

**Item 1 – Cover Page**

**Form ADV Part 2**

**Capital Investment Advisors, LLC**

**10 Glenlake Parkway NE**

**North Tower, Suite 1000**

**Atlanta, GA 30328**

**P: 404-531-0018**

**[www.YourWealth.com](http://www.YourWealth.com)**

**May 19, 2021**

**Office Locations**

<b>Florida Office Location</b> <b>The Pointe, 2502 N Rocky Point Drive, Suite 675</b> <b>Tampa, FL 33607</b> <b>P: 813-616-2300</b>	<b>Colorado Office Location</b> <b>116 Inverness Drive E., Suite 204</b> <b>Englewood, CO 80112</b> <b>P: 720-463-0770</b>
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**Meeting Locations**

<u>Arizona</u> Wells Fargo Plaza 64 E. Broadway Rd., Suite 200 Tempe, AZ 85282 P: 888-531-0018	<u>Georgia</u> 1100 Peachtree St. NE, Suite 690 Atlanta, GA 30309 P: 404-531-0018	<u>Florida</u> 941 West Morse Blvd., Suite 100 Winter Park, FL 32789 P: 888-531-0018	<u>Washington</u> Redstone Corporate Center, 6100 219 <sup>th</sup> Street SW, Suite 460-480 Mountlake Terrace, WA 98043 P: 888-531-0018
<u>Albuquerque</u> 500 Marquette Ave. NW Suite 1200 Albuquerque, NM 87102 P: 888-531-0018	<u>Houston</u> 5444 Westheimer Suite 1000 Houston, TX 77056 P: 888-531-0018	<u>Dallas</u> Legacy Town Center 6860 N. Dallas Parkway Suite 200 Plano, TX 75024 P: 888-531-0018	<u>Austin</u> North MoPac Plaza 7000 N. Mopac Expressway, 2 <sup>nd</sup> Floor Austin, TX 78731 P: 888-531-0018

## Capital Investment Advisors, LLC

This Brochure provides information about the qualifications and business practices of Capital Investment Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us by calling Holly Mallory at (404) 531-0018 or email her at [Holly@YourWealth.com](mailto:Holly@YourWealth.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Capital Investment Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Any references to Capital Investment Advisors, LLC as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.

### **Item 2 - Material Changes**

This Brochure is prepared in the revised format required beginning in 2011. Registered Investment Advisers are required to use this format to inform clients of the nature of advisory services provided, types of clients served, fees charged, potential conflicts of interest and other information. The Brochure requirements include the annual provision of a Summary of Material Changes (the "Summary") reflecting any material changes to our policies, practices, or conflicts of interest made since our last required "annual update" filing. In the event of any material changes, such Summary is provided to all clients within 120 days of our fiscal year-end. Our last annual update was filed on January 30, 2021. Of course the complete Brochure is available to clients at any time upon request.

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#### **Item 4 - Advisory Business**

Capital Investment Advisors, LLC (hereinafter referred to as "CIA") was created in 1996. The principal owners of CIA (i.e., own 25% or more) are trusts owned or controlled by Mitchell Reiner, Matthew Reiner, and Wesley Moss.

As of December 31, 2020, CIA had \$3,214,049,630 of discretionary assets under management and \$13,396,509 of non-discretionary assets under management.

CIA tailors the advisory services it offers to the individual needs of all clients. You may impose restrictions and/or limitations on the investing in certain securities or types of securities.

A relationship with CIA is initiated by a meeting between you and a CIA Advisory Representative. The first meeting is a fact finding meeting and a chance to determine whether CIA's services may be suitable for you. We will ask you a series of fact-finding questions and complete data gathering information. The information gathered will assist us with providing the requested services and customizing those services to your financial situation. You will be asked probing questions about your financial history, goals, objectives and concerns. Additionally, you may be asked about your retirement goals, cash flow needs, standard of living, special needs such as education or elder care, etc.

#### **Asset Management Services**

Upon completion of our analysis of your situation, we will determine an asset allocation customized to your financial goals, objectives and risk tolerance and taking into consideration any expressed limitations or restrictions.

We will provide continuous and ongoing management of your account. Unless otherwise expressly requested by you, we will manage your portfolio on a discretionary basis. Therefore, we will make changes to the allocation and holdings as we deem appropriate. We will determine the securities to be purchased and sold in the account and will buy and sell the securities holdings from time to time, without prior consultation with you.

Should you elect not to grant discretionary trading authorization to us, you are advised your portfolio will be more difficult to manage and the overall performance may suffer. This is due to the risk of missing market opportunities or the risk that we may not be able to re-allocate, purchase or sell securities in a timely manner since we must obtain your expressed authorization prior to any transaction.

We will select securities positions for your managed portfolio based on your individual goals, objectives, prior investment experience, and expressed concerns and/or preferences.

### Investments with Altera Entities

As described in more detail in Item 10, we have an affiliate called Altera Holdings, LLC. Altera Holdings, LLC owns Altera Investments, LLC, which in turn owns Altera Advisors, LLC and Altera Private Access, LLC, each a registered investment adviser.

Altera Advisors, LLC provides services related to the development of portfolios of alternative investments. The firm identifies and conducts due diligence on alternative investment opportunities in order to help its clients build a portfolio of alternative investments to meet each client's needs. Investment opportunities often include Special Purpose Vehicles ("SPVs") sponsored or managed by Altera Private Access, LLC as well as investment vehicle sponsors and/or managed by Altera Advisors, LLC.

As appropriate given client circumstances, CIA will refer accredited investor<sup>1</sup> clients to Altera Advisors, LLC for the services available.

Because CIA and various Altera entities are under common control/ownership, there is a conflict of interest for us to recommend that clients invest with Altera Private Access, LLC or Altera Advisors, LLC due to the revenue flow. Part of any fees earned by the Altera entities will eventually flow through to the common owners of CIA. Therefore, the common owners benefit from making the recommendation to invest with these affiliates.

