

Item 1 – Cover Page



**DISCLOSURE BROCHURE
THE INVESTMENT ADVISERS ACT OF 1940 RULE 203-1
Part 2A of Form ADV: Firm Brochure**

Capital Financial Advisory Group, LLC

1500 Town Side Dr.

Suite 201

Apex, NC 27502

(919) 657-4201

www.CapitalFinancialUSA.com

<https://www.financialsafari.com/>

Date of Disclosure Brochure: March 2022

This Disclosure Brochure (the “Brochure”) provides information about the qualifications and business practices of Capital Financial Advisory Group, LLC (“Capital”). We encourage you to consider this information, and ask questions about it, before becoming our client.

If you have any questions about the contents of this Brochure, please contact us at (919) 657-4201 or pete@CapitalFinancialUSA.com with your query, or get in touch to set up an in-person meeting. Additional information about Capital is also available on the Internet at www.adviserinfo.sec.gov. You can find information on this website by searching for “Capital Financial Advisory Group, LLC,” or searching for our CRD number, 144374.

The information contained in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by the North Carolina Securities Division, which is Capital’s primary regulator. Furthermore, the term “registered investment advisor” is not intended to imply that Capital or its employees have attained a certain level of skill or training.

Item 2 – Material Changes

Rule 18 NCAC 06A 1707 (b)(3) of the administrative rules which support the North Carolina Investment Advisers Act requires us to deliver to existing clients our entire Brochure annually.

There have been no material changes to the Disclosure Brochure since the most recent other-than-annual amending update that Capital filed in March 2021.

Each year that we provide you investment advisory services, we will provide you with an updated Brochure within 120 days of our fiscal year end. Since our fiscal year ends on December 31, you will receive the updated Brochure no later than April 30 each year.

Capital must amend the Brochure and deliver it to you promptly when information contained in the Brochure becomes materially inaccurate. We will send you an update Brochure within 30 days of the event that requires the filing of the amendment.

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Item 4 – Advisory Business

Thank you for choosing Capital Financial Advisory Group, LLC (“Capital”). We hope this Brochure helps you better understand the services that we provide.

Who We Are

Capital was founded in 2007. We offer financial planning and advisory services.

Capital is a North Carolina limited liability company which is owned and operated by Mr. Peter D’Arruda. Mr. D’Arruda is the Managing Member of Capital, its President, an Investment Advisor Representative of Capital, and Capital’s Chief Compliance Officer.

Mr. D’Arruda is a prolific and dynamic radio talk show host and author who is popularly known as Coach Pete. Mr. D’Arruda’s radio show, *Financial Safari*, can be heard weekly on more than 50 stations nationwide. He has been invited as a guest on CNBC, FOX Business, Bloomberg, and CBS Radio to discuss financial planning matters, and he has been interviewed about this subject for publications including *The Wall Street Journal*, *USA Today*, *Smart Money* and *TheStreet.com*.

Capital employs two additional Investment Advisor Representatives, Mr. Parker Holland and Mr. Marty Hensley. You can read their biographies in Part 2B of this Brochure. Capital also employs three full-time professionals who support its advisory business.

Throughout the Brochure, you will see the words “we,” “us,” “our,” “the firm,” “our firm,” or “Capital.” Where you see these words, the Brochure is describing products and services provided by Capital Financial Advisory Group, LLC, by Messrs. D’Arruda, Holland and Hensley, or by employees of Capital. Where you see the words “you,” “your,” and “client,” we are referring to you as either a client or prospective client of our firm.

We use the term “associated persons” in different parts of the Brochure. Where you see these words, we are describing Messrs. D’Arruda, Holland and Hensley, our employees, and their families.

Capital registered as an investment adviser with the State of North Carolina in January 2009.

You can find details about our registration status at the SEC’s website. The website address for Capital’s SEC filing information is <https://adviserinfo.sec.gov/firm/summary/144374>.

We maintain websites at <https://www.capitalfinancialusa.com/> and <https://www.financialsafari.com/>.

Capital’s office address is 1500 Town Side Drive, Suite 201, Apex, 27502. Our phone number is (919)-657-4201.

What We Do

You have worked hard to build your future. Capital intends to work hard to help you protect it.

Our simple philosophy will help you to accumulate wealth while protecting your assets and planning for a financially healthy retirement.

At Capital, “sound financial advice” is more than just a catchphrase. We are committed to maintaining the highest standards of integrity and professionalism in our relationship with you, our client. We endeavor to know and understand your financial situation and provide you with only the highest quality information, services, and products to help you reach your goals.

As investors and business owners ourselves, we appreciate the unique challenges today’s changing markets present to affluent families. We aim to provide you with wealth management plans that not only strive to protect and grow your wealth, but also implement strategies for advanced tax planning and designed to maximize your legacy.

We strive to offer a comprehensive approach to financial planning by focusing on strategies to help you generate adequate retirement income, and to make your retirement income last throughout your lifetime.

How We Do It

Our mission is to deliver to clients who are thoughtfully preparing for, or are already in, their retirement, the gift of financial clarity, for themselves and their families.

We intend to do this for you by working with you to help you determine your financial goals, and then tailoring a custom portfolio which is engineered specifically for you.

Capital’s relationship with you begins with a meeting with one of our Investment Adviser Representatives to discuss your retirement planning situation - where you are, where you are going and how you can plan to get there.

We provide personalized services that are based on your financial situation and your individual needs. This means that sometimes we will ask you for financial statements and documentation. If we do, we will protect your confidential information, and it will be disclosed to third parties **only** with mutual written consent, or as may be permitted by law. You can read Capital’s Privacy Policy by turning to Item 8 of the Part 2B Brochure Supplement.

