

Capital Advisors Ltd., LLC

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ADV Part 2A, Brochure

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Contact: Mark Ciulla, Chief Compliance Officer
20600 Chagrin Boulevard, 1115 Tower East
Shaker Heights, Ohio 44122
www.capitaladvisorsltd.com

This Brochure provides information about the qualifications and business practices of Capital Advisors, Ltd., LLC (“Capital Advisors”). If you have any questions about the contents of this Brochure, please contact us at (216) 295-7900 or mciulla@capitaladvisorsltd.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 Advisors, Ltd., LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Capital Advisors as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

Since our last Annual Amendment filing on November 11, 2022, we have not made any material changes to this Disclosure Brochure.

Although not material, Capital Advisors, Ltd has made disclosure changes at Item 4, 5, 12, and 15.

ANY QUESTIONS: Capital Advisors Ltd., LLC's Chief Compliance Officer, Mark Ciulla, remains available to address any questions regarding this Brochure.

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Item 4 Advisory Business

- A. Capital Advisors is a limited liability company formed on May 14, 1999 in the State of Ohio. Capital Advisors became registered as an Investment Adviser Firm in June 2010. Capital Advisors is principally owned by Mark Ciulla and Neil R. Waxman. Capital Advisors' Managing Directors are Patrick Hanratty, Mark Ciulla and Neil R. Waxman. Mr. Ciulla and Mr. Waxman are Capital Advisors' Managing Members.
- B. As discussed below, Capital Advisors offers investment advisory services to its clients, and, to the extent specifically requested by a client, financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can engage Capital Advisors to provide discretionary or non-discretionary investment advisory services on a fee basis as discussed at Item 5 below. Prior to engaging Capital Advisors to provide planning or consulting services, clients are required to enter into an Investment Advisory Agreement with Capital Advisors setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. To the extent specifically requested and engaged by an individual client, Capital Advisors will generally provide financial planning and consulting services. In the event that the client requires extraordinary planning or consulting services (to be determined in the sole discretion of Capital Advisors), Capital Advisors may determine to charge a client for these additional services under a stand-alone written agreement. For more information, see the sections on Limitations of Financial Planning and Non-Investment Consulting/Implementation Services below).

To begin the investment advisory process, an investment adviser representative will first determine each client's investment objectives and then invest or recommend that the client invest their assets consistent with their investment objectives. Once invested, Capital Advisors provides ongoing monitoring and review of account performance and asset allocation as compared to each client's investment objectives and may rebalance or may recommend that clients rebalance their accounts as necessary based on these reviews.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

Capital Advisors may also provide financial planning and/or consulting services on investment and non-investment related matters, including estate and insurance planning on a stand-alone basis per the terms and conditions of a separate written agreement and fee, the fee for which shall generally be based upon the individual providing the service and the scope of the services to be provided. Prior to engaging Capital Advisors to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with Capital Advisors setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Capital Advisors may recommend the services of other professionals for implementation purposes, including Capital Advisors' representatives in their individual capacities as registered representatives of a broker-dealer or licensed insurance agents. See the disclosure below and at Items 5.E. and 10.C. describing the conflicts of interest associated with these activities. Clients are ultimately responsible for determining whether to hire any third parties (e.g., attorneys, accountants, insurance agents), even if they hire a third party at the Registrant's recommendation. These

third parties are responsible for all services rendered. In the event of a dispute over a third party service provider's services, clients agree to seek recourse exclusively from the third party. Clients are responsible for promptly notifying Capital Advisors if there is ever any change in their financial situation or investment objectives so that Capital Advisors can review, and if necessary, revise its previous recommendations or services.

ERISA PLAN and INDIVIDUAL CLIENT RETIREMENT PLAN ENGAGEMENTS:

- **Trustee Directed Plans.** Capital Advisors may be engaged to provide investment advisory services to ERISA retirement plans, where Capital Advisors shall manage Plan assets consistent with the investment objective designated by the Plan trustees. In such engagements, Capital Advisors will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 ("ERISA"). Capital Advisors will generally provide services on an "assets under management" fee basis per the terms and conditions of an *Investment Advisory Agreement* between the Plan and Capital Advisors.
- **Client Retirement Plan Assets.** If requested to do so, Capital Advisors shall provide investment advisory services relative to the client's 401(k) plan assets. In such event, Capital Advisors shall recommend that the client allocate the retirement account assets among the investment options available on the 401(k) platform. Capital Advisors shall be limited to the allocation of the assets among the investment alternatives available through the plan. Registrant will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify Registrant of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account. Unless expressly indicated by the Registrant to the contrary, in writing, the client's 401(k) plan assets shall be included as assets under management for purposes of Registrant calculating its advisory fee.

