

**FORM ADV PART 2A  
DISCLOSURE BROCHURE**



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This brochure provides information about the qualifications and business practices of Capital Portfolio Advisors, Inc.. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 937-299-9111. 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 Portfolio Advisors, Inc. (CRD #119708) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**MARCH 3, 2020**

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

This update is in accordance with the required annual update for Registered Investment Advisors. Since the last filing of this brochure on May 14, 2019, the following material changes have been made:

- Item 4 has been updated to disclose our most recent calculation for client assets under management.
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### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

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## **Item 4: Advisory Business**

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### **Firm Description**

Capital Portfolio Advisors, Inc. ("CPAI") was formed in 2001 and has been registered to provide investment advisory services since 2003. Dennis Delphenich is 100% owner.

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### **Types of Advisory Services**

#### ASSET MANAGEMENT

CPAI offers discretionary asset management services to advisory Clients. CPAI will offer Clients ongoing asset management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The Client will authorize CPAI discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

CPAI provides tactical asset allocation for their Client accounts that wish to utilize this service. CPAI's Tactical Asset Allocation involves making occasional shifts in the allocation of a portfolio response to market conditions. These shifts are not as drastic as all-in-or-all-out style typical with market timing or as frequent as day-trading.

#### VARIABLE ANNUITY AND VARIABLE LIFE MANAGEMENT

CPAI offers discretionary direct asset management services to advisory Clients on their variable annuities and variable life products. CPAI will work with individuals to assemble an appropriate portfolio of investment options as provided through the insurance company that services variable annuity investment. The accounts will be monitored on an annual basis.

#### FINANCIAL PLANNING AND CONSULTING

CPAI does not specifically charge for financial planning services for investment management Clients. For Clients wanting financial planning only without investment management, CPAI charges a fixed fee dependent on the scope and complexity. If financial planning services are applicable, a thorough review of all applicable topics including but not limited to, Wills, Estate Plans and Trusts, Investments, Taxes, Qualified Plans, Insurance, Retirement Income, Social Security, and College Planning will be reviewed. If a conflict of interest exists between the interests of CPAI and the interests of the Client, the Client is under no obligation to act upon CPAI's recommendation. If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through CPAI. Financial plans will be completed and delivered inside of sixty (60) days contingent upon timely delivery of all required documentation.

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**Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each Client are documented in our Client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written Client consent.

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**Wrap Fee Programs**

CPAI does not sponsor any wrap fee programs.

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**Client Assets under Management**

As of December 31, 2019, CPAI had \$61,224,647 in discretionary Client assets under management and no non-discretionary assets under management.

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**Item 5: Fees and Compensation**

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**Method of Compensation and Fee Schedule****ASSET MANAGEMENT**

CPAI offers discretionary direct asset management services to advisory Clients. CPAI charges an annual investment advisory fee based on the total assets under management as follows:

Assets Under Management	Annual Advisory Fee	Quarterly Advisory Fee
First \$500,000	1.00%	0.2500%
Next \$500,000	0.85%	0.2125%
Next \$1,000,000	0.70%	0.1750%
Next \$3,000,000	0.50%	0.1250%
Next \$5,000,000	0.40%	0.1000%
Over \$10,000,000	0.35%	0.0875%

This is a blended fee schedule, the asset management fee is calculated by applying different rates to different portions of the portfolio.

For example, a Client with \$1,000,000 under management would pay \$9,250 on an annual basis.

First \$500,000 x .01 = \$5,000

Next \$500,000 x .0085= \$4,250

The quarterly fee will be calculated by taking the annual fee multiplied by the number of days in the quarter and divided by the number of days in the year.

The annual fee may be negotiable based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets,

dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.). Accounts within the same household may be combined for a reduced fee. Fees are billed quarterly in advance based on the amount of assets managed as of the close of business on the last business day of the previous quarter. If margin is utilized, the fees will be billed based on the gross asset value of the account. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without penalty. Clients may terminate advisory services with thirty (30) days written notice. For accounts opened or closed mid-billing period, unearned fees will be refunded to the Client based on the number of days service was not provided in the final quarter. Refunds will only be paid if the fee exceeds \$10. CPAI also does not bill a new account pro-rata for a partial quarter if the bill is less than \$10. Client shall be given thirty (30) days prior written notice of any increase in fees. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs.