Capital offers various different services that can assist you in reaching your retirement and financial planning goals.

Financial Planning

Capital can develop a strategic financial plan to help you meet your financial and retirement goals. Our holistic approach also can also address concerns such as tax minimization and legacy planning.

Typically, you can expect to meet with us three times during the process of creating your customized, individual financial plan.

During your initial consultation we will get to know you and give you the chance to get to know us. We want to learn all about your vision for retirement so that we can design a plan that will help you achieve your long-term financial goals. At our initial meeting, we look forward to the opportunity for a great conversation about your current financial situation and your goals for retirement.

During our second meeting you can expect us to present an in-depth analysis of your current financial situation, including a breakdown of the fees you are currently paying in your existing investment or retirement accounts. We will then propose a financial plan, a course of action for you to consider based on your individual goals. The strategies we recommend will be designed to maximize your income, earning potential and tax efficiency, to manage risk, and to identify and eliminate unnecessary fees.

Once you have taken some time to digest the information presented in your proposal, you will have the opportunity to return to meet with us for a third time to ask any questions that have come to mind. We want you to be 100% comfortable and confident before moving forward. Should you decide to move ahead with us, we can assist you with implementing part of or all the suggestions we have made as part of your financial plan.

Our financial plans do not include specific recommendations of individual securities, and they do not involve implementing any transaction on your behalf. You have the choice, and the sole responsibility, for determining whether to implement our financial planning recommendations.

Financial Advisory

When we create financial plans for you, we take into consideration your personal financial situation, employment status, cash reserves, retirement account values, current age, anticipated retirement date, other sources of income, and a whole host of other factors which make up your family's financial DNA. We also work to understand your tolerance for investment risk and volatility.

With this information, sometimes we recommend that clients implement an appropriate investment strategy. Each of our Investment Adviser Representatives is also registered as a solicitor for various **third-party managers**. You can see a summary of our third-party solicitor registrations in the table below.

Third Party Manager Name:	Egis Capital Management	Foundations Investment Advisors LLC	Sofos Invesments, Inc
Address:	1000 4th St., Suite 650, San Rafael, California 94901	10575 N 114th St., Suite 107, Scottsdale, Arizona 85259	825 Watters Creek Blvd., Suite 250, Allen, Texas 75013
Approved Third Party Manager for Capital since:	2016	2018	2020
CRD number of Third Party Manager:	126052	175083	144008
Capital employees registered as solicitors for this Third Party Manager:	Peter D'Arruda, Parker Holland	Peter D'Arruda, Parker Holland, Marty Hensley	Peter D'Arruda, Parker Holland

These third-party managers specialize in general securities (stocks and bonds), mutual funds (including exchange traded funds or ETFs), government securities and options. If you want to invest in alternative investments such as commodities, managed futures, private equity, currency, or hedge funds, we can help you select and monitor other money managers investing in alternative investments.

We deliver our financial advisory services by recommending investment products offered by third-party managers which we believe are most appropriate for your financial plan. We will suggest which of the third-party manager's products, or mix of products, might meet your investment needs. The decision about which products you would like to buy, or invest in, is ultimately up to you.

If you decide to move forward with implementing our recommendations for financial advisory services, we will refer you to the third-party manager which specializes in the asset management and actively managed investment products that we believe meet your needs.

Our financial advisory services require that you enter into an agreement for asset management services directly with the third-party manager that you have chosen. An account in your name will be established on the platform of the third-party manager, and you will become their client.

Once your account is open, Capital will help you implement the investment selections that you have made. Often our recommendation is that you invest in one or more investment products that are actively managed by the third-party manager. In these cases, the third-party manager takes discretionary authority to determine the securities to be purchased and sold in your account. The third-party managers are responsible for continuously monitoring these actively managed products and making trades in client accounts when necessary.

Capital will help you monitor and adjust their portfolios in accordance with the agreed upon investment strategy.

As of December 31, 2021, Capital's clients had assets valued at ~\$35,000,000 invested in products managed by third-party managers.

We are always available to answer questions that you may have regarding your account at the third-party manager, and Capital can act as the communication link between you and the third-party manager.

Although we review the performance and products of numerous third-party managers, Capital has entered into only a select number of relationships with such companies, as shown in the table above. These firms have agreed to pay us a portion of the overall fee charged to our clients to compensate Capital for its referral. Capital has a conflict of interest because we only recommend third-party managers that have agreed to compensate us for client referrals.

There may be other third-party managers that are not recommended by Capital, but which might be suitable for you. Products offered by these third-party managers may be more or less costly than the arrangements that we recommend.

We cannot guarantee that your financial goals or objectives will be achieved by the third-party manager that we recommend (*Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more details*).

Insurance

Each of our Investment Advisor Representatives, and two of our employees who are not registered as Investment Advisor Representatives, are licensed to sell health and life insurance products, including Medicare Supplement insurance, in North Carolina.

Our financial plans sometimes recommend that you consider products like fixed or indexed annuities that can offer you a predictable cash flow in retirement.

We believe that our knowledge of the various features of insurance products available in the marketplace is an important asset when you are considering how to implement a financial plan that will help you achieve your retirement goals. We think that for some clients, these insurance products can create a dependable and predictable source of tax-advantaged income. We have extensive experience helping clients consider fixed and index annuities, future income riders, life, and long-term-care insurance policies.

Capital's Investment Advisor Representatives are licensed as producers for many of the largest insurance wholesalers in the marketplace, including John Hancock, Mass Mutual, Allianz, Nationwide, Prudential, and many others.

You are under no obligation to implement any insurance or annuity transaction through Capital, our Investment Advisor Representatives, or our employees that are licensed insurance producers.

