



## **CAPITAL ADVISORS GROUP, INC.**

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March 31, 2023

### **Item 1: Cover Page**

This Brochure (Form ADV, Part 2A) provides information about the qualifications and business practices of Capital Advisors Group, Inc. If you have any questions about the contents of this Brochure, please contact us at (617) 630-8100 or [ktoney@capitaladvisors.com](mailto:ktoney@capitaladvisors.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

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Capital Advisors Group, Inc. is an investment adviser registered with the SEC. Registration of an investment adviser with the SEC does not imply any level of skill or training.

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Please keep a copy of this Brochure for your records.

## Item 2: Material Changes

This Brochure, also known as Form ADV, Part 2A, has been prepared according to SEC rules relating to information that must be disclosed to clients and prospective clients of certain investment advisers, which include Capital Advisors Group, Inc. ("Capital Advisors Group").

Capital Advisors Group last updated its Form ADV, Part 2A on February 6, 2023 to reflect the following material changes to this Brochure:

- Items 4, 5 & 8: Information related to Capital Advisors Group's non-discretionary investment advisory services was revised and references to securities consulting services were removed.
- Item 10: Additional information regarding potential conflicts of interest related to Capital Advisors Group's debt finance division was added.
- Item 12: Information regarding Capital Advisors Group's cross-trade policies and procedures and conflicts of interest related to cross trades was added.
- Item 14: Information regarding client referrals was updated to reflect Capital Advisors Group no longer having any third-party referral relationships.

You may request a copy of the most recent version of this Brochure free of charge by contacting Kari Toney at (617) 630-8100 or [ktoney@capitaladvisors.com](mailto:ktoney@capitaladvisors.com). If you are a client of Capital Advisors Group, you will receive an updated Brochure (or a summary of any material changes since the Brochure's last annual update and information on how to request an updated brochure) within 120 days of the close of Capital Advisors Group's fiscal year. Capital Advisors Group's fiscal year closes on December 31, which means that you usually will receive an updated Brochure or the summary of material changes by April 30 of the following year. From time to time, we also may provide you with information that, as a client, could affect our advisory relationship with you. Any update of this Brochure or any information sent to you that could affect our advisory relationship with you will be sent without charge.

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#### **Item 4: Advisory Business**

Capital Advisors Group, Inc. is a Delaware corporation that was incorporated in 2013. Capital Advisors Group changed its state of incorporation from New Jersey, where it was originally incorporated in 1991, to Delaware on October 3, 2013. This change did not involve a change in Capital Advisors Group's ownership. The principal owners of Capital Advisors Group are the Benjamin K. Campbell Trust of 2011 (Benjamin Campbell, Capital Advisors Group's CEO, is currently a trustee of this trust), the Campbell Family 1998 Irrevocable Trust, and the Campbell Family 2019 Irrevocable Trust.

##### *Discretionary Investment Management Services*

Capital Advisors Group provides discretionary investment management services primarily to institutional investors, and occasionally to certain high net worth individuals, with respect to investments in short-term, high-quality, fixed income financial instruments with maturities that conform to an investor's specific cash flow needs. Those instruments may include shares of money market funds and beneficial interests in other short-term collective investment funds. Capital Advisors Group also may use sub-advised programs that deposit client cash in bank deposit accounts insured by the Federal Deposit Insurance Corporation ("FDIC") (collectively, "deposit programs").

Discretionary investment management services are based primarily on Capital Advisors Group's proprietary research and are tailored to the individual needs of each client. Each client that has given Capital Advisors Group discretionary investment management authority may impose certain restrictions on investments made by Capital Advisors Group on its behalf. Capital Advisors Group has trading authority with respect to the securities for which it provides discretionary investment management services.

All discretionary investment management services are provided through separately managed accounts with managed assets held by custodians who are unaffiliated with Capital Advisors Group.