**VARIABLE ANNUITY AND VARIABLE LIFE MANAGEMENT**

The fees for these services will be based on a percentage of Assets Under Management as follows:

Assets Under Management	Annual Advisory Fee	Quarterly Advisory Fee
First \$500,000	1.00%	0.2500%
Next \$500,000	0.85%	0.2125%
Next \$1,000,000	0.70%	0.1750%
Next \$3,000,000	0.50%	0.1250%
Next \$5,000,000	0.40%	0.1000%
Over \$10,000,000	0.35%	0.0875%

This is a blended fee schedule, the asset management fee is calculated by applying different rates to different portions of the portfolio.

For example, a Client with \$1,000,000 under management would pay \$9,000 on an annual basis.

First \$500,000 x .01 = \$5,000

Next \$500,000 x .0085= \$4,250

The quarterly fee will be calculated by taking the annual fee multiplied by the number of days in the quarter and divided by the number of days in the year.

Fees will be disclosed prior to Client signing the Investment Advisory Agreement.

CPAI’s fees are billed quarterly in advance based on the amount of assets managed as of the close of business on the last business day of the previous quarter. Quarterly advisory fees will be paid in the following ways:



- Deducting from Client's account

For Clients under age of 59 ½:

- Deducted from a non-qualified Client's account held with CPAI
- Direct billing to the Client payable within 10 days of invoice presentation

The annual fee may be negotiable based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.). Accounts within the same household may be combined for a reduced fee. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without penalty. Clients may terminate advisory services with thirty (30) days written notice. Client will be entitled to a pro rata refund for the days service was not provided in the final billing period. Client shall be given thirty (30) days prior written notice of any increase in fees, and Client will acknowledge, in writing, any agreement of increase in said fees.

#### FINANCIAL PLANNING AND CONSULTING

##### One Time Individual Consulting and Financial Planning

CPAI charges a fixed fee for financial planning. Prior to the planning process the Client will be provided an estimated plan fee. Services are completed and delivered inside of sixty (60) days contingent upon timely delivery of all required documentation. Client may cancel within five (5) business days of signing Agreement with no obligation and without penalty. If the Client cancels after five (5) business days, any unearned fees will be refunded to the Client, or any unpaid earned fees will be due to CPAI. CPAI reserves the right to waive the fee should the Client implement the plan through CPAI.

##### FIXED FEES

Financial Planning Services are offered based on a flat fee between \$250 and \$1,000.

Fees for financial plans are:

Billed 50% in advance with the balance due upon plan delivery.

##### Ongoing Financial Planning and Consulting Services

CPAI charges a fixed fee for these services. Prior to the planning process the Client will be provided a plan fee. Client may cancel within five (5) business days of signing Agreement with no obligation and without penalty. If the Client cancels after five (5) business days, any unpaid earned fees will be due to CPAI.

##### FIXED FEES

Financial Planning Services are offered based on a flat fee between \$250 and \$1,000.

Fees for financial plans are billed quarterly in arrears. Ongoing services will remain in effect year over year unless cancelled in writing by either party by giving the other party

thirty (30) days written notice. Client may terminate the Agreement within five (5) business days with no obligation and without penalty.

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### **Client Payment of Fees**

Investment management fees are billed quarterly in advance, meaning that we invoice you before the billing period. Fees are usually deducted from a designated Client account to facilitate billing. The Client must consent in advance to direct debiting of their investment account.

Fees for financial plans are:

Billed 50% in advance with the balance due upon plan delivery.

Fees for ongoing financial planning services are:

Billed quarterly in arrears.

CPAI, in its sole discretion, may charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.).

Clients pay the TPM's investment advisory fees. Prior to signing an investment advisory agreement, the method of payment will be disclosed in the TPM's Form ADV Part 2.

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### **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include mutual fund transaction fees, postage and handling, margin interest and miscellaneous fees.

For more details on the brokerage practices, see Item 12 of this brochure.

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### **Prepayment of Client Fees**

Fees for financial plans are billed 50% in advance with the balance due upon plan delivery.

