

FORM ADV, PART 2A, APPENDIX
WRAP FEE PROGRAM BROCHURE | December 1, 2020

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

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. 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, Appendix 1, (the "Wrap Fee Brochure") was on June 24, 2020.

At any time, a person may view the current Wrap Fee Brochure 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 this Wrap Fee Brochure 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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Item 4 - Services, Fees and Compensation

CSM offers a variety of service options to its clients and its investment adviser representatives ("IARs"). All services are not intended for all clients. As part of the advisory services provided by CSM, the Firm offers a selection of wrap fee programs that are available through our clearing custodian Raymond James & Associates.

As part of the advisory services provided by CSM, the Firm offers a selection of wrap fee programs that are available for use in client accounts (the "Program"). The Program provides access to sub-programs that are fully described in this Wrap Fee Brochure. A summary of the sub-programs is provided in the tables below. If a client participates in the Program, the client will execute an agreement with CSM outlining the services to be provided to the client and the IAR who shall be responsible for providing investment advice to the client. The client will pay a single advisory fee which includes investment management and portfolio monitoring. This Wrap Fee Brochure has been created and will be presented to the client by CSM, the Program Sponsor, prior to investing in the Program.

The Client and the IAR will have a wide array of investment strategies and access to Portfolio Managers who best suit the needs of the client. Each sub-program does have its own unique minimum account size requirements and minimum annual fees summarized in the table below.

CAPITOL SECURITIES MANAGEMENT WRAP FEE PROGRAM					
Sub-Program Name	MAP Advantage	MAP Flex	MAP Baymount	Monument Select	Capital Group Companies
Portfolio Manager	Dave Shenton CSM	Dave Shenton CSM	Michael Via CSM	Advisor or client-directed	Capital Group Companies
Custodian	Raymond James	Raymond James	Raymond James	Raymond James	Capital Group Companies
Available Portfolios	4	9	4	n/a	>20 Mutual Funds
Account Minimum	\$15,000	Model dependent	\$100,000	\$25,000	\$250, or by prospectus
Minimum Annual Fee	N/A	N/A	N/A	N/A	\$10-\$25, by account type
Fee Billing	Calendar Monthly, In Advance*	Calendar Monthly, In Advance*	Calendar Monthly, In Advance*	Calendar Monthly, In Advance or Arrears*	Calendar Quarter, In Advance
Advisory Fees Maximum	Up to 2.0%	Up to 2.0%	Up to 2.0%	Up to 2.0%	0.50%
Trading Costs	Included in Advisory Fee	Included in Advisory Fee	Included in Advisory Fee	Included in Advisory Fee*	Included in Advisory Fee

*Monthly billing effective July 1, 2019

RAYMOND JAMES & ASSOCIATES ASSET MANAGEMENT SERVICES						
Sub-Program Name	RJCS and Outside Manager Program	Freedom (UMA)	Freedom	American Funds Model Portfolios	Russell Model Strategies	Ambassador
Portfolio Manager	Third-party portfolio managers	Third-party portfolio managers	Raymond James	American Funds	Russell Investments	Advisor or client-directed
Custodian	Raymond James	Raymond James	Raymond James	Raymond James	Raymond James	Raymond James
Available Portfolios	>150	35	74	5	13	n/a
Account Minimum	\$100,000 - \$300,000	\$300,000 - \$500,000	\$5,000 - \$300,000	\$5,000	\$25,000	\$50,000
Minimum Annual Fee	N/A	N/A	N/A	N/A	N/A	N/A
Fee Billing	Calendar Quarter, In Advance	Calendar Quarter, In Advance	Calendar Quarter, In Advance	Calendar Quarter, In Advance	Calendar Quarter, In Advance	Calendar Quarter, In Advance
Advisory Fees Maximum	Up to 2.0%	Up to 2.0%	Up to 2.0%	Up to 2.0%	Up to 2.0%	Up to 2.0%
Trading Costs	Included in Advisory Fee	Included in Advisory Fee	Included in Advisory Fee	Included in Advisory Fee	Included in Advisory Fee	Included in Advisory Fee*

CSM and its IARs will provide investment advice and portfolio management on a continuous basis to its clients. Through personal discussions with the client's IAR, in which goals and objectives based on the client's particular circumstances are established, the IAR will develop the client's personal investment policy. During the data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background. Based upon the information provided by the client, the IAR will assist the client in determining the suitability of participating in the Program and will select an appropriate Sub-Program to investment for the client's account. All client assets invested in the Program will be held in custody by a qualified custodian. CSM does not custody client assets.