##### *Non-Discretionary Investment Advisory Services*

Capital Advisors Group provides certain clients receiving its discretionary investment management services with access to its proprietary web-based platform that assesses counterparty exposure and risk, as well as provides analytical tools to help clients manage their counterparty exposure and risk.

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As of December 31, 2022, Capital Advisors Group managed assets on a discretionary basis (regulatory assets under management) in the approximate aggregate amount of \$22.5 billion and advised on assets on a non-discretionary basis (non-regulatory assets under management) in the approximate aggregate amount of \$26.7 billion.

## **Item 5: Fees and Compensation**

### *Discretionary Investment Management Services*

Capital Advisors Group typically charges each discretionary investment management services client a fee that is between .01 and 0.185 percent per year. Fees are typically calculated as a percentage of the account's month-end aggregate market value balances and are payable monthly in arrears. Investment management fees relating to deposit programs typically consist of portions of the interest received by the accounts and are set by a sub-adviser. Capital Advisors Group may assess clients a minimum fee of up to \$625 per quarter. Capital Advisors Group typically deducts discretionary investment management services fees from the client's custodial account. With respect to an account participating in a deposit program, Capital Advisors Group receives its investment management fee from a sub-adviser instead of directly from the client or the client's account.

### *Non-Discretionary Investment Advisory Services*

Capital Advisors Group typically provides access to its proprietary web-based, risk-assessment platform to certain of its discretionary investment management clients. The fees associated with these non-discretionary investment advisory services are included in the fees for discretionary investment management services.

### *Fees and Client Expenses, Generally*

All fees are agreed to in a discretionary investment management agreement executed with a client. Investment management fees charged by Capital Advisors Group are exclusive of brokerage commissions, transaction fees, service fees, legal fees, expenses attempting to protect or enhance the value of securities, amounts due on client-related loans and debit balances, and other related costs and expenses, which are the responsibility of the client. However, Capital Advisors Group typically pays custodial fees and fees relating to domestic wire transfers that otherwise would be the responsibility of the client.

Fees paid to Capital Advisors Group for investment management services do not include amounts paid to asset managers for managing money market funds and other short-term collective investment funds that Capital Advisors Group may use in managing client assets, and do not include other expenses of such funds (including any fund share distribution fees). These amounts are described in each fund's prospectus or other offering materials. From time to time, a client could invest in a fund directly, without the services of Capital Advisors Group. In that case, the client would not receive the services provided by Capital Advisors Group, which are designed, among other things, to assist the client in determining which mutual fund or funds are appropriate for the client's financial condition and objectives. Certain funds recommended by Capital Advisors Group also may not be available to the client directly. Accordingly, a client should review both the fees and expenses charged by the funds and the fees charged by Capital Advisors Group to understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services provided.

From time to time, Capital Advisors Group reduces the advisory fees it charges certain clients.

#### *Other Forms of Compensation Received by Capital Advisors Group*

From time to time, Capital Advisors Group accepts compensation from service providers to money market funds and other short-term investment funds for providing certain shareholder services for those service providers with respect to investments in those funds by clients of Capital Advisors Group. Accepting such compensation presents a conflict of interest and may provide Capital Advisors Group with an incentive to recommend investment products based on the compensation it receives from those service providers rather than the client's needs. To address that conflict, Capital Advisors Group's Director of Investment Research and Strategy determines whether the fund otherwise meets Capital Advisors Group's suitability standards for investment of client assets prior to accepting any compensation from a fund service provider with respect to any investment in a fund by a client at Capital Advisors Group's direction or recommendation. The Director of Investment Research and Strategy selects money market funds for Capital Advisors Group's clients based upon factors that include asset size of a fund, stability of fund flows, fund sponsor's financial strength, management team's track record of credit and interest rate risk management, shareholder composition of the fund, and performance. In addition, Capital Advisors Group discloses in writing to each client that it may receive compensation from a fund service provider with respect to the client's investment in the fund.

Capital Advisors Group also licenses certain money market fund research to third parties.

Compensation from such service providers and third parties accounts for approximately 26% of all compensation for all services.

