin accounts charge fairly high interest rates.

Risk Associated with Options. Options carry no guarantees, and there is a possibility of losing the entire principal invested, and sometimes more. As an options holder, clients risk the entire amount of the premium paid. Options writers may face unlimited potential loss, for example, with an uncovered call, since there is no cap on how high a stock price can rise. Options on securities may also be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

Risks Associated with Alternative Investments. Alternative investment products, including real estate investments, notes & debentures, hedge funds and private equity involve a high degree of risk, often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and, in many cases, the underlying investments are not transparent and are known only to the investment manager. Alternative investment performance can be volatile. An investor could lose all or a substantial amount of the investment. Often, alternative investment funds and account managers have total trading authority over their funds or accounts; the use of a single adviser applying generally similar trading programs could mean lack of diversification and, consequently, higher risk. There is often no secondary market for an investor's interest in alternative investments, and none is expected to develop. There may be restrictions on transferring interests in any alternative investment. Alternative investment products often execute a substantial portion of their trades on non-U.S. exchanges. Investing in foreign markets may entail risks that differ from those associated with investments in U.S. markets. Additionally, alternative investments often entail commodity trading, which involves substantial risk of loss.

All investment programs carry the risk of loss of principal and there is no guarantee that any recommended investment strategy will meet its objectives.

Item 9 - Disciplinary Information

CSM is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

The following are disciplinary events relating to our Firm's advisory business and/or to our management personnel:

1. On April 13, 2010, CSM was alleged to have violated Rule 21 VAC 5-20-260(b) for its failure to diligently supervise the activities of a former associated agent. In a separate action initiated by FINRA, the agent was barred from association with any member or broker-dealer for an unspecified period of time, for engaging in the practice of borrowing customer funds from at least one client. As a result of the investigation conducted by staff of the Virginia Division of Securities, CSM was ordered to comply with the following, without admitting nor denying the allegation(s): (1) pay penalties in the amount of \$11,300 pursuant to section 13.1-521(a) of the Virginia Securities Act ("Act"), (2) pay \$3,700 to defray the cost of the investigation, pursuant to section 13.1-51(a) of the Act, and (3) amend its policies and procedures to specifically prohibit its agents from engaging in the practice of lending or borrowing money or securities from or to customers residing in Virginia.

2. Without admitting or denying the findings and solely for the purposes of settling alleged rule violations, CSM agreed to enter into a FINRA Letter of Acceptance, Waiver and Consent on October 20, 2015 related to findings from routine annual FINRA examination for a period from 2008 to 2014. The findings were related to the suitability of reverse convertible notes and applicable supervisory procedures; implementation of AML procedures related to the deposit and sale of low priced securities; CIP procedures related to institutional accounts; application of sales charge discounts for certain Unitary Investment Trust ("UIT") and mutual fund purchases and applicable supervisory procedures; commission charges on certain equity trades and supervisory procedures related to monitoring these charges; supervisory procedures applicable to private securities transactions; and failure to file an appropriate application for a new business activity. The Firm was fined \$470,000 and ordered to pay restitution to clients of approximately \$226,000.

3. Without admitting or denying the findings and solely for the purposes of settling alleged rule violations, CSM agreed to enter into a FINRA Letter of Acceptance, Waiver and Consent on May 25, 2018 related to findings from a routine annual FINRA examination. The findings were related to the failure on the part of CSM to establish, maintain and enforce a supervisory system and written supervisory procedures reasonably designed to detect and prevent unsuitable short-term trading in UITs as well as a failure to retain the instant messages for forty one employees. The Firm was censured, fined \$100,000, and ordered to pay approximately \$44,740 in restitution to clients.

4. On February 14, 2020, Virginia's State Corporation Commission ("Commission") entered a Settlement Order against CSM, in its separate capacity as a broker-dealer, relating to the securities activities of two former registered representatives who engaged in fraudulent activities with clients. The Commission alleged that the fraudulent actions went undetected due in part to supervision failures by CSM. The Commission further alleged that CSM failed to properly establish, maintain, and enforce written procedures and failed to frequently examine all customer accounts to detect and prevent irregularities or abuses. CSM consented, without admitting or denying any findings, to retain a third-party consultant to conduct a compliance review, to pay a penalty of \$75,000 to the State of Virginia and to pay \$25,000 to defray the costs of the investigation.