It is CSM's intent to comply with Rule 3a-4 under the Investment Company Act of 1940. Clients' accounts are managed on the basis of their individual financial situations. Each client has the opportunity to select the account's investment objective and to impose reasonable restrictions on the management of the assets in the account. Clients will be contacted annually to determine if there are any changes to their investment goals, objectives, and risk tolerance, and invited quarterly to contact CSM for any changes to their investment goals, objectives, and risk tolerance.

A client, in choosing an arrangement under the Program, should be aware that the Program might cost the client more or less than purchasing such services separately, depending on the type of arrangement selected. Please read carefully the full descriptions of each type of arrangement in the Program and the Cost of Services sections. A client should be aware that mutual funds, annuities, non-traded real estate investment trusts, and syndicate offerings held in an advisory account may contain separate fees (including but be not limited to 12b-1 fees) that the client will be charged that are not included in the Advisory fee. These fees will increase the net cost to the client.

A client should also be aware that when a fee is charged instead of commissions for investment services, the fee might be more than the person recommending the program would receive if done on a commission basis. Therefore, the person may have a financial incentive to recommend a fee program over a commission program. This factor depends on the trading frequency of the IAR or Portfolio Manager selected who is making the investment decisions. CSM's fees and charges are negotiable.

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 statements a list of all possible fees that may be charged by the custodian annually.

Proxy Voting: Neither CSM nor portfolio manager(s) are obligated to take any action with respect to the voting proxies, except as regards to ERISA accounts. Clients may delegate the voting 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 has having responsibility voting proxies. To direct us to vote a proxy in a particular manner, clients should contact Katie Hallberg by telephone at 804.612.9713.

*IARs may charge up to \$25 dollars per transaction provided the client and appropriate supervisors have signed an addendum to a client's agreement allowing for transaction cost reimbursements.

DESCRIPTIONS OF THE SUB-PROGRAMS OFFERED IN THE WRAP FEE PROGRAM

1. MAP ADVANTAGE

Program Sponsor: Capitol Securities Management Inc.

Program Portfolio Manager: David Shenton, Senior Director of Management Investments

Overview: MAP Advantage provides various investment strategies, primarily utilizing mutual funds and/or exchange traded funds ("ETFs"). The portfolios reflect different risk levels and asset allocation needs. The various funds in the portfolios are frequently reviewed and when changes are deemed necessary, the changes are made automatically in a client's account. Our process involves filtering all available funds to find those that meet certain criteria.

Periodic rebalancing will be performed when deemed appropriate by the Portfolio Manager. It is not based on pre-determined dates. Client goals and objectives will be taken in to consideration when rebalancing is performed in a client's account. Additionally, securities may be added or removed at any time. Portfolio asset allocations for the model may vary from account to account due to a client's specific needs.

Cost of Services:

The client pays an Advisory Fee for the advisory services offered under this program. The Advisory fee is paid to CSM. The total Advisory fee for the program can range from 0.50% to 2.0%. There is a 0.35% program fee that is deducted from the total Advisory fee. The Custodian, Portfolio Manager, and CSM all receive a portion of the program fee. The remaining portion of the Advisory Fee is shared by CSM and the IAR based upon the provisions of a contract between the two parties. Fees are charged monthly (effective July 1, 2019), in advance, based upon account value and are calculated as an annualized asset-based fee. Clients may terminate the agreement at any time. The Advisory Fee is negotiable.

Account Minimums: The minimum account size is \$15,000 but may be waived at CSM's discretion.