MISCELLANEOUS

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. To the extent engaged by a client to do so, in writing, Capital Advisors will generally provide financial planning and related consulting services regarding non-investment related matters, such as estate, tax, and insurance planning. Capital Advisors will generally provide consulting services inclusive of its advisory fee set forth at Item 5 below, but may, depending upon the amount of assets under management and/or scope of the services to be provided, determine to charge a fee per the terms and conditions of a separate written agreement. Neither Capital Advisors, nor any of its representatives, serves as an attorney, and no portion of Capital Advisors' services should be construed as legal advice. Neither Capital Advisors, nor any of its representatives assist clients with implementing aspects of a financial plan, unless they have agreed to do so in writing. To the extent requested by a client, Capital Advisors may recommend the services of certain professionals to assist with implementing Capital Advisors' financial planning advice, including representatives of Capital Advisors in their separate capacities as registered representatives of Lincoln Investment and as licensed insurance agents (as discussed below at Items 5.E. and 10.C.). Clients are ultimately responsible for determining whether to hire any third parties (e.g., attorneys, accountants, insurance agents), even if they hire a third party at the Registrant's recommendation. These third parties are responsible for all services rendered. In the event of a dispute over a third party service provider's services, clients agree to seek recourse exclusively from the third party. The recommendation by a Capital Advisors representative that a client purchase a securities or insurance commission

product presents a conflict of interest, as the receipt of commissions provides an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products from any Firm representative. Clients are reminded that they may purchase securities and insurance products that may be recommended by Firm representatives through other, non-affiliated broker-dealers and/or insurance agents. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** Capital Advisors, shall be responsible for the quality and competency of the services provided. In addition, Capital Advisors does not monitor a client's financial plan, however, Capital Advisors believes it is important for the client to address financial planning issues on an ongoing basis. It is the client's responsibility to revisit the financial plan with Capital Advisors, if desired. Capital Advisors' Chief Compliance Officer, Mark Ciulla, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.

Financial Planning Consultations. Regardless of whether or not a client has specifically engaged Capital Advisors to provide financial planning services, all clients are encouraged to contact Capital Advisors if they have any questions regarding financial planning or related consulting issues.

Services as Investment Adviser Representatives of Lincoln Investment. Representatives of Capital Advisors are also investment adviser representatives of Lincoln Investment, an unaffiliated SEC registered investment adviser. These representatives can also provide services to clients in their separate individual capacities as investment adviser representatives of Lincoln Investment. In this event, the client will execute an engagement agreement with Lincoln Investment and receive Lincoln Investment's written disclosure Brochure as set forth on Parts 2A and 2B of Form ADV and Form CRS (Client Relationship Summary). Firm representatives generally provide services on behalf of Lincoln Investment for 401k plan engagements, and to allocate client assets to unaffiliated independent investment managers.

Cash Positions. Registrant continues to treat cash as an asset class. As such, unless determined to the contrary by Registrant, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Registrant's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), Registrant may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Registrant's advisory fee could exceed the interest paid by the client's money market fund. Capital Advisors' Chief Compliance Officer, Mark Ciulla, remains available to address any questions that a client or prospective client may have regarding cash positions.

Retirement Rollovers. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Capital Advisors recommends that a client roll over their retirement plan assets into an account to be managed by Capital Advisors, such a recommendation creates a conflict of interest if Capital Advisors will earn new (or increase its current) compensation as a result of the rollover. If Registrant provides a recommendation as to whether a client should

engage in a rollover or not, Registrant is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. **No client is under any obligation to roll over retirement plan assets to an account managed by Registrant, whether it is from an employer's plan or an existing IRA.**

Capital Advisors' Chief Compliance Officer, Mark Ciulla, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.