5. Effective November 5, 2020, without admitting or denying any findings, CSM consented to an order ("the Order") entered by the Securities and Exchange Commission relating to the SEC's share class disclosure initiative. The firm was found to have violated Sections 206(2) and 206(4) of the Investment Advisers Act of 1940 ("Advisers Act") and Rule 206(4)-7. Under the Order, CSM was ordered to cease and desist from violating Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, censured, required to pay a civil monetary penalty in the amount of \$55,000 and required to pay disgorgement and prejudgment interest totaling \$203,414. The Order also required CSM to agree to certain undertakings relating to mutual fund share class selection and 12b-1 fees, including reviewing and correcting relevant disclosure documents and evaluating and updating the firm's policies and procedures, as necessary, to prevent violations of the Advisers Act.

Item 10 - Other Financial Industry Activities and Affiliations

As noted in Item 4, titled "Company History & Principals," CSM is a Registered Investment Adviser with the SEC and various state regulatory agencies. It also is registered as a FINRA member broker-dealer. Its principal business is that of a registered securities broker-dealer. The Firm offers other products and services, as well as investment advice.

CSM's principal officers spend the majority of their time performing management activities in connection with the Firm's broker-dealer operations. CSM's principals hold management positions in CSFG Insurance Agency, Inc., an insurance agency.

The members of CSM's management team are registered, as follows:

- Joseph A. Jianos – Chief Executive Officer - Series 7, 24, 27, 54, 63, 65, and SIE.
- Katherine Rose Hallberg – Chief Compliance Officer – Series 4, 7, 24, 53, 66, 87 and SIE.
- Lia Goff – Chief Financial Officer – Series 27
- Edward Wetherell- Chief Strategy Officer-Series 6, 7, 24, 63, 65, and SIE.
- Jason Snyder- Director of Operations- Series 3, 4, 7, 8, 24, 55, 63, 65, and SIE

CSM, in its capacity as a registered broker-dealer, receives selling commissions for effecting agency and "riskless" principal transactions with people who may be advisory clients. CSM's officers, directors, stockholders, employees, and members of their families may at times have a position in securities recommended. CSM and its IARs may share in 12b-1 fees associated with the purchase of mutual funds as well as other revenue sharing arrangements. Please also refer to Item 5, Fees and Compensation; Item 11, Code of Ethics; and Item 12, Brokerage Practice for a further discussion relating to various relationships and conflicts of interest.

Item 11 - Code of Ethics, Interest in Client Transactions and Personal Trading

Pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended, CSM has adopted a Code of Ethics (the "Code") setting forth the high ethical standards to which the Firm requires all registered persons affiliated with the Firm, including employees and independent contractors ("Registered Persons") to comply. This includes compliance with applicable federal securities laws as well as CSM's internal policies and procedures. The Firm and the Registered Persons owe a duty of loyalty, fairness and good faith towards CSM's clients and have an obligation to adhere not only to the specific provisions of the Code, but also to the general principles that animate the Code. Note that each Registered Person, when initially hired and on an annual basis thereafter, must affirm that he or she has reviewed and complied with the Code. A copy of the Code is available to CSM advisory clients and prospective clients upon request. A copy may be requested via email sent to khallberg@capitolsecurities.com, or by calling CSM at 804.612.9713.

Illustrative Code provisions are as follows:

- The Code requires pre-approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering.
- The Code prohibits the use of material non-public information.
- The Code prohibits CSM and Registered Persons from engaging in principal transactions.
- The Code precludes agency cross transactions, where CSM would act as an investment adviser and broker-dealer for an

advisory client and another person on the other side of the transaction.

- The Code precludes Registered Persons from engaging in personal securities transactions and activities which could interfere with the best interest of advisory clients.
- The Code precludes Registered Persons from purchasing or selling any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such Registered Persons from benefiting from transactions placed on behalf of advisory accounts.