2. MAP FLEX

Program Sponsor: Capitol Securities Management Inc.

Program Portfolio Manager: David Shenton, Senior Director of Management Investments

Overview: MAP Flex models combine the use of individual stocks, mutual funds and ETFs. The model's asset allocation is divided into four main asset categories - US large cap, US small-mid cap, foreign equity and income securities with a minor allocation to tactical. Each portfolio is constructed by selecting the target percentage for each asset category. MAP Flex portfolios will fulfill the US large cap allocation with a primary focus on individual stocks.

Periodic rebalancing will be performed when deemed appropriate by the Portfolio Manager. It is not based on pre-determined dates. Client goals and objectives will be taken into consideration when rebalancing is performed in a client's account. Additionally, securities may be added or removed at any time. Portfolio asset allocations for the model may vary from account to account due to a client's specific needs.

Cost of Services:

The client pays an Advisory Fee for the advisory services offered under this program. The Advisory fee is paid to CSM. The total Advisory fee for the program can range from 0.50% to 2.0%. There is a 0.40% program fee that is deducted from the total Advisory fee. The Custodian, Portfolio Manager, and CSM all receive a portion of the program fee. The remaining portion of the Advisory Fee is shared by CSM and the IAR based upon the provisions of a contract between the two parties. Fees are charged monthly (effective July 1, 2019), in advance, based upon account value and are calculated as an annualized asset-based fee. Clients may terminate the agreement at any time. The Advisory Fee is negotiable.

Minimums: The minimum account size is \$75,000 for most models but may be waived at CSM's discretion. Other models may carry minimum account sizes of either \$100,000, \$250,000 or \$500,000.

3. MAP BAYMOUNT

Program Sponsor: Capitol Securities Management Inc.

Program Portfolio Manager: Michael Via

Overview: MAP Baymount Portfolios are designed to address specific needs within the context of a client's overall equity investment universe. Each portfolio is constructed and maintained according to three established models based on a set of shared criteria including but not limited to: 1) A security screening process utilizing the William O'Neil & Company database encompassing over 15,000 equities; 2) Emphasis on fundamental characteristics including but not limited to earnings per share, sales and profit margin growth rates, on a real basis as well as on a relative basis; 3) Employment of a proprietary GARP (growth at a reasonable price) valuation overlay ; 4) Relative security price performance within the overall universe and within respective sectors; and 5) Observation and adherence to specific technical stock indicators such as 90-day and 200-day simple moving averages.

Each portfolio is primarily composed of securities, ranging from 25 to 70 positions, and is fluidly managed on a daily basis. Positions may be added, deleted or adjusted at any time at the manager's discretion. New equity positions are weighted at between 1.5% and 4% of the portfolio. The portfolio is intended to be fully invested at all times (cash holdings at 0-10%). Emphasis is placed on stock selection with specific industry and sectors weightings receiving secondary consideration.

Periodic rebalancing will be performed when deemed appropriate by the Portfolio Manager. It is not based on pre-determined dates. Client goals and objectives will be taken in to consideration when rebalancing is performed in a client's account. Additionally, securities may be added or removed at any time. Portfolio asset allocations for the model may vary from account to account due to a client's specific needs.

Cost of Services:

The client pays an Advisory Fee for the advisory services offered under this program. The Advisory fee is paid to CSM. The total Advisory fee for the program can range from 0.50% to 2.0%. The program fee ranges from 0.50%-0.90% fee that is deducted from the total Advisory fee. The Custodian, Portfolio Manager, and CSM all receive a portion of the program fee. The remaining portion of the Advisory Fee is shared by CSM and the IAR based upon the provisions of a contract between the two parties. Fees are charged monthly (effective July 1, 2019), in advance, based upon account value and are calculated as an annualized asset-based fee. Clients may terminate the agreement at any time. The Advisory Fee is negotiable.

Account Minimums: The minimum account size is \$100,000 but may be waived at CSM's discretion.

4. MONUMENT SELECT

Program Sponsor: Capitol Securities Management Inc.