### Separately Managed Account Services

We may utilize the services or asset management programs of one or more third-party managers to manage a portion of the client's account. Use of a third-party manager provides opportunities for diversification of management styles and strategies.

We have entered into an agreement with an unaffiliated Manager called Strategas Asset Management, LLC to offer clients access to its Policy Opportunities Portfolio<sup>SM</sup> and other strategies offered by Strategas Asset Management. Strategas Asset Management provides its allocations and trading signals to CIA for implementation.

### **Pension Consulting**

CIA provides pension consulting services to companies. Services will include:

- Consultation on investments to include in the plan
- Educational materials for plan participants
- Consulting to the trustees of the plan

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<sup>1</sup> An "Accredited Investor" is a person with annual income exceeding \$200,000 (\$300,000 if joint income with spouse) or some whose net worth exceeds \$1 million.

## Capital Investment Advisors, LLC

- Assistance with finding and engaging a third-party administrator and account custodian
- Enrollment meetings
- Assist with completion of enrollment forms for plan participants
- Model portfolios

Establishing a sound fiduciary governance process is vital to good decision-making and to ensuring that prudent procedural steps are followed in making investment decisions. CIA will provide Retirement Plan consulting services to Plans and Plan Fiduciaries as described below. The particular services provided will be detailed in the consulting agreement. The appropriate Plan Fiduciary(ies) designated in the Plan documents (e.g., the Plan sponsor or named fiduciary) will (i) make the decision to retain our firm; (ii) agree to the scope of the services that we will provide; and (iii) make the ultimate decision as to accepting any of the recommendations that we may provide. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommended services for the Plan. Retirement Plan consulting services may be offered individually or as part of a comprehensive suite of services.

The Employee Retirement Income Security Act of 1974 ("ERISA") sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to Plan assets. For certain services, CIA will be considered a fiduciary under ERISA. For example, CIA will act as an ERISA § 3(21) fiduciary when providing non-discretionary investment advice to the Plan Fiduciaries by recommending a suite of investments as choices among which Plan Participants may select. Also, to the extent that the Plan Fiduciaries retain CIA to act as an investment manager within the meaning of ERISA § 3(38), CIA will provide discretionary investment management services to the Plan. With respect to any account for which CIA meets the definition of a fiduciary under Department Of Labor rules, CIA acknowledges that both CIA and its Related Persons are acting as fiduciaries. Additional disclosure may be found elsewhere in this Brochure or in the written agreement between CIA and Client.

### Fiduciary Consulting Services

- *Investment Selection Services*  
CIA will provide Plan Fiduciaries with recommendations of investment options consistent with ERISA section 404(c). Plan Fiduciaries retain responsibility for the final determination of investment options and for compliance with ERISA section 404(c).
- *Non-Discretionary Investment Advice*  
CIA provides Plan Fiduciaries and Plan Participants general, non-discretionary investment advice regarding asset classes and investments.

Fiduciary Management Services

- *Discretionary Management Services*

When retained as an investment manager within the meaning of ERISA § 3(38), CIA provides continuous and ongoing supervision over the designated retirement plan assets. CIA will actively monitor the designated retirement plan assets and provide ongoing management of the assets. When applicable, CIA will have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the designated retirement plan assets in our sole discretion without first consulting with the Plan Fiduciaries. We also have the power and authority to carry out these decisions by giving instructions, on your behalf, to brokers and dealers and the qualified custodian(s) of the Plan for our management of the designated retirement plan assets.

- *Discretionary Investment Selection Services*

CIA will monitor the investment options of the Plan and add or remove investment options for the Plan without prior consultation with the Plan Fiduciaries. CIA will have discretionary authority to make and implement all decisions regarding the investment options that are available to Plan Participants.

- *Investment Management via Model Portfolios.*

CIA will provide discretionary management of Model Portfolios among which the participants may choose to invest as Plan options. Plan Participants will also have the option of investing only in options that do not include Model Portfolios (i.e., the Plan Participants may elect to invest in one or more of the mutual fund options made available in the Plan, and choose not to invest in the Model Portfolios at all).

Non-Fiduciary Services

- *Participant Education*

CIA will provide education services to Plan Participants about general investment principles and the investment alternatives available under the Plan. Education presentations will not take into account the individual circumstances of each Plan Participant and individual recommendations will not be provided unless a Plan Participant separately engages CIA for such services. Plan Participants are responsible for implementing transactions in their own accounts.

- *Participant Enrollment*

CIA will assist with group enrollment meetings designed to increase retirement Plan participation among employees and investment and financial understanding by the employees.

## **General Information**

Investment recommendations and advice offered by CIA are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform CIA promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify CIA of any such changes could result in investment recommendations not meeting your needs.

Transactions in the account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

**CIA will deliver required disclosures, CIA client reports, newsletters, and other communications electronically and/or by email, unless the client opts out and requests CIA to deliver all communications, reports, and required disclosures in hard copy. Delivery will then be executed by the U.S. postal system. The Capital Investment Advisors Investment Advisory Agreement or other notification obtains the client's authorization and agreement for electronic delivery. The client may revoke electronic delivery authorization at any time upon request to CIA.**

## **IRA Rollover Considerations**

As part of our consulting and advisory services, we may provide you recommendations and advice concerning your employer retirement plan or other qualified retirement account. Our recommendations may include you consider withdrawing the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA"). Further, we offer our management services be applied to those funds and securities rolled into an IRA or other account for which we will receive compensation. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as described below under Item 5. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by CIA.



## Item 5 - Fees and Compensation

### Asset Management Services

Our asset management fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds. However, holdings in investments sponsored or managed by one of our affiliates do have a performance fee component. Please see **Item 6 – Performance Based Fees and Side by Side Management** for more information.