Item 5 – Fees and Compensation

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our services. It also provides information about each service's fees and compensation arrangements.

Capital's income is generated by charging money for financial planning services, receiving referral fees for introducing clients to third-party managers, and earning commissions from the sale of insurance products.

Lower fees for comparable services may be available from other sources.

Financial Planning

Capital provides financial planning services under both an hourly rate and a flat-fee arrangement.

- The **hourly rate** fee is negotiable up to \$299/hour and is paid after the consultations. Typically written financial planning fees range from \$500 to \$1,499 depending on the complexity of your financial situation. The more complicated your financial situation, the more time it will take us to complete our work and the more you are likely to pay. We charge on completion of the plan and only after you are 100% satisfied.
- We offer a **flat-fee** plan for plans that take from 6 to 10 hours to complete. This cost is \$1,499.

Often, we reduce our rates or fees for financial planning, and sometimes we waive them altogether.

Capital never requires payment of more than \$500 in fees more than six months in advance. All financial planning fees are due upon completion and delivery of your financial plan.

Financial planning services terminate when either party provides the other party with a written notice of termination, such as an email.

You can terminate the financial planning services within five (5) business days of entering into an agreement with Capital without penalty or fees due.

If you terminate the services after five (5) business days of entering into an agreement, and there is a remaining balance of any fees you may have paid in advance after the deduction of fees from the final invoice, we will refund those remaining proceeds to you.

You can pay the fees owed for the financial planning and consulting services by check, credit or debit card. If you elect to pay by credit card, you will provide written authorization to Capital for the charge.

You should notify us within ten (10) days of receipt of an invoice if you have questions about or dispute any billing entry.

All fees paid to Capital for financial planning services are separate and distinct from the commissions charged by a broker-dealer when a third-party manager trades in your investment portfolio, or from the asset management fees charged by the third-party manager.

Lower fees for comparable services may be available from other sources.

Financial Advisory

The fees that you pay for financial advisory services are based on the aggregate market value of your account at the third-party manager. The fees are calculated as a percentage of your assets under management, and the rate ranges from 0.25% to 2.00% per year. Generally, the larger your account, the smaller the variable asset management rate will be.

The financial advisory fees that are due to Capital are calculated and collected by the third-party manager, who is responsible for delivering to us our portion of the overall asset management fee paid by you. You pay an asset management fee to the third-party manager, and they pay a portion of that same fee to us as a referral fee according to the terms of the Solicitation Agreement between us and each third-party manager. Usually, we receive about half of the total amount of asset management fees that you pay to the third-party manager. The exact proportion varies by third-party manager and can change over time.

The total amount of asset management fees that you pay to the third-party manager, which includes the financial advisory portion of the fee, which is due to Capital as a referral fee, will never exceed 2.00% per year.

Third-party managers have account minimum requirements that vary. Account minimums are often higher on fixed income accounts than for equity-based accounts.

You can read a complete description of the third-party manager's services, fee schedules and account minimums in each third-party manager's Disclosure Brochure that will be provided to you prior to, or at the time that, an agreement for financial advisory services is executed and your account is established. Disclosure Brochures for every third-party manager we recommend to clients are always available from Capital.

You should consult the third-party manager's Disclosure Brochure for their policies on how they will handle your account, such as, billing, deposits and withdrawals, fee exclusions, termination, and any other unique advisory costs associated with their services.

You may incur additional charges including mutual fund sales loads, 12b-1 fees, surrender charges, custody and administration fees, and IRA and qualified retirement plan fees. These fees are disclosed in the Disclosure Brochure of each third-party manager.

Capital does not take discretion over the assets managed in your financial advisory account, and we do not handle any of the billing. We will discuss these arrangements with you when we begin to open your account with the third-party manager; however, you are also encouraged to read their terms and conditions on your own.

Capital has a conflict of interest by only offering products provided by third-party managers that have agreed to pay a portion of their asset management fee to us in the form of a referral fee.

There may be other third-party managers that may be suitable for you that may be more, or less, costly.

Insurance

If you decide to purchase an insurance product from Capital or one of our insurance producers as part of the implementation of your financial plan, we will receive a commission for selling it to you. The commissions that we earn from these sales are paid to us by the underwriter of the policy, and they are usual and customary in the insurance marketplace.

Capital has a relationship with an Independent (Insurance) Marketing Organization (“IMO”). We may also receive other incentive awards for the recommendation or sale of annuities and other insurance products from our IMO.

The IMO may also provide us with financial assistance, sales and operational support, the sponsorship of conferences and educational sessions, marketing support, payment of travel expenses, tickets to concerts or sporting events, and tools that might assist us in providing services to you. Sometimes the benefits are tiered, such that the more insurance products we sell, the more of these benefits we receive.

You are not required to purchase insurance products from or through us, and you may choose any independent insurance agent and insurance company to purchase such products if you wish.

Because Capital is a registered investment advisor, we are obliged always to act in the best interest of you, our client. When you buy an insurance product from us however, our obligations as licensed insurance producers is to ensure that the product is suitable for your needs. ***These two standards are different.***

At all times we endeavor to put your interest first, as a part of Capital’s overall fiduciary duty to you and all our clients, but you should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest.

This conflict could affect our judgement and decision-making process when making recommendations about the implementation of your financial plan, because Capital could receive more revenue from selling an insurance product than we would from recommending an investment offered by a third-party manager.

Inherent conflict in Capital’s business model

Many of the financial plans that we produce for clients recommend that some portion of your assets is used to buy insurance products, and some other portion is allocated to a third-party manager.

There is an inherent conflict of interest in this recommendation.

The conflict exists because Capital is compensated by a recurring, asset-based fee for investments our clients make in third-party manager accounts, whereas we are almost always compensated by an up-front, one-time commission for sales of insurance products.