Program Portfolio Manager: Portfolio Managers are IARs of CSM

Overview: Monument Select is an Advisory Fee-Based Program with the flexibility of being a client directed account, with one of CSM's advisory representatives assisting with the investment recommendations or allowing the CSM Advisory Rep to manage portfolio on a discretionary basis.

The investment strategy(ies) utilized by the Portfolio Manager may include, but is not limited to:

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 your investment's return will not keep up with inflation.

Short sales: We borrow shares of a stock for your 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: losses can be unlimited. A security is not limited on how high its price can go.

Cost of Services:

The client pays an Advisory Fee for the advisory services offered under this program. The Advisory fee is paid to CSM. The total Advisory fee for the program can range from 0.50% to 2.0%. The custodian charges a program fee up to 0.25%. CSM receives a portion of this fee but the IAR is not compensated. CSM shares the remaining portion of the Advisory fee with the IAR based upon the provisions of a contract between the two parties. Fees are charged monthly (effective July 1, 2019), in advance, based upon account value and are calculated as an annualized asset-based fee. Clients may terminate the agreement at any time. The Advisory Fee is negotiable.

Account Minimums: The minimum account size is \$25,000 but may be waived at CSM's discretion.

5. AMBASSADOR

Program Sponsor: Raymond James

Program Portfolio Manager: Portfolio Managers are IARs of CSM

Overview: Advisory Fee-Based Program with the flexibility of being a client directed account, with one of CSM's advisory representatives assisting with the investment recommendations or allowing the CSM Advisory Rep to manage portfolio on a discretionary basis. The minimum accounts size is \$50,000.

Cost of Services:

The client pays an Advisory Fee for the advisory services offered under this program. The Advisory fee is paid to CSM. The total Advisory fee for the program can range from 0.50% to 2.0%. The custodian charges a program fee up to 0.30%. CSM receives a portion of this fee but the IAR is not compensated. CSM shares the remaining portion of the Advisory fee with the IAR based upon the provisions of a contract between the two parties. Fees are charged quarterly (effective July 1, 2019), in advance, based upon account value and are calculated as an annualized asset-based fee. Clients may terminate the agreement at any time. The Advisory Fee is negotiable.

Account Minimums: The minimum account size is \$50,000 but may be waived at CSM's discretion.

6. RUSSELL MODEL STRATEGIES

Program Sponsor: Raymond James

Program Portfolio Manager: Russell Investments

Overview: The Russell Investments Program is a mutual fund advisory service that provides clients the opportunity to allocate assets among various asset classes that cover a variety of investment objectives. The Russell Program is an asset allocation-based mutual fund investment program where the Raymond James Investment Committee establishes the asset allocation and selects the Funds for investment, the Russell Program invests exclusively in

Russell Investment Company mutual funds.

Cost of Services:

The client pays an Advisory Fee for the advisory services offered under this program. The Advisory fee is paid to CSM. The total Advisory fee for the program can range from 0.50% to 2.0%. The custodian charges a program fee up to 0.35%. CSM receives a portion of this fee but the IAR is not compensated. CSM shares the remaining portion of the Advisory fee with the IAR based upon the provisions of a contract between the two parties. Fees are charged quarterly (effective July 1, 2019), in advance, based upon account value and are calculated as an annualized asset-based fee. Clients may terminate the agreement at any time. The Advisory Fee is negotiable.

Account Minimums: The minimum account size is \$25,000 but may be waived at CSM's discretion.

7. AMERICAN FUNDS MODEL PORTFOLIOS

Program Sponsor: Capitol Securities Management Inc.

Program Portfolio Manager: American Funds

Overview: The American Funds Model Portfolios is a mutual fund advisory service that provides clients the opportunity to allocate assets among various asset classes that cover a variety of investment objectives. The American Funds Model Portfolios Program is an asset allocation-based mutual fund investment program where the Raymond James Investment Committee establishes the asset allocation and selects the Funds for investment, the American Funds Program invests exclusively in American Funds mutual funds.

