

# Capital Asset Advisors LLC.

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Capital Asset Advisors LLC. If you have any questions about the contents of this brochure, please contact us at (602) 274-6432 or by email at: [scott@capassetadv.com](mailto:scott@capassetadv.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 Asset Advisors LLC. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Capital Asset Advisors LLC.'s CRD number is: 291635.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

Capital Asset Advisors LLC. has not yet filed an annual updating amendment using the Form ADV Part 2A. Capital Asset Advisors LLC have the following material changes to report.

- Capital Asset Advisors LLC's advisors are no longer affiliated with Cambridge Investment Research Inc. or Cambridge Investment Research Advisors Inc.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Capital Asset Advisors LLC. (hereinafter "CAA\_LL") is a Limited Liability Company organized in the State of Arizona. The firm was formed in May 2014, and the principal owners are Scott Robert Koesterer, Charles Michael Hirlinger and Timothy Lee Minert.

### B. Types of Advisory Services

#### *Portfolio Management Services*

CAA\_LL offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. CAA\_LL creates a Risk Tolerance Questionnaire for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

CAA\_LL evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. CAA\_LL will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Risk Tolerance Questionnaire, which is given to each client.

CAA\_LL seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of CAA\_LL's economic, investment or other financial interests. To meet its fiduciary obligations, CAA\_LL attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, CAA\_LL's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is CAA\_LL's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

CAA\_LL may direct clients to third-party investment advisers to manage all or a portion of the client's assets. Before selecting other advisers for clients, CAA\_LL will always ensure those other advisers are properly licensed or registered as an investment adviser. CAA\_LL conducts due diligence on any third-party investment adviser, which may involve one or more of the following: phone calls, meetings and review of the third-party

adviser's performance and investment strategy. CAA\_LL\_C then makes investments with a third-party investment adviser by referring the client to the third-party adviser. These investments may be allocated either through the third-party adviser's fund or through a separately managed account managed by such third party adviser on behalf of CAA\_LL\_C's client. CAA\_LL\_C may also allocate among one or more private equity funds or private equity fund advisers. CAA\_LL\_C will review the ongoing performance of the third-party adviser as a portion of the client's portfolio.

### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

### ***Subscription Services***

CAA\_LL\_C provides a newsletter to clients using CAA\_LL\_C's other advisory services and for free; it does not entail an additional fee. It may offer recommendations on purchasing and selling specific securities, sectors, asset classes, or other specific groupings of securities at a stated time. CAA\_LL\_C also provides a newsletter to prospective clients for free; it does not entail an additional fee and it does not offer recommendations on purchasing and selling specific securities, sectors, asset classes, or other specific groupings of securities at a stated time.

### ***Services Limited to Specific Types of Investments***

CAA\_LL\_C generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, hedge funds, private equity funds, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, non-U.S. securities, venture capital funds and private placements. CAA\_LL\_C may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

CAA\_LL\_C offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Risk Tolerance Questionnaire which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent CAA\_LL\_C from properly servicing the client account, or if the restrictions would require CAA\_LL\_C to deviate from its standard suite of services, CAA\_LL\_C reserves the right to end the relationship.

## D. Wrap Fee Programs

CAA\_LL\_C acts as portfolio manager and sponsor of a wrap fee program, which is an investment program where the client pays one stated fee that includes transaction costs. However, this brochure describes CAA\_LL\_C's non-wrap fee advisory services; clients utilizing CAA\_LL\_C's wrap fee portfolio management should see the separate Wrap Fee Program Brochure. CAA\_LL\_C manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than it would manage non-wrap fee accounts. Fees paid under the wrap fee program will be given to CAA\_LL\_C as a management fee. Please also see Item 5 and Item 12 of this brochure.

## E. Assets Under Management

CAA\_LL\_C has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$0	\$0	February 2018

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Portfolio Management Fees*

Total Assets Under Management	Annual Fees
\$0 - \$99,999	1.70%
\$100,000 - \$249,999	1.60%
\$250,000 - \$999,999	1.50%
\$1,000,000 - \$1,999,999	1.25%
\$2,000,000 - \$4,999,999	1.05%
\$5,000,000 – And Up	0.95%

\* CCA\_LL\_C will also charge an initial setup fee for certain client accounts.

These fees are negotiable depending upon the needs of the client and complexity of the situation; CAA\_LL\_C and the client will determine whether the account will be charged a flat fee, a breakpoint asset-based fee, or a tiered asset-based fee. The final fee schedule will be memorialized in the client contract. CAA\_LL\_C uses the last day of previous quarter for purposes of determining the market value of the assets upon which asset-based fees are calculated.

Clients may terminate the agreement without penalty for a full refund of CAA\_LL'C's fees within 5 business days of signing the investment advisory contract. Thereafter, clients may terminate the investment advisory contract generally with 30 days' written notice.