In some situations, therefore, we could receive more revenue from selling an insurance product to you (in which typically we receive an up-front, one-time commission), than we would receive from recommending an investment offered by a third-party manager (in which we usually earn an annual fee over time).

In other situations, however, we may receive less revenue from the sale of an insurance product, for which

we receive an up-front, one-time commission at the time of sale, than we would from collecting an annual portfolio management fee over time if, for example, the third-party manager administered your assets for many years and shared a portion of its asset management fee with us as a referral fee.

As a registered investment adviser, Capital owes an affirmative duty of utmost good faith and fair disclosure of all material facts to our clients. Capital must, at all times, serve the best interest of our clients and not our own.

Item 6 – Performance-Based Fees and Side-By-Side Management

Capital does not charge fees based on a share of capital gains or the capital appreciation of the assets held in your accounts.

Item 7 – Types of Clients

Our clients are people that want to construct financial plans to achieve their retirement goals and dreams. Our clients are often families that are planning for retirement. Most of our clients reside in North Carolina.

Most of our clients are individuals, and many of them are high net worth individuals. We also welcome businesses, charities, and small pension clients.

Minimum Investment Amounts Required

Capital has a minimum portfolio account size of \$100,000. In addition, the third-party managers we recommend may have minimum investment amounts. Each-third party manager discloses its minimum account size and fees in its Disclosure Brochure.

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

Financial Planning

When you meet with us to formulate a financial plan, we utilize a full financial report to help you discover the true risk and fees involved in your current plan.

Once we have created your financial plan, we also use standard deviation charts to identify the potential future upsides and downsides of current and recommended strategies.

Third Party Manager accounts

Capital focuses on selecting and monitoring third-party managers and recommending actively managed investment products. We seek to balance investment return and risk, with the emphasis on spreading risk among asset classes. Capital recommends a product, or a mix of products, offered by the third-party managers to you that we believe is best suited to your risk profile and financial objectives. The specific methods of analysis, investment strategies, and risk management for each product are handled at the discretion of the third-party manager.

We have selected third-party managers who employ investment strategies that we believe to be fairly conservative, and that we don't believe involves significant or unusual risk. For example, we try to avoid

managers who engage in frequent trading of securities because that practice can adversely affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Each-third party manager discloses its Methods of Analysis, Investment Strategies and Risk of Loss in its Disclosure Brochure.

We read financial newspapers and magazines, including *The Wall Street Journal*, *the Financial Times*, *Forbes*, *Bloomberg*, *Financial Advisor*, *Investment Advisor*, and *Senior Market Advisor*. We also study corporate rating services such as Standard & Poors, Moody's, Morningstar and PersonalFund.com.

It is important to note that much of our analysis, and similar work performed at other firms like ours, is based on technical information and news which may be inaccurate or out-of-date. Technical analysis of price movements is based on historical data and patterns which may never recur for fundamental reasons, or for reasons which are not predictable, and such information can be presented in a misleading way in the financial media. Sometimes companies make statements or issue reports which contain material inaccuracies.

Capital's financial advisory service requires our clients to invest in securities in portfolios managed by third-party managers. ***Investing in securities involves risk of loss.*** Because past performance is not indicative of future results, you should never assume that the future performance of any specific investment or investment strategy will be profitable. ***You must be prepared to bear investment loss, including the loss of your original principal.***

Item 9 – Disciplinary Information

Neither Capital, Messrs. D'Arruda, Holland or Hensley have been the subject of any criminal or civil litigation, self-regulatory organization/administrative proceeding.

Item 10 – Other Financial Industry Activities and Affiliations

Messrs. D'Arruda, Holland and Hensley are independently licensed to sell insurance and annuity products through various insurance companies in the State of North Carolina.

You can review our licensing statuses on the internet at <https://sbs.naic.org/solar-external-lookup/> and then entering either the relevant name or license number.

Name	NC Insurance License Number
Peter D'Arruda	701175
Parker Holland	17138536
Marty Hensley	6592582

A conflict of interest occurs when Capital, as a trusted advisor providing financial planning for a fee, recommend that you purchase an insurance product from us which will earn a commission. This can create a situation of divided loyalty, and the objectivity of the advice we render could be compromised and create a disadvantage to you.

Mr. D'Arruda is the Managing Member of Capital Financial & Insurance, LLC which is an affiliated business entity under common control and ownership formed to administer the insurance product sales described in this Brochure. This activity takes up around 25% of his professional time.

Mr. D'Arruda is the Managing Member of Broadcasting Experts, LLC, which produces radio content for other financial advisors. This business involves interviewing and coaching other retirement planning experts around the country. This activity takes up around 60% of his professional time.

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

The law in North Carolina considers an investment adviser like Capital to be a fiduciary.

As a fiduciary, Capital has an affirmative duty to render ***continuous, unbiased investment advice***, and at all times act in your best interest.

To maintain this ethical responsibility, we have adopted a Code of Ethics that establishes fundamental principles of conduct and professionalism.

It is our responsibility to provide fair and full disclosure of all material facts. In addition, we have a duty of utmost good faith to act solely in the best interests of each client. Our Code of Ethics is our promise to work hard in your interests, with complete confidentiality and honesty. We will quickly provide a copy of our Code of Ethics to any client or prospective client upon request.

Capital will always act in each client's best interests and will not at any time place our interests ahead of any client's interests.

Sometimes we may buy or sell the same investment products or annuities that we recommend to you. We have found over the years that clients like to invest in the same investments we do. We feel that this makes sense, because if we like something for ourselves, why shouldn't our clients like it too? When we create a financial plan for you that recommends investment or annuity products that we hold ourselves, we will always disclose to you what we own and how much we own.