Cost of Services:

The client pays an Advisory Fee for the advisory services offered under this program. The Advisory fee is paid to CSM. The total Advisory fee for the program can range from 0.50% to 2.0%. The custodian charges a program fee up to 0.35%. CSM receives a portion of this fee but the IAR is not compensated. CSM shares the remaining portion of the Advisory fee with the IAR based upon the provisions of a contract between the two parties. Fees are charged quarterly (effective July 1, 2019), in advance, based upon account value and are calculated as an annualized asset-based fee. Clients may terminate the agreement at any time. The Advisory Fee is negotiable.

Account Minimums: The minimum account size is \$5,000 but may be waived at CSM's discretion.

8. FREEDOM

Program Sponsor: Raymond James.

Program Portfolio Manager: Raymond James

Overview: The Freedom account offers clients a broad selection of investment strategies to include mutual funds, exchange traded funds and stocks, depending on investment minimums and strategy selected. As the portfolio manager, Raymond James selects asset allocation strategy, funds for investment, and managing the investments of client accounts on Raymond James proprietary models.

Cost of Services:

The client pays an Advisory Fee for the advisory services offered under this program. The Advisory fee is paid to CSM. The total Advisory fee for the program can range from 0.50% to 2.0%. The Portfolio Manager receives a portion of the Advisory Fee for the management of the portfolio. The portfolio manager will charge up to 0.35% which is deducted from the Advisory Fee. CSM receives a portion of this fee but the IAR is not compensated. CSM shares the remaining portion of the Advisory fee with the IAR based upon the provisions of a contract between two parties. Fees are charged quarterly (effective July 1, 2019), in advance, based upon account value and are calculated as an annualized asset-based fee. Clients may terminate the agreement at any time. The Advisory Fee is negotiable.

Account Minimums: The minimum account size is \$5,000 - \$300,000, depending on portfolio strategy selected.

9. FREEDOM UMA

Program Sponsor: Capitol Securities Management Inc.

Program Portfolio Manager: Third-party managers

Overview: Freedom UMA is a discretionary, multi-disciplined unified managed account program. This program offers clients access to multiple separate account manager strategies all within one single account. Raymond James acts as subadvisor by overseeing account strategy and trading activity.

Cost of Services:

The client pays an Advisory Fee for the advisory services offered under this program. The Advisory fee is paid to CSM. The total Advisory fee for the program can range from 0.50% to 2.0%. The custodian charges a program fee up to 0.53%. CSM receives a portion of this fee but the IAR is not compensated. CSM shares the remaining portion of the Advisory fee with the IAR based upon the provisions of a contract between the two parties. Fees are charged quarterly (effective July 1, 2019), in advance, based upon account value and are calculated as an annualized asset-based fee. Clients may terminate the agreement at any time. The Advisory Fee is negotiable.

Account Minimums: The minimum account size is \$300,000.

10. RAYMOND JAMES CONSULTING SERVICES AND OUTSIDE MANAGER PROGRAM

Program Sponsor: Capitol Securities Management Inc.

Program Portfolio Manager: Third-party managers

Overview: Raymond James enters into a subadvisory agreement with select registered investment advisors to include those SMA Managers affiliated with Raymond James. RJCS Managers have historically exercised investment discretion within the RJCS Program, which generally means that, in addition to developing the portfolio of securities to invest in, they establish the trade plan, execute the trades through their selected brokerage firms, and allocate shares/proceeds to client accounts upon completion of the order. A list of participating SMA Managers and available investment disciplines is available through your financial advisor.

Cost of Services:

The client pays an Advisory Fee for the advisory services offered under this program. The Advisory fee is paid to CSM. The total Advisory fee for the program can range from 0.50% to 2.0%. The Portfolio Manager receives a portion of the Advisory Fee for the management of the portfolio. The Portfolio Manager will charge up to up 0.68% and is deducted from the Advisory Fee. CSM receives a portion of this fee but the IAR is not compensated. Fees are charged quarterly (effective July 1, 2019), in advance, based upon account value and are calculated as an annualized asset-based fee. Clients may terminate the agreement at any time. The Advisory Fee is negotiable.