### *Selection of Other Advisers Fees*

CAA\_LL'C will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between CAA\_LL'C and each third-party adviser. The fees shared will not exceed any limit imposed by any regulatory agency. This service may be canceled with 30 days' notice. CAA\_LL'C may engage in the selection of third-party money managers, but does not have any such arrangements in place at this time.

### *Financial Planning Fees*

**Fixed Fees:** The negotiated fixed rate for creating client financial plans is between \$499 and \$2,099.

**Hourly Fees:** The hourly fee for financial planning services is \$150.

Clients may terminate the agreement without penalty, for full refund of CAA\_LL'C's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.



## ***Subscription Fees***

CAA\_LL\_C offers a monthly subscription newsletter, "Financial Success," the price of which is included in the price of other services such as portfolio management. This newsletter will be provided via postal mail or electronic mail and may be cancelled immediately upon written notice.

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***

Portfolio management fees are either (i) withdrawn directly from the client's accounts with client's written authorization or (ii) invoiced and billed directly to the client. Fees are paid in advance, either quarterly or monthly. Clients may select the method in which they are billed.

### ***Payment of Selection of Other Advisers Fees***

The timing, frequency, and method of paying fees for selection of third-party managers will depend on the specific third-party adviser selected.

### ***Payment of Financial Planning Fees***

Fixed financial planning fees are paid via check or wire, 50% in advance, but never more than six months in advance, with the remainder due upon presentation of the plan.

Hourly financial planning fees are paid via check or wire, in arrears upon completion.

## **C. Client Responsibility For Third Party Fees**

This brochure describes CAA\_LL\_C's non-wrap fee advisory services; clients utilizing CAA\_LL\_C's wrap fee portfolio management should see the separate Wrap Fee Program Brochure for additional details regarding third party fees. Client accounts not participating in the wrap fee program are responsible for the payment of all third party fees (i.e., custodian fees, commissions, brokerage fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by CAA\_LL\_C. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

CAA\_LL\_C collects fees in advance. Refunds for fees paid in advance will be returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

## **E. Outside Compensation For the Sale of Securities to Clients**

Scott Robert Koesterer, Charles Michael Hirlinger and Timothy Lee Minert are registered representatives of a broker-dealer and in this role, accepts compensation for the sale of investment products to CAA\_LL\_C clients.

### ***1. This is a Conflict of Interest***

Supervised persons may accept compensation for the sale of investment products, including asset based sales charges or service fees from the sale of mutual funds to CAA\_LL\_C's clients. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of investment products for which the supervised persons receives compensation, CAA\_LL\_C will document the conflict of interest in the client file and inform the client of the conflict of interest.

### ***2. Clients Have the Option to Purchase Recommended Products From Other Brokers***

Clients always have the option to purchase CAA\_LL\_C recommended products through other brokers or agents that are not affiliated with CAA\_LL\_C.

### ***3. Commissions are not CAA\_LL\_C's primary source of compensation for advisory services***

Commissions are not CAA\_LL\_C's primary source of compensation for advisory services.

### ***4. Advisory Fees in Addition to Commissions or Markups***

Advisory fees that are charged to clients are not reduced to offset the commissions or markups on investment products recommended to clients.

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

CAA\_LL\_C does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

CAA\_LL\_C generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Corporations or Business Entities

There is an account minimum of \$25,000, which may be waived by CAA\_LL\_C in its discretion.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

CAA\_LL\_C's methods of analysis include Charting analysis, Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis and Technical analysis.

**Charting analysis** involves the use of patterns in performance charts. CAA\_LL\_C uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

### *Investment Strategies*

CAA\_LLC uses long term trading, short term trading, short sales, margin transactions and options trading (including covered options, uncovered options, or spreading strategies).

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### *Methods of Analysis*

**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.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

**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.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**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.

### ***Investment Strategies***

CAA\_LL\_C's use of short sales, margin transactions and options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

**Options transactions** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

**Selection of Other Advisers:** Although CAA\_LL\_C will seek to select only money managers who will invest clients' assets with the highest level of integrity, CAA\_LL\_C's selection process cannot ensure that money managers will perform as desired and CAA\_LL\_C will have no control over the day-to-day operations of any of its selected money managers. CAA\_LL\_C would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

**Short sales** entail the possibility of infinite loss. An increase in the applicable securities' prices will result in a loss and, over time, the market has historically trended upward.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment

performance, particularly through increased brokerage and other transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

CAA\_LLCC's use of short sales, margin transactions and options trading generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other

precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Hedge funds** often engage in leveraging and other speculative investment practices that may increase the risk of loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; May involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. In addition, hedge funds may invest in risky securities and engage in risky strategies.

**Private equity** funds carry certain risks. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment.

**Private placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Venture capital funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate

risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither CAA\_LLCC nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither CAA\_LLCC nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.



### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Charles Michael Hirlinger is an accountant. From time to time, he will offer clients advice or products from this activity. Capital Asset Advisors LLC. always acts in the best interest of the client. Clients are in no way required to utilize the services of any representative of Capital Asset Advisors LLC. in their capacity as an accountant.