Our fiduciary duty to you is the core underlying principle for our Code of Ethics and personal trading policy. To prevent conflicts of interest, we have developed these written supervisory procedures. They describe personal investment and trading policies for our associated persons:

- Associated persons cannot prefer their own interests to that of the client;
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts;

- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry;
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”;
- Associated persons are discouraged from conducting frequent personal trading;
- Associated persons are prohibited from serving as board members of publicly traded companies;
- Capital has the responsibility to make sure that the interests of clients are placed ahead of our own or any associated person’s own investment interest.

The North Carolina Investment Advisers Act makes it unlawful for any investment adviser to directly or indirectly “employ any device, scheme or artifice to defraud the other person” or to “engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the other person”.

Capital is responsible for avoiding circumstances that might negatively affect our duty of complete loyalty to our clients.

Item 12 – Brokerage Practices

Capital offers referrals to a select group of third-party managers to implement the financial advisory portion of your financial plan and manage your investment account.

We will assist you in determining which third-party manager provides the most effective financial product based upon your investment objectives and risk tolerance level. The brokerage practices of each third-party manager are disclosed in their disclosure brochure.

While we have exercised our best efforts evaluating the investment performance and cost of service offered by these third-party managers, we make no representation that the third-party manager that we recommend or that you select has the best investment performance or lowest management costs. In addition, your choice of such third-party managers is limited to those with whom we have entered into Solicitation Agreements and from whom we earn a referral fee.

You might be able to contract for similar services elsewhere or separately, with equivalent or better performance, and at lower cost.

The asset management fee split that we negotiate between each third-party manager and Capital varies. This creates an incentive for us to recommend a third-party manager where we could earn a greater fee split.

As we have described in more detail in Item 16 – Investment Discretion below, we do not buy or sell securities directly for clients, and therefore we do not have any soft-dollar arrangements. Similarly, we do not receive research from any other broker-dealers for directing brokerage or client transactions

Item 13 – Review of Accounts

Capital reviews the accounts of financial planning clients annually. These reviews are conducted by Mr. D'Arruda.

For clients who choose to participate in financial advisory services as part of the implementation of their financial plan, we monitor and evaluate the performance of the third-party manager for your account on a regular basis. These reviews occur at least annually, but usually when we receive quarterly statements or reports from the third-party manager. These reviews are also conducted by Mr. D'Arruda.

Capital also performs ad-hoc reviews of client accounts, such as in the event of a dramatic market move (in either direction), a significant potentially market-moving event like a catastrophe, or changes in a client's financial circumstances like retirement. Mr. D'Arruda conducts these reviews.

We understand your goals and tolerance for risk may change over time; therefore, even though we are not involved with the day-to-day management of your investment accounts maintained with the third-party manager, Capital supervises the performance of the investment products offered by the third-party managers and we will make recommendations to you regarding the third-party managers and their products as market factors and your personal goals dictate.

Item 14 – Client Referrals and Other Compensation

We do not directly or indirectly compensate any person for client referrals. We never solicit testimonials of any type from clients, and we strongly discourage our clients from leaving reviews of our services, whether positive or constructive, on third-party websites, online review services, or social media platforms.

The only compensation received by Capital for advisory services are the referral fees we receive from third-party managers for advisory services. These are described in *Item 5* of this Disclosure Brochure.

Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.

Item 15 – Custody

We do not, and will not, take possession of, or maintain custody of, your funds or securities.

Third-party managers are authorized to deduct asset management fees directly from your account, and they pay us our referral fee portion from the total asset management fee they collect from your according to the terms of the Solicitation Agreement.

Since the third-party managers are authorized to deduct the asset management fee from your account, they are required to implement regulatory safeguards to protect your account.

Each third-party manager's Disclosure Brochure contains all the pertinent disclosures relating these safeguard requirements. You are encouraged to review them carefully.

Item 16 – Investment Discretion

Our Firm is built on *relationships* not *transactions*.

When we work with you to produce a personalized financial plan, if you choose to implement the financial advisory portion of the plan we develop, we will refer you to a third-party manager and help you select the appropriate mix of actively managed investment products. In this situation, when you contract with the third-party manager, you will grant them discretionary authority to buy and sell securities in your account. You should review the Investment Discretion section of the Disclosure Brochure provided by the third-party manager. We will provide you with a copy of the third-party manager's Disclosure Brochure.

Capital does not directly manage or exercise investment discretion over any client investment assets. We do not buy or sell securities, or any investment products, on your behalf.

Sometimes our clients tell us that they prefer that we not recommend investment products offered by third-party managers that invest in certain sectors, for example the gambling, tobacco, firearms, or alcohol industries. We will do our best to take your preferences into account when we research and recommend investment products offered by the third-party managers.

Item 17 – Voting Client Securities

Capital does not vote client proxies.

You have the right to vote all proxies that are solicited for securities held in any of your investment accounts, whether they are held in accounts at the third-party managers or anywhere else. Any proxy solicitations inadvertently received by us will be forwarded to you for your evaluation and decision.

If you have specific questions regarding an action being solicited by the proxy that you do not understand, or you want clarification, please contact us, and we will assist. Keep in mind we will not advise you about how to vote. That ultimate decision will be left to you.

With respect to assets managed by a third-party manager, you should refer to each third-party manager's Disclosure Brochure to determine whether the third-party manager will vote proxies on your behalf.

You can request a complete copy of third-party manager's proxy voting policies and procedures, as well as information on how your proxies were voted, by contacting the third-party manager.

Alternatively, you can contact us at the address or phone number indicated on Page 1 of this disclosure

document and we will help you obtain this information.