We charge management fees quarterly in arrears, unless otherwise negotiated and agreed to with the client. Your management fee is calculated based on the market value of your managed portfolio at the close of the last business day of each calendar quarter, unless otherwise negotiated and agreed to. Fees are generally rounded to the nearest dollar, unless otherwise agreed. This means that you could pay up to \$0.50 more in any given quarter.

No fee adjustments will be issued for additional deposits to the account or partial withdrawals from the account occurring during a calendar quarter, unless otherwise agreed.

### CIA Fee Schedule

The fee schedule outlined below became effective January 1, 2018. Clients who engaged us prior to this date are generally subject to a different fee schedule.

Fees are calculated and assessed quarterly in arrears, based on the value of the accounts on the last day of each quarter. Fees are calculated using the weighted average of billed managed assets in the household in each applicable tier below.

In the event your household is established on a day other than the first day of a calendar quarter or closed on a day other than the last day of a calendar quarter, your fees will be prorated for the quarter. The initial fee is prorated based on the value of each account on the last day of the quarter, and prorated for the number of days from the date of the first deposit into each account within the household to the last day of the quarter. In the event the household is closed, you will be charged a prorated portion of the advisory fee for the number of days services were provided during the final period, including the date of termination notification based on the value of each account at the date of termination.

Household Account Size	Annual Fee
First \$1,000,000	1.00%
Next \$2,000,000	0.90%
Next \$2,000,000	0.80%
Assets over \$5,000,000	0.70%

## Capital Investment Advisors, LLC

This is a blended or progressive fee schedule. Calculating the fee schedule is based on the weighted average of billable assets and does not take into account any non-billable (non-managed) assets.

For example, a client with four billed accounts valued at the end of a quarter at \$563,247.20, \$788,953.25, \$1,478,899.25, and \$3,982,978.30 with a total quarterly household account value of \$6,814,078.00 would be charged as follows:

\$1,000,000 x 1.00%	=	\$10,000.00
\$2,000,000 x .90%	=	\$18,000.00
\$2,000,000 x .80%	=	\$16,000.00
\$1,814,078 x .70%	=	<u>\$12,698.55</u>
\$56,698.55 / 4 = \$14,174.64 and rounded to the nearest dollar. Client's quarterly fee is \$14,175.		

Therefore, the blended rate in this example is 0.86% per year.

### *Strategas Asset Management, LLC*

We do not assess an additional fee to clients using a Strategas Asset Management strategy. We pay Strategas 30% of the fee assessed on the accounts managed under this strategy.

### *Altera Advisors, LLC*

When we refer clients to our affiliate Altera Advisors, LLC, we receive a referral fee that is deducted from the fee that Altera Advisors, LLC charges the client. The referral fee is calculated as a percentage of the client's assets managed by Altera Advisors. These assets may include investment products sponsored or managed by one or more of our affiliates. Please see **Item 10 – Other Financial Industry Activities and Affiliations** for more information on this conflict of interest. Altera's fee to the client is not increased to accommodate this arrangement.

### Selwyn "Buck" Small Fee Schedule

Maximum Annual fees for Asset Management	1.00%
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Additionally, Mr. Small provides tax preparation services. Depending on the complexity of the client's situation, clients may be charged a separate fee for tax preparation. Clients will be advised prior to the preparation of taxes whether a separate fee will be charged or if the service will be provided complimentary by Mr. Small.

### Additional Fee Information

In addition to the advisory fees above, you will pay:

- transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. Please see **Item 12 – Brokerage Practices** for additional information.
- a proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with CIA and are compensation to the fund-manager.
- trade away and transfer fees if securities such as individual bonds and other thinly traded securities are purchased through a broker outside of the client's account custodian. If transactions are traded away or prime broker is used such as with individual bonds or large lots and thinly traded securities are purchased or sold, CIA will generally conduct transactions in bonds, large lots, and/or thinly traded securities through a market maker or prime broker which will result in the transactions being executed away from the client's account custodian. Trades executed away from the client's custodian will result in the client paying a transaction fee, a trade-away fee or prime broker fee, and any other fees associated with the execution and delivery of the security into the client's account. Therefore, the cost of the transaction will be higher than those transactions directed through the account custodian.
- other fees associated with maintaining the Account.

The above fees and expenses are not charged by CIA and are charged by the product, broker/dealer or account custodian. CIA does not share in any portion of such fees. Fees paid to CIA are separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials).

Advisory fees will generally be collected directly from your account, provided you have given us written authorization. The custodian of your account will provide you with an account statement at least quarterly, which will reflect the deduction of the advisory fee. If the Account does not contain sufficient funds to pay advisory fees, CIA has the authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to CIA, except for ERISA and IRA accounts.

### Termination Provisions

Either CIA or the client may terminate their Investment Advisory Agreement at any time, subject to any notice requirements in our written agreement. In the event of termination, any fees due to CIA from the client will be invoiced or deducted from the client's account prior to termination.

You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees.

### **Pension Consulting**

Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

With the exception of Plan accounts held at First Mercantile Trust Company ("First Mercantile"), we charge fees in arrears at the end of each calendar quarter. Please see more information below regarding accounts held at First Mercantile.

Our fee is calculated based on market value of the qualified plan assets at the close of the last business day of each calendar quarter. In the event the account is established on a day other than the first day of a billing cycle or closed on a day other than the last day of a billing cycle, fees will be prorated for the billing cycle. In the event the account is closed, the plan will be charged a prorated portion of advisory fee for the period up to the date of termination.

No fee adjustments will be issued for additional deposits to the account or partial withdrawals from the account occurring during a calendar quarter. No fee adjustments will be made for account appreciation or depreciation.

Advisory fees will generally be collected directly from your account, provided you have given us written authorization. The deduction of CIA's fee from plan assets will be reflected in the account activity and reported by the account custodian or third party administrator. If the Account does not contain sufficient funds to pay advisory fees, CIA has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees.