Account Minimums: The minimum account size is \$100,000 - \$300,000, depending on portfolio strategy selected.

11. CAPITAL GROUP COMPANIES WRAP FEE PROGRAM

Program Sponsor: Capitol Securities Management Inc.

Program Portfolio Manager: Capital Group Companies, through American Funds

Overview: American Funds offerings may be selected on a non-discretionary basis by the CSM advisor of applicable accounts, custodied at American Funds. The program invests exclusively in funds from American Funds.

Cost of Services: The client pays an Advisory Fee of 0.50% and any applicable one-time set up fees or annual fees levied by American Funds. The underlying funds in the program have internal expenses that are set by American Funds that are also charged to the client and that are detailed in the prospectus. Fees are charged quarterly in advance, based upon account value and are calculated as an annualized asset-based fee. Clients may terminate the agreement at any time. The Advisory Fee is non-negotiable.

Account Minimums: The minimum account size is \$250 or by prospectus.

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 and 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.

IAR as Portfolio Manager: When an IAR provides portfolio management services, then no other TPMM will be involved in the management of the client's account. Typically, when the IAR provides portfolio management services in this capacity, they will receive higher fees compared to arrangements where an outside TPMM 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.

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 5 - Account Requirements and 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 the firm's benefit plans. Upon termination of your account, CSM will undertake a review of advisory services provided to you for the quarter of termination and refund any applicable unearned fees collected. The Wrap Fee Programs offered by CSM do have varying minimum requirements and are listed in the table above.

Item 6 - Portfolio Manager Selection and Evaluation

PORTFOLIO MANAGEMENT SERVICES

Each Portfolio Manager recommended by CSM will direct the investment and reinvestment of the assets in the client's account on a discretionary basis in accordance with the information provided by the client, including any reasonable investment restrictions imposed by the client, and subject to the client meeting the Portfolio Manager's minimum account size. CSM will provide the client with a schedule of Portfolio Managers, which may be modified from time to time, who will be available through the Program. Those Portfolio Managers listed on the current schedule will have entered into agreements with the Platform Firms whereby the Platform Firms will furnish the execution, clearance and administrative services described herein. There are no restrictions on the client contacting or consulting directly with the Portfolio Managers.

Selection of Portfolio Manager: Portfolio Managers are selected for our Managed-Fee accounts after considering the following information:

- Length of time the portfolio manager has been in business.
- Portfolio Manager's performance over the past one, three and five years or longer if available and performance in down markets.
- Whether the key investment professionals who were responsible for the past performance are still at the firm today.
- The Portfolio Manager's style of investing and the level of risk expected.
- Whether the Portfolio Manager is registered as an Investment Advisor with the Securities and Exchange Commission and appropriate state agencies.

Choosing Portfolio Managers for a Particular Client: After reviewing the client's complete portfolio of investments, CSM's advisory representative and the client will determine portfolio strategy that will meet the client's investment objectives. At this time, a Portfolio Manager may be recommended (i.e. a growth manager for the growth part of the portfolio).

Replacement of the Portfolio Manager: A Portfolio Manager will be recommended for replacement, if there are material changes at the Portfolio Manager's advisory firm that are having or could have an adverse effect on the performance of the account. They would also be recommended for replacement if the account's performance ceases to meet the performance expectations of the client and advisory representative, after a suitable period of time.

Portfolio Management Performance Information: The information provided to the client on the Portfolio Manager's performance is from the Portfolio Manager or taken from information supplied to CSM from the Portfolio Manager. CSM

has not separately done an analysis of the Portfolio Manager's numbers to verify their accuracy. The Portfolio Manager may or may not have a third party calculate or audit their performance that may or may not be calculated on a consistent basis.