Item 18 – Financial Information

We are not required to include financial information in our Disclosure Brochure because we will not take physical custody of client funds or securities, or bill client accounts, six (6) months or more in advance for more than \$500.

Neither Peter J. D'Arruda nor Capital Financial Advisory Group, LLC has ever filed for bankruptcy. We are not aware of any current financial conditions that are likely to impair our ability to meet our contractual commitments to you.

Item 19 – Requirements for State-Registered Advisers (78C)

Executive Officer and Management Personnel- Peter Jose D'Arruda is the President and Chief Compliance Officer of Capital.

Educational Background:

University of North Carolina, Bachelor's degree in Political Science.

Peter J. D'Arruda was born in 1966. He has been President of Capital Financial Advisory Group, LLC, a North Carolina Registered Investment Advisor, since 2008.

Since 1992 he has been an independent insurance agent.

Mr. D'Arruda has never been convicted of a crime or experienced any disciplinary events.

You can read about his registration history on the SEC's website by following this link <https://adviserinfo.sec.gov/individual/summary/2756672>.

Mr. D'Arruda obtained the RICP® (Retirement Income Certified Professional) designation from the American College in March of 2018. You can read more about this professional designation by following this link <https://www.theamericancollege.edu/designations-degrees/RICP>

Other Business Activities

In his role as Managing Partner of Broadcasting Experts, LLC, Mr. D'Arruda coaches several Financial Advisors throughout the United States. He helps them produce their weekly radio shows. Mr. D'Arruda spends approximately 60% of his time each workweek on this activity.

Mr. D'Arruda sells insurance products for sales commissions, and he is the Managing Director of Capital Financial & Insurance, LLC. This activity takes up about 25% of his workweek.

No Performance Based Fees

As previously disclosed in Item 6, Capital does not charge or accept performance-based fees.

No Arbitrations

Neither Capital nor Mr. D'Arruda been the subject of any client arbitrations, administrative orders, or similar legal disputes.

No Assignment of your contract with Capital

Capital will never assign its contracts with you to any other party without your consent.

Changes to ownership of Capital

If the ownership structure of Capital changes, we will tell you about it within a reasonable time.

Relationships with issuer of securities

We do not have any relationships with issuers of securities.



Peter Jose D'Arruda

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March 2022

This brochure supplement provides information about Peter Jose D'Arruda that supplements the Disclosure Brochure of Capital Financial Advisory Group, LLC ("Capital"). You should have received a copy of that Brochure.

Please contact Kim Pullen at Capital at (919) 657-4201 if you did not receive the Brochure or if you have questions about the contents of this Supplement.

Additional information about Capital is also available on the Internet at www.adviserinfo.sec.gov. You can find out information on this website by searching for "Capital Financial Advisory Group, LLC", or searching our CRD number, 144374. You can find out information about Mr. D'Arruda by searching his CRD number, 6279380.

Item 2 Educational Background and Business Experience

Year of Birth:	1966
Education Background:	BA, Political Science, UNC Chapel Hill, 1988
Business Background:	Capital Financial Advisory Group, LLC, Managing Member, President, Chief Compliance Officer and Investment Adviser Representative, 2008 - Present
	Sofos Investments, Inc, Investment Adviser Representative 2020 – Present
	Foundations Investment Advisors LLC, Investment Adviser Representative 2018 – Present
	Eqis Capital Management, Investment Adviser Representative 2016 – Present
	Capital Financial & Insurance, LLC, Managing Member and Independent Insurance Agent, 2007 - Present
	Broadcasting Experts, LLC, Manager, 2012 - Present
	Notary Public in the State of North Carolina, 1997 - Present

Item 3. Disciplinary Information

No criminal or civil actions have been taken in domestic, foreign, or military court of competent jurisdiction against Mr. D'Arruda. No administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority have been taken against Mr. D'Arruda.

No self-regulatory organization proceedings have been taken with Mr. D'Arruda.

Mr. D'Arruda has not had his license or designations revoked or suspended because of a violation of rules relating to professional conduct.

Item 4. Other Business Activities

Mr. D'Arruda is an Independent Insurance Agent, licensed in NC. He splits his time between offering insurance and investment advice. Approximately 25% of Mr. D'Arruda's time is spent in his insurance business.

Capital's financial plans sometimes recommend that you consider products like fixed annuities, which can offer you a predictable cash flow in retirement. Capital believes that in some cases these products perform a valuable function as a bond replacement within a client's overall financial plan, with characteristics that are not available in any other instrument.

Mr. D'Arruda holds licenses to sell health, disability, and life insurance products, including Medicare Supplement insurance, in North Carolina, which is Capital's home state.

You are under no obligation to implement any insurance or annuity transaction through Capital or Mr. D'Arruda.

If you decide to purchase an insurance product from Mr. D'Arruda in his capacity as a licensed insurance agent as part of the implementation of your financial plan, Capital, and Mr. D'Arruda, will receive a commission for selling it to you. The underwriters of the policies that Mr. D'Arruda sells pay him commissions, which are usual and customary in the insurance marketplace.

Capital has a relationship with an Independent (Insurance) Marketing Organization ("IMO"). Capital, and Mr. D'Arruda, may receive other awards for the recommendation or sale of annuities and other insurance products from our IMO.

The IMO may provide us with financial assistance, sales and operational support, the sponsorship of conferences and educational sessions, marketing support, payment of travel expenses, tickets to concerts or sporting events, and tools that might assist us in providing services to our clients. Sometimes the benefits are tiered, such that the more insurance products Mr. D'Arruda sells, the more of these benefits he receives.

Capital does not require you to purchase insurance products from or through Capital or Mr. D'Arruda, and you may choose any independent insurance agent and insurance company to purchase these products if you wish.