Investment management fees are billed quarterly in advance.

If the Client cancels after five (5) business days, any unearned fees will be refunded to the Client, or any unpaid earned fees will be due to CPAI.

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### **External Compensation for the Sale of Securities to Clients**

CPAI does not receive any external compensation for the sale of securities to Clients, nor do any of the investment advisor representatives of CPAI.

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

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

CPAI does not use a performance-based fee structure because of the conflict of interest. Performance based compensation may create an incentive for CPAI to recommend an investment that may carry a higher degree of risk to the Client.

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

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### **Description**

CPAI generally provides investment advice to individuals, high net worth individuals and corporations.

Client relationships vary in scope and length of service.

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### **Account Minimums**

CPAI does not require a minimum to open an account, but TPM's used by CPAI may require minimums to open an account.

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

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### **Methods of Analysis**

Security analysis methods may include fundamental analysis, technical analysis and charting. Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

TPMs utilized by CPAI may use various methods of analysis to determine the proper strategy for the client referred and these will be disclosed in the TPM's Form ADV Part 2. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns. Other strategies utilized by TPMs may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

In developing a financial plan for a Client, CPAI's analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the Client's specific situation.

The main sources of information include financial newspapers and magazines, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

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### **Investment Strategy**

The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time by providing written notice to CPAI. Each Client executes a Client profile form or similar form that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases and trading.

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### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with CPAI:

- *Market Risk:* The prices of securities held by mutual funds in which Clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by a fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Management Risk:* The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a

specific asset class or fund are not realized in the expected time frame, the overall performance of the Client's portfolio may suffer.

- *Equity Risk:* Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the Client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
- *Fixed Income Risk:* The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by a fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.
- *Investment Companies Risk:* When a Client invests in open end mutual funds or ETFs, the Client indirectly bears their proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses, which may be duplicative. 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). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value or (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Adviser has no control over the risks taken by the underlying funds in which Client invests.
- *Foreign Securities Risk:* Funds in which Clients invest may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

- *Long-term purchases:* Long-term investments are those vehicles purchased with the intension of being held for more than one year. Typically the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.
- *Short-term purchases:* Short-term investments are typically held for one year or less. Generally there is not a high expectation for a return or an increase in value. Typically, short-term investments are purchased for the relatively greater degree of principal protection they are designed to provide. Short-term investment vehicles may be subject to purchasing power risk — the risk that your investment’s return will not keep up with inflation.
- *Trading risk:* Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.
- *Trading on Margin:* In a cash account, the risk is limited to the amount of money that has been invested. In a margin account, risk includes the amount of money invested plus the amount that has been loaned. As market conditions fluctuate, the value of marginable securities will also fluctuate, causing a change in the overall account balance and debt ratio. As a result, if the value of the securities held in a margin account depreciates, the Client will be required to deposit additional cash or make full payment of the margin loan to bring account back up to maintenance levels. Clients who cannot comply with such a margin call may be sold out or bought in by the brokerage firm.
- *Equity Linked CD Risk:* Penalties may apply to early withdrawals. Fair market value of CD’s when sold in the secondary market may be worth more or less than face value. May or may not be FDIC insured. Returns are not based solely on market returns, as there may be a maximum rate of interest the CD will earn. May be taxed on income earned, but interest isn’t accrued (received) until the CD matures. Many CDs may have “call” features, allowing the bank to close the contract early with no penalty, paying back principle and any accrued interest.

The risks associated with utilizing TPM’s include:

- Manager Risk
  - TPM fails to execute the stated investment strategy
- Business Risk
  - TPM has financial or regulatory problems
- The specific risks associated with the portfolios of the TPM’s which is disclosed in the TPM’s Form ADV Part 2.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

CPAI and its management have not been involved in any criminal or civil action.

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### **Administrative Enforcement Proceedings**

CPAI and its management have not been involved in administrative enforcement proceedings.

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### **Self-Regulatory Organization Enforcement Proceedings**

CPAI and its management have not been involved in legal or disciplinary events that are material to a Client's or prospective Client's evaluation of CPAI or the integrity of its management.