## **Item 6: Performance-based Fees and Side-by-side Management**

Capital Advisors Group does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), other than with respect to client accounts that participate in deposit programs. A client account that participates in a deposit program is charged a fee based on the amount of interest received by the client account while deposited in FDIC-insured bank deposits. Because the amounts that Capital Advisors Group would receive for investing client assets in a deposit program are substantially similar to the amounts it would receive for managing the assets using another strategy, Capital Advisors Group does not believe that it has an incentive, and thus, a conflict of interest, to invest client assets using one strategy or another.

## **Item 7: Types of Clients**

Capital Advisors Group typically provides portfolio management services to institutional investors, such as corporations, charitable institutions, and foundations. Capital Advisors Group may from time to time provide portfolio management services to certain high net worth individuals.

Capital Advisors Group does not require institutional clients to maintain a minimum balance in their accounts. However, for high-net-worth investors, Capital Advisors Group may require a minimum balance of \$5,000,000.

A deposit program may require a minimum initial account balance, which is determined by the deposit program sponsor.

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

### *Methods of Analysis and Investment Strategies*

- Discretionary Investment Management Services. Capital Advisors Group offers comprehensive, multi-tiered solutions to cash management. Capital Advisors Group provides customized buy-and-hold strategies, including strategies in which scheduled maturities and income are intended to help fund client operating and near-term cash requirements. Capital Advisors Group also offers total-return strategies (for example, 1- to 3-year) in which portfolios are managed with a goal of maximizing market value returns.

Capital Advisors Group's Investment Committee meets periodically to determine investment strategies, such as portfolio structure and duration, for "buy-and-hold" investment portfolios. A sub-committee of the Investment Committee is responsible for the final review and approval of investment strategies. For total-return investment portfolios, the investment strategies are determined by another sub-committee of the Investment Committee.

The Credit Committee approves credits for inclusion on Capital Advisors Group's approved credit list based on recommendations of the Research Department.

- Non-Discretionary Investment Advisory Services. Capital Advisors Group provides assessments of investors' various counterparty exposures through a variety of risk metrics.

#### *Risk of Loss*

Discretionary investment management accounts managed by Capital Advisors Group generally are subject to the same risks that apply to investments in highly rated, short-term, fixed income securities. Thus, those accounts generally are subject to interest rate risk, credit risk, liquidity risk, call risk and, with respect to asset-backed securities, prepayment risk and extension risk. Investments in money market and other short-term collective investment funds that seek to maintain a stable share price also are subject to the risk that a stable share price may not be maintained, that is, the risk that the aggregate market value of the fund's investments will materially vary from the aggregate of the acquisition prices of those investments.

Client accounts that participate in deposit programs are subject to certain risks. Clients that participate in a deposit program may lose the benefits of some or all of FDIC insurance protection if they fail to consider amounts held at FDIC-insured institutions separate from the deposit program. Client cash that is held in an account at a custodian, but not deposited at an FDIC-insured bank (such as cash received, but not yet deposited) is not federally insured.

Additional information concerning the risks associated with Capital Advisors Group's investment strategies is available to clients and potential clients upon request.

All investments in securities involve a risk of loss, which clients should be prepared to bear.

#### **Item 9: Disciplinary Information**

Capital Advisors Group is not, and has not been, subject to any legal or disciplinary event that is material to a client's or a potential client's evaluation of Capital Advisors Group's investment



management or other businesses or the integrity of its management.

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

Capital Advisors Group has a division that provides analysis and consultation in connection with debt financing. Capital Advisors Group assists companies in (i) identifying appropriate lenders based on a company's industry, financial profile, stage of life and desired type of collateral, (ii) conducting request for proposal processes to obtain proposals from qualified lenders, (iii) analyzing and comparing proposals received, and (iv) assisting with the negotiation of the terms, covenants, conditions, and other provisions of selected proposals.