Because Capital is a registered investment advisor, and Mr. D'Arruda is a registered investment adviser representative, he must always act in the best interest of you, our client. But when you buy an insurance product from Mr. D'Arruda, his obligation, as a licensed insurance agent, is to ensure that the product is suitable for your needs. ***These two standards are different.***

At all times Capital and Mr. D'Arruda endeavor to put your interest first, as a part of their overall fiduciary duty to you and all our clients. However, you should be aware that the receipt of commissions and additional compensation from an insurance underwriter or an IMO creates a conflict of interest.

The conflict arises because in some situations Capital or Mr. D'Arruda could receive more revenue from selling an insurance product to you (in which typically they receive a one-off commission), than they would receive from recommending another type of investment (in which they usually earn an annual fee over time).

This conflict of interest could affect Mr. D'Arruda's judgement and decision-making process when making recommendations about the implementation of your financial plan.

Item 5. Additional Compensation

Mr. D'Arruda does not receive any compensation from a non-client for providing advisory services.

Item 6. Supervision

Mr. D'Arruda is the Managing Member, President and Chief Compliance Officer for Capital. He is responsible for supervising the activities of all Capital's registered Investment Advisor Representatives, including his own. With respect to Capital's business activities, the buck stops with Coach Pete.

Item 7. Requirements for State-Registered Advisers

Neither Capital Financial Advisory Group, nor its management persons have been involved in an award or otherwise been found liable in an arbitration claim alleging damages in excess of \$2,500 involving an investment or investment related business or activity; fraud, false statement(s), or omissions; theft, embezzlement, or other wrongful taking of property; bribery, forgery, counterfeiting, extortion; or dishonest, unfair, or unethical practices.

Capital and its management persons have not been awarded or otherwise being found liable in civil, self-regulatory organization, or administrative proceeding involving any of the following: investment or an investment-related business activity; fraud, false statement(s), or omissions; theft, embezzlement, or other wrongful taking of property; bribery, forgery, counterfeiting, or extortion; or dishonest, unfair, or unethical practices.

Mr. D'Arruda has not been the subject of a bankruptcy petition.

Item 8- Privacy Policy Statement

Capital provides personalized services that are based on your financial situation and your individual needs. This means that sometimes we may ask you for financial statements and documentation. If we do, we will protect your confidential information, and it will be disclosed to third parties **only** with mutual written consent, or as may be permitted by law.

We take our obligation to safeguard your personal information very seriously. We have developed business practices designed to protect us- and you- from unauthorized access to your personal information.

As a registered investment advisor, Capital gathers and develops personal information regarding our clients. Here's why we do this:

- To determine your financial goals and objectives
- To determine the type of advisory services you need, or desire
- To provide you with specific recommendations regarding advisory services
- To provide you with specific recommendations regarding other financial products
- To provide ongoing support and recommendations regarding your financial situation and progress towards your goals

Client information that Capital will collect may include:

- Investment objectives
- Financial goals
- Income
- Spending habits
- Statements of account and other records concerning your financial conditions and assets
- Information concerning employee benefits and retirement plan interests
- Wills
- Trusts
- Mortgages
- Tax returns
- Information concerning investment advisory account transactions with third party managers
- Information about financial products and services transactions with Capital
- Other financial information that Capital and you agree is important in formulating your financial plan

When a client account is closed, Capital will continue to keep your information confidential in accordance with the principles stated in this Privacy Policy Statement.

A copy of this Privacy Policy Statement will be delivered to all clients in writing as a supplement to all future Disclosure Brochures. In this way, Capital provides a copy of our Privacy Policy Statement to all current and existing clients at least annually.

Any time a change is made to the Privacy Policy, this Statement will be updated, and changes will be communicated to you prior to any disclosure of information.

Item 1 Cover Page Parker Reid Holland



Parker Reid Holland

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Capital Financial Advisory Group, LLC

1500 Town Side Dr.

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March 2022

This brochure supplement provides information about Parker Reid Holland that supplements the Disclosure Brochure of Capital Financial Advisory Group, LLC ("Capital"). You should have received a copy of that Brochure.

Please contact Kim Pullen at Capital at (919) 657-4201 if you did not receive the Brochure or if you have questions about the contents of this Supplement.

Additional information about Capital is also available on the Internet at www.adviserinfo.sec.gov. You can find out information on this website by searching for "Capital Financial Advisory Group, LLC", or searching our CRD number, 144374. You can find out information about Mr. Holland by searching his CRD number, 6279380.

Item 2 Educational Background and Business Experience

Year of Birth:	1991
Education Background:	BA, Business Administration, Campbell, 2015
	MBA, Business, Campbell, 2015
Business Background:	Capital Financial Advisory Group, LLC, Investment Adviser Representative, 2016 - Present
	Sofos Investments, Inc, Investment Adviser Representative 2020 – Present
	Foundations Investment Advisors LLC, Investment Adviser Representative 2018 – Present
	Egis Capital Management, Investment Adviser Representative 2016 – Present
	World Equity Group, Registered Representative, and Investment Adviser Representative, 2015 - 2016
	Northwest Mutual, Financial Advisor, 2014 - 2015

Item 3. Disciplinary Information

No criminal or civil actions have been taken in domestic, foreign, or military court of competent jurisdiction against Mr. Holland. No administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority have been taken against Mr. Holland.

No self-regulatory organization proceedings have been taken with Mr. Holland.

Mr. Holland has not had his license or designations revoked or suspended because of a violation of rules relating to professional conduct.

Item 4. Other Business Activities

Mr. Holland is an Independent Insurance Agent, licensed in NC. He splits his time between offering insurance and investment advice. Approximately 50% of Mr. Holland's time is spent in his insurance business.