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

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### **Broker-Dealer or Representative Registration**

CPAI is not registered as a broker-dealer and no affiliated representatives of CPAI are registered representatives of a broker-dealer.

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### **Futures or Commodity Registration**

Neither CPAI nor its affiliated representatives are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

President Dennis Delphenich has a financial affiliated business as an insurance agent with Capital Portfolio Insurance Brokerage, LLC. Approximately 10% of his time is spent on this activity. He will offer Clients services from this activity. As an insurance agent, he may receive separate yet typical compensation.

This practice represents a conflict of interest because it gives an incentive to recommend products based on the commission amount received. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to place the best interest of the Client first and the Clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

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### **Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

CPAI does not select or recommend other investment advisors.

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

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### **Code of Ethics Description**

The affiliated persons (affiliated persons include employees and/or independent contractors) of CPAI have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of CPAI affiliated persons and addresses

conflicts that may arise. The Code defines acceptable behavior for affiliated persons of CPAI. The Code reflects CPAI and its supervised persons' responsibility to act in the best interest of their Client.

One area which the Code addresses is when affiliated persons buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any affiliated persons to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

CPAI's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other affiliated person, officer or director of CPAI may recommend any transaction in a security or its derivative to advisory Clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

CPAI's Code is based on the guiding principle that the interests of the Client are our top priority. CPAI's officers, directors, advisors, and other affiliated persons have a fiduciary duty to our Clients and must diligently perform that duty to maintain the complete trust and confidence of our Clients. When a conflict arises, it is our obligation to put the Client's interests over the interests of either affiliated persons or the company.

The Code applies to "access" persons. "Access" persons are affiliated persons who have access to non-public information regarding any Clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

CPAI will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

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### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

CPAI and its affiliated persons do not recommend to Clients securities in which we have a material financial interest.

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### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

CPAI and its affiliated persons may buy or sell securities that are also held by Clients. In order to mitigate conflicts of interest such as trading ahead of Client transactions, affiliated persons are required to disclose all reportable securities transactions as well as provide CPAI with copies of their brokerage statements.

The Chief Compliance Officer of CPAI is Dennis Delphenich. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.



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**Client Securities Recommendations or Trades and Concurrent Advisory Firm  
Securities Transactions and Conflicts of Interest**

CPAI does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, affiliated persons may buy or sell securities at the same time they buy or sell securities for Clients. In order to mitigate conflicts of interest such as front running, affiliated persons are required to disclose all reportable securities transactions as well as provide CPAI with copies of their brokerage statements.

The Chief Compliance Officer of CPAI is Dennis Delphenich. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

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**Item 12: Brokerage Practices****Factors Used to Select Broker-Dealers for Client Transactions**

CPAI may recommend the use of a particular broker-dealer such as TD Ameritrade Institutional is a Division of TD Ameritrade, Inc., Member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member or may utilize a broker-dealer of the Client's choosing. CPAI will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. CPAI relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by CPAI.

CPAI participates in the TD Ameritrade Institutional program. TD Ameritrade is an independent SEC-registered broker-dealer and is not affiliated with CPAI. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. CPAI receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14)

- *Directed Brokerage*  
CPAI does not allow directed brokerage accounts.
- *Best Execution*  
Investment advisors who manage or supervise Client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is affected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

- *Soft Dollar Arrangements*

The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by CPAI from or through a broker-dealer in exchange for directing Client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, CPAI receives economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of CPAI. These benefits include both proprietary research from the broker and other research written by third parties.

A conflict of interest exists when CPAI receives soft dollars. This conflict is mitigated by the fact that CPAI has a fiduciary responsibility to act in the best interest of its Clients and the services received are beneficial to all Clients.

CPAI utilizes the services of custodial broker dealers. Economic benefits are received by CPAI which would not be received if CPAI did not give investment advice to Clients. These benefits include: A dedicated trading desk, a dedicated service group and an account services manager dedicated to CPAI's accounts, ability to conduct "block" Client trades, electronic download of trades, balances and positions, duplicate and batched Client statements, and the ability to have advisory fees directly deducted from Client accounts.