From time to time, Capital Advisors Group may have investment advisory clients to which it also provides debt-financing services. Providing those services to a client that also is an investment management client of Capital Advisors Group may create a conflict of interest between Capital Advisors Group and its other investment advisory clients, primarily if the fees received from a client to which Capital Advisors Group is providing debt financing services and investment advisory services are greater than the fees received from a client to which Capital Advisors Group is only providing investment advisory services. Capital Advisors Group attempts to mitigate this conflict of interest with policies and procedures to treat all clients similarly, regardless of the amount of fees received from any client.

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

##### *Code of Ethics*

Capital Advisors Group has adopted a Code of Ethics for all of its supervised persons describing its standard of business conduct and its supervised persons' fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts, and personal securities trading procedures. All supervised persons at Capital Advisors Group must acknowledge that they have received and read the terms of the Code of Ethics at least annually or when the Code of Ethics has been amended. Capital Advisors Group will provide a copy of the Code of Ethics to any client or prospective client upon request. If you would like a copy, please contact Kari Toney at (617) 630-8100 or ktoney@capitaladvisors.com.

## *Participation or Interest in Client Transactions and Personal Trading*

Capital Advisors Group from time to time invests a portion of its assets in shares of money market funds, other securities, and FDIC-insured bank deposit programs in which it may invest client assets, or which it may recommend to clients. This practice may cause Capital Advisors Group to have a conflict of interest with certain clients. Capital Advisors Group attempts to mitigate this risk by, among other things, investing only in very large money market funds that maintain adequate liquidity, in securities for which there is a ready market, and in bank deposit programs whereby FDIC insurance applies separately to Capital Advisors Group and each participating client.

### **Item 12: Brokerage Practices**

#### *Generally*

Capital Advisors Group strives to maximize the value of each client's portfolio by selecting brokers who deliver low overall transaction costs while maintaining high quality service, inventory and other related factors. Capital Advisors Group aggregates the purchase or sale of securities for its clients when Capital Advisors Group believes that it would result in a better purchase, or sale price and/or lower transaction costs for each participating client.

#### *Broker Selection and Periodic Evaluation*

Capital Advisors Group's process for selecting and evaluating brokers includes examination of the brokers' bid/offer levels, expertise, quality of trade execution (efficiency and errors), effectiveness in confirming and settling transactions, quality and availability of no-fee research, potential for conflicts of interest, general reputation and other such factors related to the best execution of trades. In selecting brokers, Capital Advisors Group does not consider whether it receives client referrals from the broker or a third party.

Capital Advisors Group maintains a list of approximately 40 approved brokers. Capital Advisors Group's Head Trader recommends brokers for approval to the Trade Oversight Committee. The Trade Oversight Committee consists of the CEO, the President and Chief Operating Officer, the Chief Compliance Officer, the Head Trader and the Director of Investment Research and Strategy. The Director of Investment Research and Strategy makes the final determination of whether to include a specific broker on the approved list.

The Head Trader conducts quarterly evaluations of the services of all approved brokers based on the above-described criteria and reports any change in service quality to the Trade Oversight Committee. Capital Advisors Group's Research Department also conducts annual reviews of all approved brokers to determine their financial soundness.

### *Soft Dollar Practices*

Capital Advisors Group receives research from some, but not all, of its approved brokers for client securities transactions. Capital Advisors Group would have to pay for this research if it did not receive it from the brokers without charge, and thus, the research has value to Capital Advisors Group. When selecting brokers to effect transactions in client accounts, Capital Advisors Group thus has a conflict of interest because of its incentive to favor those brokers providing the research over brokers that do not. Capital Advisors Group minimizes this conflict by having a robust broker selection process to ensure that brokers are selected for individual transactions without regard to whether the broker provides Capital Advisors Group with any research.

### *Directed Brokerage*

Capital Advisors Group does not recommend, request or require that a client direct it to execute transactions through a specified broker. Capital Advisors Group may from time to time permit a client to direct it to execute transactions through a specified broker. When a client directs transaction execution through a specific broker, Capital Advisors Group may not always be able to achieve the most favorable execution of client transactions.