Accounts maintained at First Mercantile are not charged an advisory fee directly by CIA. Instead, we are compensated indirectly by receiving a portion of the annual service charge expense fee integrated into the plan's investment options (i.e., collective funds). First Mercantile submits payment to us quarterly. Our portion of the fee is not more than 1% of the value of a plan's assets maintained at First Mercantile. First Mercantile deducts the fee monthly in arrears from Plan Assets and remits our share to us.

Furthermore, First Mercantile will pay an administrative fee of 10 basis points to our affiliate Capital Administration, LLC for all qualified plan assets maintained at First Mercantile. This is Capital Administration, LLC's compensation for services it provides to qualified plans maintained at First Mercantile.

Plans maintained at First Mercantile will have the availability of electronic statements only.

In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. Additionally, you will pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the Account. Such fees are not charged by CIA and are charged by the product, broker/dealer or account custodian. Neither CIA nor any of its personnel shares in any portion of such fees. Additionally, you will pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with CIA or its personnel, and are compensation to the fund-manager.

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

CIA does not assess performance-based fees itself but may recommend that some clients invest some of their assets in special purpose vehicles or other private investments, managed by one of CIA's affiliates, that have a performance-based fee component. Because of common ownership, CIA's owners indirectly receive a portion of this performance-based fee component.

#### **Item 7 - Types of Clients**

CIA's services are geared toward individuals both high net worth (i.e., clients with a net worth of \$2,100,000) and other than high net worth, pension and profit-sharing plans, trusts, estates and charitable organizations, and corporations or other business entities.

New clients, with the exception of clients referred to CIA through the Fidelity Wealth Advisor Solutions Program, will generally be required to have a minimum of \$500,000 based on the total household assets managed by CIA on behalf of the client. The assets can be maintained in multiple accounts. Managed portfolios under \$500,000 (calculated based on an aggregate of a household's value) will generally be referred to our affiliated investment adviser, Wela Strategies, Inc. Clients are not obligated to participate in the advisory services offered by Wela Strategies, Inc. Additionally, under certain circumstances, the CIA Advisory Representative have the discretion to waive the minimum portfolio requirement and grant exceptions to manage portfolios valued at less than \$500,000. Such circumstances will include but not be limited to, additional assets that will soon be deposited, you have been referred by a client, or you are a related to another CIA client.

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

CIA's management strategy involves allocating clients' portfolios into "growth" and "income" investments. The amount of the portfolio committed to each investment class is determined based on the client's income needs, returns expectations and risk tolerance.

Growth portfolios will generally consist of exchange traded funds (ETFs) and individual securities (i.e., stocks). Income portfolios will generally consist of bond mutual funds, bond ETFs, individual issued bonds (both domestic and international), and closed end funds. Additionally, CIA uses limited partnerships, real estate investment trusts (REITs) and royalty trusts. However, the use of the aforementioned investments will depend on your prior investment experience, meeting the product requirements, investment liquidity needs, and risk profile.

If you are a client of Selwyn "Buck" Small, the following description of management strategy applies.

Buck Small customizes each client's portfolio specific to the client. No models are used and Buck does not participate directly in the investment research conducted by CIA. Buck Small's management is independent from the management strategy employed by other Advisory Representatives of CIA.

Buck Small primarily uses individual stocks and bonds in the management of clients' portfolios.

CIA uses fundamental analysis to analyze securities. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure. CIA uses both proprietary and third-party research to evaluate securities and develop an asset allocation.

### Security Type Risks:

*Stocks* – Investing in stocks involves the assumption of risk including:

- Financial Risk: which is the risk that the companies we recommend to you perform poorly which will affect the price of your investment.
- Market Risk: which is the risk that the Stock Market will decline, decreasing the value of the securities we recommend to you with it.
- Inflation Risk: which is the risk that the rate of price increases in the economy deteriorates the returns associated with the stock.
- Political and Governmental Risk: which is the risk that the value of your investment changes with the introduction of new laws or regulations.

*Bonds* – Investing in bonds involves the assumption of risk including:

- Interest Rate Risk: which is the risk that the value of the bond investments we recommend to you will fall if interest rates rise.
- Call Risk: which is the risk that your bond investment will be called or purchased back from you when conditions are favorable to the bond issuer and unfavorable to you.
- Default Risk: which is the risk that the bond issuer is unable to pay you the contractual interest or principal on the bond in a timely manner or at all.
- Inflation Risk: which is the risk that the rate of price increases in the economy deteriorates the returns associated with the bond.

*Mutual Funds* – Investing in mutual funds involves the assumption of risk including:

- Manager Risk: which is the risk that an actively managed mutual fund's investment adviser will fail to execute the fund's stated investment strategy.
- Market Risk: which is the risk that the Stock Market will decline, decreasing the value of the securities contained within the mutual funds we recommend to you.
- Industry Risk: which is the risk that a group of stocks in a single industry will decline in price due to adverse developments in that industry, decreasing the value of mutual funds that are significantly invested in that industry.
- Inflation Risk: which is the risk that the rate of price increases in the economy deteriorates the returns associated with the mutual fund.

*ETFs* - ETFs trade on an auctionable market. Therefore, there is more price fluctuation with ETFs than with mutual funds since ETFs trade throughout the day, whereas mutual funds are priced once a day. Also, since most ETFs only mirror a market index, such as the S&P 500, they will not outperform the index.

Third Party Manager or Subadvisor Strategies involve the following risks:

- The manager fails to execute the management objective.
- Strategies are subject to various market, currency, economic, political and business risks.
- The model will fail to perform as expected.
- The value of the positions change in a direction or manner that the Subadvisor has failed to protect against with hedging transactions or if the instruments used in the hedging transactions are not as "correlated" as anticipated, the result may be an imperfect hedge and result in losses.
- The strategies used increase costs and client does not benefit from increased portfolio performance.