Use of Mutual Funds and ETFs. Capital Advisors utilizes mutual funds and exchange traded funds for its client portfolios. In addition to Capital Advisors' investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

Custodian Charges-Additional Fees. As discussed below at Items 5 and 12 below, when requested to recommend a broker-dealer/custodian for client accounts, Capital Advisors generally recommends that Pershing, LLC ("Pershing"), TD Ameritrade, Inc. ("TD Ameritrade") or Charles Schwab ("Schwab") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *TD Ameritrade, Pershing, and Schwab* charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian (while certain custodians do not currently charge fees on individual equity transactions [including ETFs], others do). Currently, *Pershing* charges transaction fees for ETFs (\$9.95 per transaction) utilized by Registrant, but *TD Ameritrade* or *Charles Schwab* do not. Although Capital Advisors is not a frequent trader, its primary investment vehicles for client accounts are ETFs. Thus, clients who utilize *Pershing* will incur transaction fees for ETF transactions that those at *TD Ameritrade* and *Schwab* do not incur (**Please Note:** there can be no assurance that either Pershing, TD Ameritrade or Schwab will not change their transaction fee pricing in the future). These fees/charges are in addition to Registrant's investment advisory fee at Item 5 below. Capital Advisors does not receive any portion of these fees/charges. **ANY QUESTIONS: Registrant's Chief Compliance Officer, Mark Ciulla, remains available to address any questions that a client or prospective client may have regarding the above, including the transaction fee differential at TD Ameritrade/Schwab vs. Pershing.**

Portfolio Activity. Capital Advisors has a fiduciary duty to provide services consistent with the client's best interest. Capital Advisors reviews accounts periodically and as necessary to determine if any changes are necessary based upon various factors, which may include, but are not limited to: investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, Capital Advisors may determine that changes to a client's portfolio are unnecessary. Clients are still subject to the fees described in Item 5 below, even during periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by the Registrant will be profitable or equal any specific performance level(s)

Non-Discretionary Service Limitations. Clients that determine to engage Capital Advisors on a non-discretionary investment advisory basis must be willing to accept that Capital Advisors cannot effect any account transactions without obtaining the client's consent. Thus, in the event that Registrant would like to make a transaction for a client's account, and client is unavailable, Registrant will be unable to effect the account transaction (as it would for its discretionary clients) without first obtaining the client's consent.

Client Obligations. In performing its services, Capital Advisors will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Capital Advisors if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Capital Advisors' previous recommendations and/or services.

ByAllAccounts. In conjunction with the services provided by ByAllAccounts, Inc., Capital Advisors may also provide periodic comprehensive reporting services, which can incorporate all of the client's investment assets including those investment assets that are not part of the assets managed by Capital Advisors (the "Excluded Assets"). Capital Advisors' service relative to the Excluded Assets is limited to reporting services only, which does not include investment implementation. Because Capital Advisors does not have trading authority for the Excluded Assets, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional), and not Capital Advisors, are exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. Unless also agreed to otherwise, in writing, Registrant does not provide investment management, monitoring or implementation services for the Excluded Assets. The client can engage Registrant to provide investment management services for the Excluded Assets pursuant to the terms and conditions of the *Investment Advisory Agreement* between Registrant and the client.

Cybersecurity Risk. The information technology systems and networks that Capital Advisors and its third-party service providers use to provide services to Capital Advisors' clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Capital Advisors' operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Capital Advisors are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Capital Advisors has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that Capital Advisors does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions

Disclosure Brochure. A copy of the Capital Advisors' written Privacy Notice, written Disclosure Brochure as set forth in this Part 2A and 2B of Form ADV and Form CRS (Client Relationship Summary) shall be provided to each client prior to, or contemporaneously with, the execution of an agreement with Capital Advisors.

- C. Capital Advisors provides investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Capital Advisors will invest or recommend that the client invest their assets consistent with their investment objectives. The client may impose reasonable restrictions, in writing, on Capital Advisors' services.
- D. Capital Advisors does not participate in a wrap fee program.
- E. As of December 31, 2022, Capital Advisors had \$956,243,915 in assets under management on a discretionary basis and \$521,493 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage Capital Advisors to provide discretionary or non-discretionary investment advisory services on a fee basis. Capital Advisors fees are generally negotiable and described in greater detail below.