Timothy Lee Minert and Scott Robert Koesterer are licensed insurance agents. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. CAA\_LLCC always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients always have the right to decide whether or not to utilize the services of any CAA\_LLCC representative in such individual's outside capacities.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

CAA\_LLCC may direct clients to third-party investment advisers. CAA\_LLCC will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between CAA\_LLCC and each third-party advisor. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that CAA\_LLCC has an incentive to direct clients to the third-party investment advisers that provide CAA\_LLCC with a larger fee split. CAA\_LLCC will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. CAA\_LLCC will ensure that all recommended advisers are licensed or notice filed in the states in which CAA\_LLCC is recommending them to clients.

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

### **A. Code of Ethics**

CAA\_LLCC has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education,

Recordkeeping, Annual Review, and Sanctions. CAA\_LLCC's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

CAA\_LLCC does not recommend that clients buy or sell any security in which a related person to CAA\_LLCC or CAA\_LLCC has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of CAA\_LLCC may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of CAA\_LLCC to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. CAA\_LLCC will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of CAA\_LLCC may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of CAA\_LLCC to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, CAA\_LLCC will never engage in trading that operates to the client's disadvantage if representatives of CAA\_LLCC buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on CAA\_LLCC's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and CAA\_LLCC may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in CAA\_LLCC's research efforts. CAA\_LLCC will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

CAA\_LL\_C will require clients to use TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC ("TD Ameritrade"). TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer.

### ***1. Research and Other Soft-Dollar Benefits***

While CAA\_LL\_C has no formal soft dollars program in which soft dollars are used to pay for third party services, CAA\_LL\_C may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). CAA\_LL\_C may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and CAA\_LL\_C does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. CAA\_LL\_C benefits by not having to produce or pay for the research, products or services, and CAA\_LL\_C will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that CAA\_LL\_C's acceptance of soft dollar benefits may result in higher commissions charged to the client.

### ***2. Brokerage for Client Referrals***

CAA\_LL\_C receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

CAA\_LL\_C will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If CAA\_LL\_C buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, CAA\_LL\_C would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. CAA\_LL\_C would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

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

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly by either Scott R Koesterer, Charles Hirlinger, or Timothy Minert. All advisors are instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at CAA\_LL\_C are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by either Scott R Koesterer, Charles Hirlinger, or Timothy Minert. Financial planning clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

With respect to financial plans, CAA\_LL\_C's services will generally conclude upon delivery of the financial plan.

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of CAA\_LL\_C's advisory services provided on an ongoing basis will receive at least quarterly, a report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. The custodian is provided with the applicable fee schedule upon commencement of the client's account opening, will calculate the advisory fees, and will issue to the client a statement of advisory fees each billing period. The applicant itself does not provide separate invoices.

Each financial planning client will receive the financial plan upon completion.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

CAA\_LL\_C participates in the institutional advisor program (the "Program") offered by TD Ameritrade. TD Ameritrade offers to independent investment advisor services which include custody of securities, trade execution, clearance and settlement of transactions. CAA\_LL\_C receives some benefits from TD Ameritrade through its participation in the Program.

As part of the Program, CAA\_LLCC may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between CAA\_LLCC's participation in the Program and the investment advice it gives to its clients, although CAA\_LLCC 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 CAA\_LLCC 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 CAA\_LLCC's 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 CAA\_LLCC by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by CAA\_LLCC's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit CAA\_LLCC but may not benefit its client accounts. These products or services may assist CAA\_LLCC in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help CAA\_LLCC manage and further develop its business enterprise. The benefits received by CAA\_LLCC 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, CAA\_LLCC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by CAA\_LLCC or its related persons in and of itself creates a conflict of interest and may indirectly influence the CAA\_LLCC's choice of TD Ameritrade for custody and brokerage services.

CAA\_LLCC may also receive compensation from the selected third party advisers via a fee split.

**B. Compensation to Non – Advisory Personnel for Client Referrals**

CAA\_LLCC does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

**Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, CAA\_LLCC will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

CAA\_LL\_C provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, CAA\_LL\_C generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. CAA\_LL\_C will also have discretionary authority to determine the broker dealer to be used for a purchase or sale of securities for a client's account.

## **Item 17: Voting Client Securities (Proxy Voting)**

CAA\_LL\_C will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

CAA\_LL\_C neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither CAA\_LL\_C nor its management has any financial condition that is likely to reasonably impair CAA\_LL\_C's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

CAA\_LL\_C has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

CAA\_LL\_C currently has three management persons: Scott Robert Koesterer, Charles Michael Hirlinger, and Timothy Lee Minert. Education and business background can be found on the individual's Form ADV Part 2B brochure supplement.

**B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

**C. Calculation of Performance-Based Fees and Degree of Risk to Clients**

CAA\_LL\_C does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

**D. Material Disciplinary Disclosures for Management Persons of this Firm**

There are no civil, self-regulatory organization, or arbitration proceedings to report under this section.

**E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

See Item 10.C and 11.B.