Alternative Investments - Investing in alternative investments such as private placements or special purpose vehicles involves the assumption of risk including:

- The SPVs or other private placements may be more costly than other securities and can carry a higher risk than other types of securities.
- Investments are generally illiquid and there is usually no secondary market.
- The units or shares are not traded on any securities exchange.
- Costs to the investor are higher than other securities.
- The investment in any private offering may be difficult to correctly value based on the risks identified above.
- Lack of transparency, inability to obtain price evaluation, and inability to obtain business evaluations and comparison.
- Long term investment commitment.
- Inconsistent or no dividends or distributions.
- Values are determined by a third party and are not necessarily derived by an independent appraisal and therefore are not representative of a realized value since such products do not have a readily available market.

CIA does not represent, guarantee or imply that the services or methods of analysis used by CIA can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by CIA will provide a better return than other investment strategies.

You are advised that investing in securities involved a risk of loss, including the potential loss of principal. Therefore, your participation in any of the management programs offered by CIA will require you to be prepared to bear the risk of loss and fluctuating performance.

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

There is no reportable disciplinary information required for CIA or its management persons that is material to your evaluation of CIA, its business, or its management persons.

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

CIA has a number of affiliated entities. "Affiliated" means these entities are under common ownership and/or control with CIA. Following is a brief description of each affiliate.

##### Wela Strategies, Inc. ("Wela")

Wela is an investment adviser registered with the U.S. Securities and Exchange Commission. Wela offers asset management services that involve the use of model accounts as the focus point of its management style. Accounts will generally be managed based upon the changes determined by Wela Strategies to the model accounts. The fees for asset management and



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advisory services offered through Wela Strategies will generally be lower than the fees for management services through CIA. Generally, Wela Strategies managed program is designed for portfolios valued at less than \$500,000.

CIA and Wela have entered into a Service Agreement, under which Wela pays CIA to provide certain services, including but not limited to, administrative services, operational services, and compliance oversight. CIA's investment committee also conducts the research for the model portfolios used by Wela.

### Capital Administration, LLC

Capital Administration, LLC (formerly Capital Benefits Administration, Inc.) is a Third-Party Administrator firm owned by the Michael J. Reiner Revocable Trust, Michael J. Reiner, Trustee. You may use the services offered by Capital Administration if you choose. If so, you will pay a fee for the services. Such fees are in addition to any fees paid to CIA for advisory services. You are under no obligation to utilize the services of Capital Administration, LLC.

### Roswell Holdings, LLC, Roswell Holdings Mortgage, LLC, and Roswell Commercial Mortgage, LLC (together referred to as "Roswell Holdings")

The above-named entities are Georgia limited liability companies, partially owned by the Michael J. Reiner Revocable Trust. Since November 1, 2002 Roswell Holdings has been in the business of making loans secured by real estate. A limited number of clients retain their investments in these loans. Clients were advised there is a conflict of interest between CIA and Mr. Reiner and Roswell Holdings since clients making loans to Roswell Holdings result in Mr. Reiner earning additional compensation.

**Roswell Holdings is no longer offering new loans or soliciting new business since 2009** and will phase out as the loans are paid off.

### Capital Accounting & Tax, LLC ("CAT")

CAT is an affiliate of CIA owned by Michael Reiner, Wes Moss, Mitch Reiner, and Matt Reiner. It offers accounting and tax services. CIA may recommend CAT to clients in need of such services, but you are under no obligation to use CAT's accounting services. CAT does not pay CIA for such referrals.

### Altera Holdings, LLC

Through their individual limited liability companies, Matthew Reiner, Mitchell Reiner, and Wesley Moss own a holding company, Altera Holdings, LLC. Altera Holdings, LLC owns Altera Investments, LLC, which owns Altera Private Access, LLC and Altera Advisors, LLC, each a registered investment adviser. Mitchell Reiner is the designated Chief Compliance Officer for both Altera Private Access, LLC and Altera Advisors, LLC.

Altera Private Access, LLC

Altera Private Access, LLC creates and manages Special Purpose Vehicles ("SPVs"). Interests in SPVs are offered to certain sophisticated, qualified investors, including: high net worth individuals, retirement plans, trusts, partnerships, corporations, or other businesses. It is a conflict of interest for supervised persons to participate in a pooled investment vehicle because of compensation received and incentive to seek suitable investors to increase investment in these SPVs. Further, there is a conflict of interest for Mitchell Reiner, Matthew Reiner, and Wesley Moss to offer clients investment opportunities into various Altera SPVs because of their ownership and interests in the various Altera entities. To mitigate this conflict of interest, this disclosure has been provided.

Altera Advisors, LLC

Altera Advisors, LLC is a registered investment adviser that specializes in developing client portfolios of alternative investments. As described above, it is also under common control with CIA. When CIA identifies a client that is interested in placing a portion of an investment portfolio in alternative investments, CIA may refer clients to Altera Advisors, LLC for this service, as CIA does not directly provide service in the area of alternative investments. Altera Advisors, LLC creates portfolios of alternative investments by sourcing investment opportunities, managing the capital call process, providing ongoing due diligence of investments as well as ongoing monitoring of the portfolio of alternative investments. The firm performs this service both for individuals and other investment advisers. Altera Advisors, LLC identifies investment opportunities from its affiliate, Altera Private Access, LLC, as well as other sources. Altera Advisors, LLC also manages investment vehicles in which clients may choose to invest.

Altera Advisors, LLC and CIA have entered into written agreements under which each firm may refer its clients to the other when appropriate. The agreements detail the roles of each firm when such referrals take place. As further described in **Item 14 – Client Referrals and Other Compensation**, any revenue-sharing based on these arrangements is an expense of the firm receiving the referral, and the client does not pay a higher fee as a result of the referral.

In addition, one of the owners of Altera Advisors, LLC has a referral arrangement with CIA, under which he refers potential clients to CIA for investment management services and receives compensation for such referrals.