INVESTMENT ADVISORY SERVICES

Capital Advisors' annual investment advisory fees vary (up to 1.25% of the total assets placed under Capital Advisors' management/advisement). Capital Advisors policy is to treat intra-quarter account additions and withdrawals equally and Capital Advisors will adjust client fees for intra-quarter inflows and outflows of \$1000 and above. Capital Advisors shall generally price its advisory services based upon various objective and subjective factors. As a result, our clients could pay diverse fees based upon the type, amount and market value of their assets, the anticipated complexity of the engagement, the anticipated level and scope of the overall investment advisory services to be rendered. Additional factors affecting pricing can include related accounts, employee accounts, competition, and negotiations. As a result of these factors, similarly situated clients could pay diverse fees, and the services to be provided by Capital Advisors to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. Capital Advisors' Chief Compliance Officer, Mark Ciulla, remains available to address any questions that a client or prospective client may have regarding advisory fees.

Capital Advisors does not generally require an annual minimum fee or asset level for investment advisory services. As referenced on a separate disclosure received by each client from Lincoln Investment, Lincoln Investment assesses a \$100 annual minimum fee for every client account maintained at Pershing that is managed by Capital Advisors. Capital Advisors does not receive any portion of this annual minimum fee. Lincoln Investment does not assess an annual minimum fee for client accounts maintained at TD Ameritrade or Schwab that are managed by Capital Advisors. Clients should be guided accordingly in determining where to open or maintain their accounts.

To the extent specifically requested and engaged by an individual client, Capital Advisors will generally provide financial planning and consulting services. In the event that the client requires extraordinary planning or consultation services (to be determined in the sole discretion of Capital Advisors), Capital Advisors may determine to charge a client for these additional services pursuant to a stand-alone written agreement, which are described in the following paragraph.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, Capital Advisors may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Capital Advisors' planning and consulting fees are negotiable, but generally range from \$5,000 to \$15,000 on a fixed fee basis, and from \$200 to \$400 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have Capital Advisors' advisory fees deducted from their custodial account. Both Capital Advisors' Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Capital Advisors' investment advisory fee and to directly remit that management fee to Capital Advisors in compliance with regulatory procedures. In the limited event that Capital Advisors bills the client directly, payment is due upon receipt of Capital Advisors' invoice. Capital Advisors deducts fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter. Capital Advisors adjusts its fee for individual contributions and withdrawals greater than or equal to \$1,000 during a quarter and applies that adjustment in the following quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Capital Advisors generally recommends that Pershing, TD Ameritrade, or Schwab serve as the custodian for client investment management assets. Each custodian is also responsible for effecting transactions in accounts maintained with them and charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity transactions, and mark-ups and mark-downs are charged for fixed income transactions). In addition, client accounts may invest in open-end mutual funds (including money market funds) and ETFs that have various internal fees and expenses (i.e. management fees), which are paid by these funds but ultimately borne by clients as a fund shareholder. These internal fees and expenses are in addition to the fees charged by Capital Advisors. Client assets can be invested in a share class of a mutual fund with internal fees and expenses that are higher than one or more other available share classes of the fund.
- D. Capital Advisors' annual investment advisory fee is prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter and is based upon the custodial valuation of the client's account. Capital advisors' policy is to treat intra-quarter account additions and withdrawals of \$1,000 or more equally unless indicated to the contrary on the Investment Advisory Agreement executed by the client. Capital Advisors does not generally require an annual minimum fee or asset level for investment advisory services. Capital Advisors, in its sole discretion, may reduce its investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related

accounts, account composition, negotiations with client, etc.).

The Investment Advisory Agreement between Capital Advisors and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, Capital Advisors refunds the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage Capital Advisors' representatives, in their individual capacities, as registered representatives of Lincoln Investment, an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through Lincoln Investment, Lincoln Investment will charge brokerage commissions to effect securities transactions, a portion of which commissions Lincoln Investment pays to Capital Advisors' representatives, as applicable. The brokerage commissions charged by Lincoln Investment may be higher or lower than those charged by other broker-dealers. In addition, Lincoln Investment, as well as Capital Advisors' representatives, relative to commission mutual fund purchases, may also receive Rule 12b-1 fees directly from the mutual fund company during the period that the client maintains the mutual fund investment. Capital Advisors' representatives do not collect Rule 12b-1 fees on assets held in investment advisory accounts managed by Capital Advisors. Clients remain responsible for determining whether an advisory account or brokerage account is most appropriate for them.
1. The recommendation that a client purchase a commission product from Capital Advisors' representatives presents a conflict of interest, as the receipt of commissions provides an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Capital Advisors' representatives. Capital Advisors' Chief Compliance Officer, Mark Ciulla, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.
 2. Clients may purchase commission-based securities recommended by Capital Advisors through other, non-affiliated broker dealers or agents.
 3. Capital Advisors does not receive more than 15% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products Capital Advisors recommends to its clients through Lincoln Investment.
 4. When Capital Advisors' representatives sell an investment product on a commission basis, Capital Advisors does not charge an advisory fee in addition to the commissions paid by the client. When providing services on an advisory fee basis, Capital Advisors' representatives do not also receive commission compensation. However, a client may engage Capital Advisors to provide investment management services on an advisory fee basis and separate from these advisory services purchase an investment product from Capital Advisors' representatives on a commission basis.