CSM's Code of Ethics, in conjunction with its policies and procedures further provide:

- Registered Persons may not put his or her own interest above the interest of an advisory client.
- Registered Persons may not buy or sell securities for his or her personal portfolio(s) where the decision of his or her affiliation with the Firm unless the information is also available to the investing public.
- Registered Persons may not purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thus preventing such Registered Persons from benefiting from transactions placed on behalf of advisory accounts.
- Registered Persons must obtain pre-approval for any IPO or private placement investments by related persons of the Firm.

CSM and the Firm's personnel endeavor at all times to put the interest of the Firm's clients first as part of their fiduciary duty as an investment adviser. Thus CSM takes multiple steps to ensure full disclosure of any conflicts, including, by way of example, the potential to earn compensation from advisory clients in addition to our Firm's advisory fees. The Firm also informs clients that they are not obligated to purchase recommended investment products from our Registered Persons or affiliated companies. The Firm requires its Registered Persons to obtain prior approval of and thereafter monitor approved outside employment activity to avoid any conflicts of interests in such activities are properly addressed. CSM educates its employees regarding the responsibilities of a fiduciary, including the need to have a reasonable and independent basis for the investment advice provided to clients.

As disclosed in the preceding section of this Brochure, Item 10, certain related persons of our Firm are separately registered as securities representatives of a broker-dealer or licensed as an insurance agent/broker of various insurance companies. Please also refer to Items 10 and 12 for a detailed explanation of these relationships and important conflict of interest disclosures.

Item 12 - Brokerage Practices

All CSM advisory clients should understand that a recommendation of a particular Custodian by CSM constitutes a conflict of interest as CSM anticipates continual operational relationships with the Custodians that we recommend. CSM does limited due diligence reviews of these firms, all of which are well established, nationally recognized custodians

CSM primarily recommends RJA as the Custodian. There is an additional conflict of interest in that CSM primarily uses only RJA as custodian due to the products, services, marketing and recruiting assistance, and technology programs that RJA provides CSM.

Limited Authorization: CSM requires that it be provided with written authority to determine the broker-dealer to use for client transactions and the commission costs that will be charged to our clients for these transactions. Clients must include any limitations on this authority in the authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

Trade Aggregation: CSM will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a prorated basis between all accounts included in any such block. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. CSM will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day.

CSM may aggregate employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

Client Directed Brokerage: If a client directs CSM to execute the account's transactions at a particular custodian with whom CSM does not have a business relationship, this may result in greater transaction expenses for the account than for other accounts CSM manages. The directed accounts may charge higher commissions and/or receive less favorable trade execution than the non-directed accounts. The non-directed accounts may benefit from negotiated commissions and some operational client account support services CSM has arranged for its clients through its preferred custodial relationships. Preferred Custodians may discount or waive fees for clients of CSM that they might otherwise charge to retail clients for the same services. In addition, under these circumstances, a disparity may exist between commissions charged by preferred Custodians to clients who do not direct CSM to use a custodian other than the preferred Custodians and commissions charged to clients who direct the Advisor to use a custodian with which CSM does not have a business relationship. CSM will assume no responsibility for obtaining "best execution" for trades directed by a client via a custodian with which CSM does not have a business relationship.

Item 13 - Review of Accounts

ADVISORY SERVICES

Reviews: While the underlying securities within the Advisory Services accounts are continually monitored, these accounts are reviewed periodically. Accounts are reviewed in the context of each client's 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. These accounts may be reviewed by compliance personnel, designated supervisors, or the IARs.

Reports: In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker-dealer, CSM may provide quarterly reports summarizing account performance, balances and holdings if requested by the client.

Since investment goals and financial circumstances change over time, clients should review their investments at least annually with their financial advisor. Clients are under no obligation to employ a particular product, advisory service or investment strategy

FINANCIAL PLANNING & CONSULTING SERVICES

Reviews While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients, unless otherwise agreed to.

Reports: Financial Planning clients who have requested a full financial plan will receive a copy of the completed financial plan. Clients receiving consulting services will not typically be provided with written reports unless otherwise contracted for.