All referral arrangements create a conflict of interest, which is addressed by this disclosure.

Schwab Advisor Services Advisory Board Service

Mitchell and Matthew Reiner, both Managing Partners of CIA, serve on the Schwab Advisor Services Advisory Board (the "Board"). As described under Item 12 of this Form ADV, CIA recommends that clients establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab") to maintain custody of the clients' assets and effect trades for their accounts. The Board consists of approximately 20 representatives of independent investment advisory firms who have been invited by Schwab management to participate in meetings and discussions of Schwab Advisor Services' services for independent investment advisory firms and their clients. Board members serve for two-year terms. Mitchell's term ends January 2022, and Matthew's ends in 2023. Board members enter nondisclosure agreements with Schwab under which they agree not to disclose confidential information shared with them. This information generally does not include material nonpublic information about the Charles Schwab Corporation, whose common stock is listed for trading on the New York Stock Exchange (symbol SCHW). The Board meets in person approximately twice per year and has periodic conference calls scheduled as needed. Board members are not compensated by Schwab for their service, but Schwab does pay for or reimburse Board members' travel, lodging, meals and other incidental expenses incurred in attending Board meetings.

Selwyn "Buck" Small

Mr. Small is an associated person of CIA. Mr. Small is a certified public accountant and offers accounting services. Mr. Small typically does not charge separately for accounting services. Instead, the advisory fee charged to clients he manages is inclusive of accounting services, unless the client prefers the accounting fee and the advisory fee be charged separately.

The accounting business is not a principal business for Mr. Small. Clients are under no obligation to participate in accounting services through Mr. Small.

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

CIA has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. CIA's Code has several goals. First, the Code is designed to assist CIA in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, CIA owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with CIA (managers, officers and employees) to act with honesty, good faith and fair dealing in working with clients. In addition,

the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for CIA's associated persons. Under the Code's Professional Standards, CIA expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, CIA associated persons are not to take inappropriate advantage of their positions in relation to CIA clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time CIA's associated persons may invest in the same securities recommended to clients. Under its Code, CIA has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

#### Participation or Interest in Client Transactions

As described in **Item 10 – Other Financial Industry Activities and Affiliations** above, when appropriate CIA may refer clients to its affiliate Altera Advisors, LLC, which in turn may recommend that clients purchase certain investment vehicles that an affiliate of CIA or its Management Person(s) may sponsor or manage. Under such circumstances, Clients will be assessed the management fee imposed by the investment vehicle(s), which may include a performance-based fee component, and may also be assessed a management fee by Altera Advisors. A portion of such fees will ultimately flow through to the common owners of CIA and the affiliate, thus creating a conflict of interest. In addition to **Item 10**, please see **Item 5 – Fees and Compensation** for more information.

Because associated persons may invest in the same securities as those held in client accounts, CIA has established a policy requiring its associated persons to pre-clear transactions in some types of securities with a member of the Compliance Department. The goal of this policy is to attempt to avoid conflicts of interest that arise in these situations. Some types of securities, such as CDs, treasury obligations and open-end mutual funds are exempt from this pre-clearance requirement.

Consistent with the foregoing, CIA maintains policies regarding participation in initial public offerings ("IPOs") and private placements to comply with applicable laws and mitigate conflicts with client transactions. If an associated person of CIA wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Compliance Department.

Finally, if associated persons trade with client accounts (i.e., in a bundled or aggregated trade), and the trade is not filled in its entirety, the available shares will normally be allocated pro rata among all participating accounts, including accounts of associated persons. With respect to alternative investments, pro rata allocations are generally not as practical as they are with listed securities. Associated persons of CIA and its affiliates often invest alongside clients in these types of investments. While CIA and its affiliates have procedures that are reasonably designed to protect clients' interests, it is possible that one or more associated persons may receive an allocation of a limited offering when some clients do not.

## **Item 12 - Brokerage Practices**

CIA does not maintain custody of your assets that we manage, although we are deemed to have custody of your assets if you give us authority to withdraw assets from your account on your behalf under certain circumstances (see Item 15 - Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. CIA has entered into a relationship with Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab") and National Financial Services, LLC and Fidelity Brokerage Services, LLC (together referred to as "Fidelity") to participate in the Fidelity Institutional Wealth Services ("FIWS") platform. CIA recommends you establish an account with either Schwab or Fidelity for custodian and brokerage services. Additionally, CIA utilizes the services of SP Financial Group of Arkadios Capital and Truist Securities (formerly Suntrust Robinson Humphrey) for fixed income analytics, portfolio construction, implementation, and monitoring of fixed income portfolios. Other market makers are often utilized to execute thinly traded securities. The use of market makers and other brokers outside of the client's custodian results in increased transaction costs. However, CIA will explore the use of these alternative brokers when possible in order to seek better execution for the client.

CIA has also entered into an arrangement with First Mercantile to offer qualified plans an account custodian alternative to Schwab or Fidelity.

Schwab, Fidelity and First Mercantile provide custody, execution, and clearance and settlement services for stocks, bonds, mutual funds, and other securities. CIA is independently owned and operated and not affiliated with Schwab, Fidelity, or First Mercantile.

### Directed Brokerage

You are under no obligation to utilize the services of Schwab, Fidelity, or First Mercantile. While CIA recommends you use Schwab or Fidelity as custodian/broker and for qualified plans, First Mercantile, you will decide whether to do so and will open your account with an account custodian by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. You are advised you may maintain

accounts at another broker/dealer. However, in order for CIA to effectively provide its management services to you, the broker/dealer you select must provide CIA access to its trading platform and provide duplicate statements and confirmations. Further, you are advised if you select another broker/dealer, CIA may not be able to achieve the most favorable execution of your transactions. Trading costs and account maintenance may be higher than what is available through Schwab or Fidelity.