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

Capital Advisors is not a party to any performance or incentive-related compensation arrangements with its clients.

Item 7 Types of Clients

Capital Advisors' clients generally include individuals, high net worth individuals, business entities, trusts, estates, pension and profit sharing plans and charitable organizations.

Capital Advisors generally does not impose a minimum asset requirement or minimum asset fee for its services. However, Capital Advisors, shall generally price its advisory services based upon various objective and subjective factors. As a result, our clients could pay diverse fees based upon the type, amount and market value of their assets, the anticipated complexity of the engagement, the anticipated level and scope of the overall investment advisory services to be rendered. Additional factors affecting pricing can include related accounts, employee accounts, competition, and negotiations. As a result of these factors, similarly situated clients could pay diverse fees, and the services to be provided by Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, Mark Ciulla, remains available to address any questions regarding advisory fees.

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

A. Capital Advisors may use the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

Capital Advisors may use the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

As of the date of this Brochure, Capital Advisors clients are not invested in options, although Capital Advisors may recommend the use of options for clients in the future.

Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or

undertaken by Capital Advisors) will be profitable or equal any specific performance level(s).

- B. Capital Advisors' methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis Capital Advisors must have access to current/new market information. Capital Advisors has no control over the dissemination rate of market information; therefore, unbeknownst to Capital Advisors, certain analyses may be compiled with outdated market information, severely limiting the value of Capital Advisors' analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Capital Advisors' primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy. In addition to the fundamental investment strategies discussed above, Capital Advisors may also implement and/or recommend - short selling, use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk. (See discussion below).

Margin Transactions. Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. To the extent that a client authorizes the use of margin, and margin is thereafter employed by Capital Advisors in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Capital Advisors may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest where the client's decision to employ margin can increase the management fee payable to Capital Advisors. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

Options Strategies. The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by Capital Advisors will be with the intent of offsetting or "hedging" a potential market risk in a client's portfolio. Although the intent of the options-related transactions that may be implemented by Capital

Advisors is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with these strategies. In light of these enhanced risks, client may direct Capital Advisors, in writing, not to employ any or all strategies for their accounts.

- C. Currently, Capital Advisors primarily invests client assets using mutual funds, exchange traded funds, individual equities, individual bonds, bond funds, and publicly traded real estate investment trusts on a discretionary and non-discretionary basis in accordance with the client's investment objectives.

Mutual Fund Risk. Mutual funds are operated by investment companies that raise money from shareholders and invests it in stocks, bonds, and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Mutual funds that are sold through brokers are called load funds, and those sold to investors directly from the fund companies are called no-load funds. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

Exchange Traded Fund Risk. ETFs are marketable securities that are designed to track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: (i) the price of an ETF may or may not fluctuate with the price of the underlying securities that make up the fund; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

Item 9 Disciplinary Information

Capital Advisors has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. **Registered Representative of Lincoln Investment.** As disclosed above in Item 5.E, Capital Advisors' representatives are also registered representatives of Lincoln Investment, an SEC registered and FINRA member broker-dealer.

- B. Neither Capital Advisors, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Broker Dealer.** As disclosed above in Item 5.E, Capital Advisors' representatives are registered representatives of Lincoln Investment, an SEC Registered and FINRA member broker-dealer. Clients can choose to engage Capital Advisors' representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.

Licensed Insurance Agents. Certain of Capital Advisors' representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Capital Advisors' representatives to purchase insurance products on a commission basis.