Item 14 - Client Referrals and Other Compensation

CSM may share part of the advisory fee with the advisory representative-solicitor to obtain, manage the portfolio, and handle client relations. The sharing is disclosed in the "Solicitor Disclosure" section of CSM's Investment Advisory Agreement. Most advisory representatives-solicitors are registered representatives of CSM.

Item 15 – Custody

CSM previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that the Firm directly debits advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement. CSM does not have actual or constructive custody of client accounts.

Item 16 - Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Our discretionary authority includes the ability to determine the type and amount of securities to buy and sell in the client's account. Clients give the Firm discretionary authority when they sign a discretionary agreement with our Firm as well as a limited power of attorney authorization form with the custodian. A client may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 - Voting Client Securities

Neither CSM nor its IARs are obligated to take any action with respect to the voting of proxies, except as regards ERISA accounts as noted below. A client may delegate the voting of proxies to the hired sub-advisors in accordance with applicable regulations at the time. With respect to ERISA accounts, CSM will NOT vote proxies unless the plan documents specifically designated the advisor as having responsibility to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact Katie Hallberg by telephone at 804.612.9713.

Item 18 - Financial Information

CSM has no additional financial circumstances to report. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. CSM has not been the subject of a bankruptcy petition at any time during the past ten years.



IMPORTANT DISCLOSURE NOTICES

Schedule of Fees

To view an up-to-date listing of our current fees associated with administrative account costs, please visit:
<https://www.capitolsecurities.com/client-account-fees-and-charges/>

PRIVACY POLICY

The Securities and Exchange Commission has adopted enhanced customer privacy rules regarding security and sharing of nonpublic personal, and account information of clients. These rules primarily are directed at banks and insurance companies, but apply to all financial institutions. As part of these regulations, we are required to issue a “Customer Privacy Notice”, discussing information collected from our clients and our procedures on how to best protect that information.

Information Collected – We collect nonpublic personal information about you including, but not limited to, your name, address, social security number, employment, age, marital status, income, net worth, security transactions, interest and dividend payments, money movements, and associated tax reporting information for transactions performed through Capitol Securities Management, Inc. We collect this information through account applications and associated forms, transactions in your account, connections with our web site, email communications, and other correspondence.

Safeguarding Your Information – We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic information.

Shared Information – We limit access to nonpublic information about you to only those who need to know that information to provide products and services to you. Capitol Securities utilizes the trade clearing and custody services of Raymond James & Associates, Inc. Raymond James is responsible for issuing their own privacy statement to be supplied to each customer in addition to this disclosure.

Questions – A full set of detailed procedures regarding customer privacy is available for inspection upon your request. If you have any questions, please contact our Compliance Department at 804-612-9700.

BUSINESS CONTINUITY DISCLOSURE

Capitol Securities Management, Inc., has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

Contacting Us – If after a significant business disruption you cannot contact us as you usually do at 703-821-2010, you should call our alternative number 804-612-9700 or go to our web site at www.capitolsecurities.com. If you cannot access us through either of those means, you should contact our clearing firm, Raymond James & Associates, Inc., at 800-647-7378, or go to their website www.raymondjames.com. Raymond James will provide you with instructions on how they may assist you with the following: Account balances; Order entry (liquidations only); Fund transfers; Account transfers; Account activity; Tax information and documents; Account statements and checking requests.

Our Business Continuity Plan – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm’s books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data back-up and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees;

critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business.

Our clearing firm, Raymond James, backs up our important records in geographically separate areas. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, our clearing firms have advised us that its objective is to restore its own operations and be able to complete existing transactions and accept new transactions and payments as soon as practically possible. Your orders and requests for funds and securities could be delayed during this period.

Varying Disruptions – Significant business disruptions can vary in their scope, such as only our firm, a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or a building housing our firm, we will transfer our operations to a local site when needed and expect to recover and resume business within one (1) hour. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and recover and resume business within two (2) hours. In either situation, we plan to continue in business and notify you through our web site www.capitolsecurities.com or our customer emergency number, 617-897-8500 how to contact us. If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our customer's prompt access to their funds and securities.

For more information – If you have questions about our business continuity planning, you can contact us at 703-821-2010.