#### *How We Select Brokers/Custodians*

In selecting Schwab, Fidelity, and/or First Mercantile, CIA seeks to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see "Products and Services Available to Us From Schwab and Fidelity")

#### *Your Brokerage and Custody Costs*

For our clients' accounts that Schwab and Fidelity maintain, Schwab and Fidelity generally do not charge you separately for custody services but are compensated by charging you commissions or other fees on trades that they execute or settle into your account. Certain trades (for example, many mutual funds and ETFs) will not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. For some accounts, Schwab will charge you a percentage of the dollar amount of assets in the account in lieu of commissions. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab or Fidelity charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a

different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab or Fidelity execute most trades for your account. We have determined that having Schwab or Fidelity execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”).

*Products and Services Available to CIA from Schwab and Fidelity*

Schwab and Fidelity provide CIA and our clients with access to its institutional brokerage trading, custody, reporting, and related services—many of which are not typically available to retail customers. Schwab and Fidelity also make available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business.

Following is a more detailed description of Schwab and Fidelity support services:

*Services That Benefit You.* Schwab’s and Fidelity’s services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab and Fidelity include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s and Fidelity’s services described in this paragraph generally benefit you and your account.

*Services That Do Not Directly Benefit You.* Schwab and Fidelity also make available to CIA other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, either Schwab’s or Fidelity’s own and that of third parties. We use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab or Fidelity. In addition to investment research, Schwab and Fidelity also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients’ accounts
- Assist with back office functions, recordkeeping, and client reporting

*Services That Generally Benefit Only Us.* Schwab and Fidelity also offer other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting support

Schwab and Fidelity provide some of these services directly. In other cases, they will arrange for third-party vendors to provide the services to us. Schwab and Fidelity also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab and Fidelity also provide us with other benefits, such as occasional business entertainment of our personnel.

These services are not soft dollar arrangements but are part of the institutional platform offered by the Custodians. The benefits provided to CIA create an incentive for CIA and its Advisory Representatives to recommend Schwab or Fidelity based on the products and services that will be received rather than strictly on your best interest. However, as described previously, CIA believes Schwab and Fidelity serve your interests well.

#### Aggregated Trades

CIA from time to time aggregates ("bunches") transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or bunched orders will not reduce applicable transaction costs to participating clients. CIA conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average share price for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated pro-rata to the participating client accounts, including CIA employee accounts, in proportion to the size of the orders placed for each account. Under certain circumstances, the amount of securities will be increased or decreased to avoid holding odd-lot or a small number of shares for particular clients. Typically, bunched trading is conducted when CIA is implementing an investment decision to buy or sell a security across all or multiple accounts.

#### **Item 13 - Review of Accounts**

CIA will determine if any account adjustments are warranted given CIA's evaluation of the market. CIA has an investment committee that meets every two weeks. The investment



committee reviews and evaluates securities holdings in managed portfolios as well as market events on a continuous basis. On a monthly basis CIA screens and updates information on managed portfolio holdings. CIA will monitor for changes or shifts in the economy, performance of the holding, changes that are or will impact the securities in which you are invested, and market shifts and corrections.

You will be invited to participate in at least an annual review of your portfolio. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place.

You are advised that you must notify CIA promptly of any changes to your financial goals, objectives or financial situation as such changes may require a review of your portfolio allocation and make recommendations for changes.

You will be provided statements at least quarterly direct from the account custodian. **If you do not receive at least quarterly statements from the account custodian, please contact CIA immediately and/or your account custodian.** Additionally, you will receive confirmations of all transactions occurring directly from the account custodian.

CIA will provide you a written statement each calendar quarter as to the value of the investment assets as of the last day of the period. Client account overview information will be provided electronically through the CIA Client Portal, unless you have opted out of electronic delivery or request CIA to provide you the reports in paper form. CIA's client account information posted via the portal will be reported as of the close of business as of the prior day and account custodian information available via web access will be reported real time. Therefore, there will be differences in account values reported by CIA verses the account custodian. Clients receiving information through the Client Portal may access the information at any time. Clients opting to receive CIA paper statements will receive statements quarterly with information reported as of close of business on the last day of each quarter. There may be occasions when the custodian reported holding value of a position varies from CIA's reported holding value due to rounding if the holding contains fractional shares. This could impact the rounding of the advisory fee. You should compare the report with statements received direct from the account custodian. Should there be any discrepancy the account custodian's report will prevail.

#### **Item 14 - Client Referrals and Other Compensation**

CIA has entered into arrangements with third parties ("Solicitors") to identify and refer potential clients to CIA. Consistent with legal requirements under the Investment Advisers Act of 1940, as amended, CIA enters into written agreements with Solicitors under which, among other things, Solicitors are required to disclose their compensation arrangements to

prospective clients before they enter into an agreement with CIA. Solicitor is not permitted to offer clients investment advice on behalf of CIA. A referred client's advisory fee will not be increased as a result of compensation being shared with Solicitor.

Referrals from Charles Schwab & Co., Inc.

CIA receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through CIA's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with CIA. Schwab does not supervise Advisor and has no responsibility for CIA's management of clients' portfolios or Advisor's other advice or services. CIA pays Schwab fees to receive client referrals through the Service. CIA's participation in the Service raises conflicts of interest described below.

CIA pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by CIA is a percentage of the fees the client owes to CIA or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. CIA pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to CIA quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by CIA and not by the client. **CIA has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs CIA charges clients with similar portfolios who were not referred through the Service.**

CIA generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, CIA will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of CIA's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, CIA will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit CIA's fees directly from the accounts.

For accounts of CIA's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from CIA's clients in the form of

commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, CIA has an incentive to cause trades to be executed through Schwab rather than another broker-dealer. CIA nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab will from time to time be executed through a different broker-dealer than trades for CIA's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

#### Referrals from Fidelity Investments

CIA participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which CIA receives referrals from FPWA Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and Fidelity Investments company. CIA is independent and not affiliated with FPWA or FMR LLC. FPWA does not supervise or control CIA, and FPWA has no responsibility or oversight for CIA's provision of investment management of other advisory services.