The recommendation by Capital Advisors' representatives that a client purchase a securities or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Capital Advisors' representatives. Clients are reminded that they may purchase securities or insurance products recommended by Capital Advisors through other, non-affiliated broker-dealers or insurance agents. Capital Advisors' Chief Compliance Officer, Mark Ciulla, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.

- D. Capital Advisors does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Capital Advisors maintains an investment policy relative to personal securities transactions. This investment policy is part of Capital Advisors' overall Code of Ethics, which serves to establish a standard of business conduct for all of Capital Advisors' representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Capital Advisors also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Capital Advisors or any person associated with Capital Advisors.

- B. Neither Capital Advisors nor any related person of Capital Advisors recommends, buys, or sells for client accounts, securities in which Capital Advisors or any related person of Capital Advisors has a material financial interest.
- C. Capital Advisors and/or representatives of Capital Advisors may buy or sell securities that are also recommended to clients. This practice may create a situation where Capital Advisors and/or representatives of Capital Advisors are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of

interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Capital Advisors did not have adequate policies in place to detect these activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of Capital Advisors’ clients) and other potentially abusive practices.

Capital Advisors has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Capital Advisors’ “Access Persons”. Capital Advisors’ securities transaction policy requires that an Access Person of Capital Advisors must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date Capital Advisors selects.

- D. Capital Advisors and/or representatives of Capital Advisors may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Capital Advisors and/or representatives of Capital Advisors are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C, Capital Advisors has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Capital Advisors’ Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that Capital Advisors recommend a broker-dealer/custodian for execution and/or custodial services (excluding those clients that may direct Capital Advisors to use a specific broker-dealer/custodian), Capital Advisors generally recommends that investment management accounts be maintained at Pershing, TD Ameritrade or Schwab. Lincoln Investment may introduce client accounts at Pershing where representatives of Capital Advisors are also investment adviser representatives.

Prior to engaging Capital Advisors to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Capital Advisors setting forth the terms and conditions under which Capital Advisors will manage the client’s assets, and a separate custodial/clearing agreement with Pershing, TD Ameritrade or Schwab.

Factors that Capital Advisors considers in recommending a broker-dealer/custodian include the broker-dealer/custodian’s financial strength, reputation, execution capabilities, pricing, research, and service. Each custodian or broker-dealer can charge transaction fees for effecting certain securities transactions. Clients remain responsible for determining whether a custodian is appropriate for their accounts. While Capital Advisors and its representatives may recommend an account custodian for clients, the ultimate decision on where a client opens an account remains with the client.

To the extent that a transaction fee is payable, Registrant shall have a duty to obtain best execution for such transaction. However, that does not mean that the client will not pay a

transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Registrant determines, in good faith, that the transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, transaction rates, and responsiveness. Accordingly, although Capital Advisors will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions.

1. Non-Soft Dollar Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Capital Advisors can receive from Pershing, TD Ameritrade, Schwab or Lincoln Investment (or another broker-dealer/custodian, investment manager, platform sponsor, mutual fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Capital Advisors to better monitor and service client accounts maintained at such institutions.

Capital Advisors' clients do not pay more for investment transactions effected and/or assets maintained at Pershing, TD Ameritrade, Schwab or Lincoln Investment as the result of this arrangement. There is no corresponding commitment made by Capital Advisors to Pershing, TD Ameritrade, Schwab, Lincoln Investment, or any other any entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

Capital Advisors' Chief Compliance Officer, Mark Ciulla, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interests presented by such arrangements.

2. Capital Advisors does not receive referrals from broker-dealers.
3. Capital Advisors does not generally accept directed brokerage arrangements (when a client requires that account transactions be executed through a specific broker-dealer). Capital Advisors recommends that its clients utilize the brokerage and custodial services provided by Pershing, TD Ameritrade and Schwab. Capital Advisors In client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Capital Advisors will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Capital Advisors. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Capital Advisors to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be