Item 7 - Client Information Provided to Portfolio Managers

IARs of the Firm are responsible for developing an initial financial profile of the prospective client. Prior to opening an account, the Financial Advisor obtains from the client appropriate information (i.e., investment objectives, risk tolerance, time horizon, and any responsible restrictions the client wishes to impose upon the management of the account). This information is captured on a New Account Form. The initial investment strategy is jointly determined based on an assessment of the information provided by the client.

While CSM provides the client with periodic reminders, it is ultimately the client's responsibility to advise CSM of any changes to the information previously provided that might impact the ongoing suitability of any prior determined investment strategy or objectives. Neither CSM nor any third-party investment manager is responsible for independently verifying information or data provided in client's initial or subsequent updates, nor is CSM or any third-party manager responsible for any adverse consequences arising out of client's failure to promptly notify the aforementioned parties. The client understands that the integrity and quality of the respective investment management services to be rendered by CSM or third-party manager are dependent upon the accuracy of the data supplied by the client in the New Account Form. All information provided by the client will be provided to the Portfolio Managers.

Item 8 - Client Contact with Portfolio Managers

Clients have access to a Portfolio Manager through various means acceptable to both parties either in-person, by conference call or email. Access to the Portfolio Manager may be coordinated through the client's financial advisor. In some cases, geographic difference may dictate that an in-person meeting is not possible and other means must suffice. CSM does not place any restrictions on clients who wish to contact or consult with Portfolio Managers managing their accounts. CSM encourages clients to discuss their accounts with their IAR.

Item 9 - Additional 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 and/or 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 examinations 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 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 Unit Investment Trusts ("UITs") as well as a failure to retain the instant messages for forty one employees. The firm has been censured, fined \$100,000 and ordered to pay restitution to clients of approximately

\$44,740.

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.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS (From Item 10 - Form ADV Part 2A)

FIRM REGISTRATIONS: In addition to CSM being a Registered Investment Adviser with the SEC and various state regulatory agencies, the Firm is registered as a FINRA member broker-dealer. CSM's principal business is that of a registered securities broker-dealer and it offers other products and services as well as investment advice. CSM's principal officers spend the majority of their time performing management activities in the broker-dealer part of the company. CSM's principals hold management positions in CSFG Insurance Agency, Inc., an insurance agency.

CSM's client base is composed of individuals, pension and profit-sharing plans, trusts, estates, and corporations. Each advisory client receives a monthly statement if there is activity and a quarterly statement, for all accounts maintaining a balance above zero dollars.

IARs involved in determining or giving investment advice or selecting portfolio managers must have passed the FINRA Series 7 or 6 and 66 or the Series 65 tests. For the full background of your specific IAR or a portfolio manager, please see the Form ADV Part 2B.

CSM in its capacity as a registered broker-dealer receives selling commissions for effecting agency and "riskless" principal transactions with people whom 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 IAR may share in 12b-1 fees associated with the purchase of mutual funds as well as other revenue sharing arrangements.

MANAGEMENT PERSONNEL REGISTRATIONS: While CSM and the Firm's personnel endeavor at all times to put the interest of our clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation by CSM and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. CSM endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;

- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and,
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

CODE OF ETHICS, INTERESTS IN CLIENT TRANSACTIONS AND PERSONAL TRADING

CSM has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees and affiliates, including compliance with applicable federal securities laws. The Firm and our personnel owe a duty of loyalty, fairness and good faith towards our clients and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. Those provisions are as follows:

- Our Code of Ethics requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.
- CSM's Code of Ethics further includes the Firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.
- A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to khallberg@capitolsecurities.com, or by calling us at 804.612.9713.
- CSM and individuals associated with our firm are prohibited from engaging in principal transactions.
- CSM's policy and practice is to not engage in agency cross transactions in advisory accounts. An agency cross transaction is a transaction in which CSM acts as an investment adviser and broker-dealer for an advisory client and another person on the other side of the transaction.
- Our Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.
- Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.
- It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our 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.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
- Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.

- We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
- We have established procedures for the maintenance of all required books and records.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to termination.

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 refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

REVIEW OF ACCOUNTS

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

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.

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 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.

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