Under the WAS Program, FPWA acts as a solicitor for CIA, and CIA pays referral fees to FPWA for each referral received based on CIA's assets under management attributable to each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment adviser, and any referral from FPWA to CIA does not constitute a recommendation or endorsement by FPWA of CIA's particular investment management services or strategies. More specifically, CIA pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, CIA has agreed to pay FPWA an annual program fee of \$50,000 to participate in the WAS Program.

**CIA has agreed not to charge clients referred through the WAS Program fees or costs greater than the fees or costs CIA charges clients with similar portfolios who were not referred through the Service.**

To receive referrals from the WAS Program, CIA must meet certain minimum participation criteria, but CIA may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, CIA has a conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution,

## Capital Investment Advisors, LLC

custody and custody and clearing for certain client accounts, and Adviser has an incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to CIA as part of the WAS Program. Under an agreement with FPWA, CIA has agreed that CIA will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, CIA has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when CIA's fiduciary duties would so require, and Adviser has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA's affiliates to another custodian; therefore, CIA has an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit CIA's duty to select brokers on the basis of best execution.

CIA receives an economic benefit from Schwab and Fidelity in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at Schwab or Fidelity. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – *Brokerage Practices*). The availability to us of Schwab's and Fidelity's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

### Referrals to First Mercantile

CIA has a relationship with First Mercantile to establish accounts for qualified plans. Any plan assets maintained at First Mercantile and for which CIA provides pension consulting, First Mercantile has agreement to share a portion of its fee with Capital Administration. The payment by First Mercantile to Capital Administration is an administrative fee to Capital Administration for its services provided to the plan. Capital Administration, LLC has an interest in pension accounts selecting First Mercantile since Capital Administration, LLC will receive up to 10 basis points (based on the value of the account) from First Mercantile.

### Altera Advisors, LLC Referral Arrangements

CIA and Altera Advisors, LLC have entered into Agreements under which each may refer clients to the other. The firm receiving the referral will pay the referring firm a portion of any fees earned; clients do not pay a higher fee as a result of the referral.

## Item 15 - Custody

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct the account custodian where your cash and securities are maintained to deduct our advisory fees directly from your account. Additionally, CIA will be deemed to have custody if a client has a standing letter of authorization ("SLOA") to transfer funds or securities to a third party and CIA has the ability to direct transfers, change the amount, and/or the timing of the transfer.

The account custodian maintains actual custody of your assets. You will receive account statements directly from the account custodian at least quarterly. They will be sent to the email or postal mailing address you provided to the account custodian. You should carefully review those statements promptly when you receive them. We also urge you to compare the account custodian's account statements to the periodic account statements you receive from us.

Clients are advised to review this information carefully, and to notify CIA of any questions or concerns. **Clients are also asked to promptly notify CIA if the custodian fails to provide statements on each account held.**

From time to time and in accordance with our agreement with clients, we will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending trades or other similar issues.

## Item 16 - Investment Discretion

You will grant CIA authorization to manage your account on a discretionary basis. You will grant such authority to CIA by execution of the advisory agreement. Discretionary authority will permit CIA the ability to determine the securities to be purchased and sold within your account, the amount and the timing. Further, discretionary authority will permit us to determine the broker/dealer for purchases and sales of fixed income securities. However, you retain the authority to select the account custodian at which your funds and assets are retained. You may terminate discretionary authorization at any time upon receipt of written notice by CIA.

Additionally, you are advised that:

- 1) You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;

- 2) Your written consent is required to establish any account with a custodian;
- 3) With the exception of deduction of CIA's advisory fees from the account, CIA will not have the ability to withdraw your funds or securities from the account without your expressed consent.

### **Item 17 - Voting Client Securities**

If you delegate proxy voting authority to CIA, CIA will vote your proxies in aggregate with all other holdings of the same security. Therefore, individual directed proxy voting requests may not be accommodated. CIA has engaged the services of Broadridge's ProxyEdge platform to vote and maintain records of all proxies. The Broadridge open architecture platform allows CIA to choose from several different proxy advisory firms to make recommendations on how our firm should vote the proxies. CIA has selected Egan-Jones as the current advisor, who considers the reputation, experience, and competence of a company's management and board of directors when it evaluates an issuer.

Egan-Jones has provided CIA with the Proxy Voting Principals and Guidelines which is available to clients upon request to CIA. The Proxy Voting Principals and Guidelines outline Egan-Jones guidelines for determining how to vote on various matters. Egan-Jones proxy voting services includes voting on matters involving tender offers, mergers and acquisitions, common stock authorization, stock distributions (splits and dividends), and debt restructuring.

In general, the Egan-Jones proxy voting principals and guidelines include:

- Directors should be accountable to shareholders, and management should be accountable to directors.
- Information on the company supplied to shareholders should be transparent.
- Shareholders should be treated fairly and equitably according to the principle of one share, one vote.
- Egan-Jones Proxy Voting Principals will be influenced by current and forthcoming legislation, rules and regulations, and stock exchange rules.

You may view a list of proxies voted, the date CIA voted the proxy, and how CIA voted the proxy at any time upon request. Furthermore, if you would like a copy of our proxy voting procedures, please contact the person on the cover page of this Disclosure Brochure.

CIA will assist with preparing and filing Class Actions "Proof of Claim" forms on behalf of a client provided the client provides CIA with a signed Proof of Claim form and CIA purchased the holding for the client. CIA is not able to file Proof of Claims automatically on behalf of clients due to forms are sent directly to the client and the client must sign the form.

**Item 18 - Financial Information**

CIA does not require you to prepay any fee in advance of receiving the service; therefore we have no required disclosure for this Item.