available through Capital Advisors. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts. Capital Advisors' Chief Compliance Officer, Mark Ciulla, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. Transactions for each client account generally will be effected independently unless Capital Advisors decides to purchase or sell the same securities for several clients at approximately the same time. Capital Advisors may (but is not obligated to) combine or "batch" such orders for individual equity transactions (including ETFs) with the intention to obtain better price execution, to negotiate more favorable commission rates, or to allocate more equitably among the Capital Advisors' clients' differences in prices and commissions or other transaction costs that might have occurred had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. In the event that Capital Advisors becomes aware that a Firm employee seeks to trade in the same security on the same day, the employee transaction will either be included in the "batch" transaction or transacted after all discretionary client transactions have been completed. Capital Advisors shall not receive any additional compensation or remuneration as the result of such aggregation..
- C. Depending on your selection of Pershing, TD Ameritrade or Schwab as custodian for your account, you may experience differences in transaction timing, the availability of sweep account vehicles and money market funds, account fees and expenses, customer services, and other aspects of investing. We disclose this information to clients so that they are aware of the difference and can select a custodian that is best for them. The decision on which approved custodian is chosen to open, maintain or transfer a client account, ultimately rests with the client whether one of our advisors recommends one of them or not. Generally, we believe that each approved custodian remains an appropriate choice for where clients hold their accounts but believe that TD Ameritrade or Schwab may be less expensive due to account fees and transaction fees imposed by Pershing. Conversely, there are some transaction fees at Pershing which are less expensive than TD Ameritrade and Schwab.

Item 13 Review of Accounts

- A. For those clients to whom Capital Advisors provides investment supervisory services, account reviews are conducted by Capital Advisors' Principals and/or representatives from time to time. All investment supervisory clients are advised that it remains their responsibility to advise Capital Advisors of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Capital Advisors on an annual basis.
- B. Capital Advisors may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Capital Advisors may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, Capital Advisors can receive discounted or free benefits from Pershing, TD Ameritrade and Schwab including support services and products.
- B. Capital Advisors engages promoters to introduce new prospective clients to the Capital Advisors consistent with the Investment Advisers Act of 1940, its corresponding rules, and applicable state regulatory requirements. If the prospect subsequently engages Capital Advisors, the promoter shall generally be compensated by Capital Advisors for the introduction. Because the promoter has an economic incentive to introduce the prospect to the Capital Advisors, a conflict of interest is presented. The promoter's introduction shall not result in the prospect's payment of a higher investment advisory fee to the Capital Advisors (i.e., if the prospect was to engage Capital Advisors independent of the promoter's introduction). The promoter, at the time of the introduction, shall usually provide the prospective client with a written disclosure statement containing the terms and conditions of the promoter arrangement with Capital Advisors including compensation, together with a copy of: (1) Capital Advisors' written disclosure Brochure; and, (2) Form CRS (if the prospect is a retail client).

Item 15 Custody

Capital Advisors generally has the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Capital Advisors may also provide a written periodic report summarizing account activity and performance.

To the extent that Capital Advisors provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Capital Advisors with the account statements received from the account custodian. The account custodian does not verify the accuracy of Capital Advisors' advisory fee calculation.

In addition, Capital Advisors and/or certain of its members engage in other services and/or practices (i.e., bill paying, password possession, trustee service, etc.) requiring disclosure at Item 9 of Part 1 of Form ADV. These services and practices result in Capital Advisors having custody under Rule 206(4)-2 of the Advisers Act. Per the Rule, having such custody requires Capital Advisors to undergo an annual surprise CPA examination, and make a corresponding Form ADV-E filing with the SEC, for as long as Capital Advisors provides such services and/or engages in such practices.

Capital Advisors' Chief Compliance Officer, Mark Ciulla, remains available to address any questions that a client or prospective client may have regarding custody-related issues.

Item 16 Investment Discretion

The client can determine to engage Capital Advisors to provide investment advisory services on a discretionary basis. Prior to Capital Advisors assuming discretionary

authority over a client's account, the client will be required to execute an Investment Advisory Agreement. Clients who engage Capital Advisors on a discretionary basis may, at any time, impose restrictions, in writing, on Capital Advisors' discretionary authority, (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Registrant's use of margin, etc.).

Item 17 Voting Client Securities

- A. Capital Advisors does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client will be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Capital Advisors will not be responsible and each client has the right and responsibility to take any actions with respect to legal proceedings, including without limitation, bankruptcies and shareholder litigation

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Capital Advisors to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. Capital Advisors does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Capital Advisors is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Capital Advisors has not been the subject of a bankruptcy petition.

ANY QUESTIONS: Capital Advisors' Chief Compliance Officer, Mark Ciulla, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.