### *Cross Trades*

From time to time, Capital Advisors Group may direct a cross trade of securities between two or more of its advisory clients' accounts, whereby Capital Advisors Group arranges for one or more clients to purchase a security directly from another client's account through a broker-dealer. Capital Advisors Group may direct a cross trade when it believes that the transaction is in the best interests of all involved clients, that no involved client would be disadvantaged by the transaction, and that the transaction is consistent with Capital Advisors Group's duty to seek best execution. Capital Advisors Group does not receive any compensation from cross trades, however, the broker-dealer facilitating the cross trade will typically charge a commission to effectuate the cross trade.

Cross trades present a conflict of interest because Capital Advisors Group is representing the interests of both the selling client account and the buying client account(s), which have opposing interests in the execution prices to be obtained. Capital Advisors Group seeks to mitigate this conflict of interest by following policies and procedures that find prices that are expected to be better than either the buyer or seller could receive if they were to enter separate trades at market prices. All cross trades must be authorized by the Chief Compliance Officer or the President of Capital Advisors Group.

## **Item 13: Review of Accounts**

### *Account Review*

All discretionary investment management accounts are periodically monitored by Capital Advisors Group's Portfolio Management Department. Each client is assigned a Portfolio Manager at the beginning of the client's engagement. For each account, the Portfolio Manager conducts the following review:

- At least twice per month, the Portfolio Manager evaluates whether Capital Advisors Group's investment strategy for the client conforms to the client's investment objectives, including any changes in the client's liquidity needs; and
- The Portfolio Manager may review the client's portfolio more frequently if he or she believes that there have been material changes in interest rates and other market factors or if the client has advised the Portfolio Manager of changes in its cash flow needs.

The Portfolio Managers periodically meet with Capital Advisors Group's President and Chief Operating Officer to review accounts to determine whether the accounts are managed in accordance with the client's investment objectives, as well as the strategies determined by Capital Advisors Group's Investment Committee.

### *Client Reports*

Each client of Capital Advisors Group receives monthly statements, unless Capital Advisors Group and the client agree to statements provided more or less frequently. Statements include a summary of the client's investment portfolio, valuation information and trading activity and, if investment management or advisory fees are deducted, the amounts of those fees and how those amounts were calculated. A client may request that Capital Advisors Group provide custom reports, and Capital Advisors Group tries to accommodate those requests within reason. A client also may have access to current and historical information on its portfolio holdings, trading activity, security valuations and other information through its custodian.

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

Capital Advisors Group does not have arrangements with any third parties pursuant to which Capital Advisors Group pays compensation for client referrals.

**Item 15: Custody**

Clients should receive, at least, quarterly statements from the broker, bank or other qualified custodian that holds and maintains the client's investment assets. Capital Advisors Group urges clients to review those statements carefully and compare them to the account statements that Capital Advisors Group may provide. Capital Advisors Group's statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies with respect to certain securities.

**Item 16: Investment Discretion**

When providing investment management services to a client, Capital Advisors Group usually receives discretionary authority from the client at the outset of the advisory relationship. That authority typically authorizes Capital Advisors Group to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives and investment guidelines for that particular client account.

**Item 17: Voting Client Securities**

The types of instruments recommended by Capital Advisors Group typically do not provide their holders with any voting rights. Capital Advisors Group, however, has adopted a Proxy Voting Policy, a copy of which is available to clients upon request. Should Capital Advisors Group vote any proxy for one or more of its clients, it shall keep a record of the manner in which the proxy was voted and it shall make that record available to its clients upon request. Capital Advisors Group generally does not (a) identify, evaluate or pursue legal class action claims for securities held in client accounts or (b) file on its clients' behalf proofs of claim (including release of claims) to collect settlement proceeds in connection with securities class action settlements.

**Item 18: Financial Information**

Capital Advisors Group has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients, and it has not been the subject of a bankruptcy proceeding.