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### **Aggregating Securities Transactions for Client Accounts**

CPAI is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of CPAI. All Clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

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

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### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by the Chief Compliance Officer of CPAI. Account reviews are performed more frequently when market conditions dictate. Financial plans generated are updated as requested by the Client and pursuant to a new or amended agreement, CPAI suggests updating at least annually.

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### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of Clients' accounts are changes in the tax laws, new investment information, and changes in a Client's own situation.

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### **Content of Client Provided Reports and Frequency**

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by CPAI's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in

which a transaction occurs. Performance reports will be provided by CPAI on an ad hoc basis to Clients with assets under management.

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

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### **Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

As disclosed under Item 12 above, CPAI participates in TD Ameritrade's institutional customer program and CPAI may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between CPAI's participation in the program and the investment advice it gives to its Clients, although CPAI receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving CPAI participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to CPAI by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by CPAI's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit CPAI but may not benefit its Client accounts. These products or services may assist CPAI in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help CPAI manage and further develop its business enterprise. The benefits received by CPAI or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to Clients, CPAI endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by CPAI or its related persons in and of itself creates a conflict of interest and may indirectly influence the CPAI's choice of TD Ameritrade for custody and brokerage services.

CPAI receives a portion of the annual management fees collected by the TPM(s) to whom CPAI refers Clients.

This situation creates a conflict of interest because CPAI and/or its Investment Advisor Representative have an incentive to decide what TPMs to use because of the higher solicitor fees to be received by CPAI. However, when referring Clients to a TPM, the Client's best interest will be the main determining factor of CPAI.

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### **Advisory Firm Payments for Client Referrals**

CPAI does not compensate for Client referrals.

## **Item 15: Custody**

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### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to any documentation or reports prepared by CPAI.

CPAI is deemed to have constructive custody solely because advisory fees are directly deducted from Client's accounts by the custodian on behalf of CPAI.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

CPAI requires discretionary authority to manage securities accounts on behalf of Clients. CPAI has the authority to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

CPAI allows Client's to place certain restrictions, as outlined in the Client's Investment Policy Statement or similar document. Such restrictions could include only allowing purchases of socially conscious investments. These restrictions must be provided to CPAI in writing.

The Client approves the custodian to be used and the commission rates paid to the custodian. CPAI does not receive any portion of the transaction fees or commissions paid by the Client to the custodian.

## **Item 17: Voting Client Securities**

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### **Proxy Votes**

CPAI does not vote proxies on securities. Clients are expected to vote their own proxies. The Client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, CPAI will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required to be provided because CPAI does not serve as a custodian for Client funds or securities and CPAI does not require prepayment of fees of more than \$500 per Client and six months or more in advance.

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**Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

CPAI has no condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients.

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**Bankruptcy Petitions during the Past Ten Years**

CPAI has not had any bankruptcy petitions in the last ten years.

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**Item 19: Requirements for State Registered Advisors**

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**Principal Executive Officers and Management Persons**

The education and business background for all management and supervised persons can be found in the Part 2B of this Brochure.

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**Outside Business Activities**

The outside business activities for all management and supervised persons can be found in the Part 2B of this Brochure.

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**Performance Based Fee Description**

Neither CPAI nor its management receive performance based fees. Please see Item 6 of the ADV 2A for more information.

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**Material Disciplinary Disclosures for Management Persons of the Firm**

1. Neither CPAI nor its management have been involved in an arbitration claim alleging damages in excess of \$2,500 involving any of the following:
  - a) An investment or an investment-related business or activity;
  - b) Fraud, false statement(s) or omissions;
  - c) Theft, embezzlement or other wrongful taking of property;
  - d) Bribery, forgery, counterfeiting, or extortion;
  - e) Dishonest, unfair or unethical practices.
2. Neither CPAI nor its management have been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - a) An investment or an investment-related business or activity;
  - b) Fraud, false statement(s) or omissions;
  - c) Theft, embezzlement or other wrongful taking of property;
  - d) Bribery, forgery, counterfeiting, or extortion;
  - e) Dishonest, unfair or unethical practices.

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**Material Disciplinary Disclosures for Management Persons of the Firm**

Neither CPAI, nor its management persons, has any relationship or arrangement with issuers of securities.