Capital's financial plans sometimes recommend that you consider products like fixed annuities, which can offer you a predictable cash flow in retirement. Capital believes that in some cases these products perform a valuable function as a bond replacement within a client's overall financial plan, with characteristics that are not available in any other instrument.

Mr. Holland holds licenses to sell health, disability, and life insurance products, including Medicare Supplement insurance, in North Carolina, which is Capital's home state.

You are under no obligation to implement any insurance or annuity transaction through Capital or Mr. Holland.

If you decide to purchase an insurance product from Mr. Holland in his capacity as a licensed insurance agent as part of the implementation of your financial plan, Capital, and Mr. Holland, will receive a commission for selling it to you. The underwriters of the policies that Mr. Holland sells pay him commissions, which are usual and customary in the insurance marketplace.

Capital has a relationship with an Independent (Insurance) Marketing Organization ("IMO"). Capital, and Mr. Holland, may receive other awards for the recommendation or sale of annuities and other insurance products from our IMO.

The IMO may provide us with financial assistance, sales and operational support, the sponsorship of conferences and educational sessions, marketing support, payment of travel expenses, tickets to concerts or sporting events, and tools that might assist us in providing services to our clients. Sometimes the benefits are tiered, such that the more insurance products Mr. Holland sells, the more of these benefits he receives.

Capital does not require you to purchase insurance products from or through Capital or Mr. Holland, and you may choose any independent insurance agent and insurance company to purchase these products if you wish.

Because Capital is a registered investment advisor, and Mr. Holland is a registered investment adviser representative, he must always act in the best interest of you, our client. But when you buy an insurance product from Mr. Holland, his obligation, as a licensed insurance agent, is to ensure that the product is suitable for your needs. ***These two standards are different.***

At all times Capital and Mr. Holland endeavor to put your interest first, as a part of their overall fiduciary duty to you and all our clients. However, you should be aware that the receipt of commissions and additional compensation from an insurance underwriter or an IMO creates a conflict of interest.

The conflict arises because in some situations Capital or Mr. Holland could receive more revenue from selling an insurance product to you (in which typically they receive a one-off commission), than they would receive from recommending another type of investment (in which they usually earn an annual fee over time).

This conflict of interest could affect Mr. Holland's judgement and decision-making process when making

recommendations about the implementation of your financial plan.

Item 5. Additional Compensation

Mr. Holland does not receive any compensation from a non-client for providing advisory services.

Item 6. Supervision

Capital Financial Advisory Group, LLC supervises the advice provided Mr. Holland. This is done by review of any and all advice given, materials used to provide the advice, review of the clients' objectives along with the advice given to make sure they are in agreement. Peter J. D'Arruda is responsible for all supervision of advisors of Capital Financial Advisory Group, LLC. He can be reached at (919) 657-4201.

Item 7. Requirements for State-Registered Advisers

Neither Capital Financial Advisory Group, nor its management persons have been involved in an award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500 involving an investment or investment related business or activity; fraud, false statement(s), or omissions; theft, embezzlement, or other wrongful taking of property; bribery, forgery, counterfeiting, extortion; or dishonest, unfair, or unethical practices.

Capital and its management persons have not been awarded or otherwise being found liable in civil, self-regulatory organization, or administrative proceeding involving any of the following: investment or an investment-related business activity; fraud, false statement(s), or omissions; theft, embezzlement, or other wrongful taking of property; bribery, forgery, counterfeiting, or extortion; or dishonest, unfair, or unethical practices.

Mr. Holland has not been the subject of a bankruptcy petition

Item 8- Privacy Policy Statement

Capital provides personalized services that are based on your financial situation and your individual needs. This means that sometimes we may ask you for financial statements and documentation. If we do, we will protect your confidential information, and it will be disclosed to third parties **only** with mutual written consent, or as may be permitted by law.

We take our obligation to safeguard your personal information very seriously. We have developed business practices designed to protect us- and you- from unauthorized access to your personal information.

As a registered investment advisor, Capital gathers and develops personal information regarding our clients.

Here's why we do this:

- To determine your financial goals and objectives
- To determine the type of advisory services you need, or desire
- To provide you with specific recommendations regarding advisory services
- To provide you with specific recommendations regarding other financial products
- To provide ongoing support and recommendations regarding your financial situation and progress towards your goals

Client information that Capital will collect may include:

- Investment objectives
- Financial goals
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- Spending habits
- Statements of account and other records concerning your financial conditions and assets
- Information concerning employee benefits and retirement plan interests
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- Tax returns
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- Information about financial products and services transactions with Capital
- Other financial information that Capital and you agree is important in formulating your financial plan

When a client account is closed, Capital will continue to keep your information confidential in accordance with the principles stated in this Privacy Policy Statement.

A copy of this Privacy Policy Statement will be delivered to all clients in writing as a supplement to all future Disclosure Brochures. In this way, Capital provides a copy of our Privacy Policy Statement to all current and existing clients at least annually.

Any time a change is made to the Privacy Policy, this Statement will be updated, and changes will be communicated to you prior to any disclosure of information

Item 1 Cover Page Martin Davis Hensley



Martin Davis Hensley

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March 2022

This brochure supplement provides information about Martin Davis Hensley that supplements the Disclosure Brochure of Capital Financial Advisory Group, LLC ("Capital"). You should have received a copy of that Brochure.

Please contact Kim Pullen at Capital at (919) 657-4201 if you did not receive the Brochure or if you have questions about the contents of this Supplement.

Additional information about Capital is also available on the Internet at www.adviserinfo.sec.gov. You can find out information on this website by searching for "Capital Financial Advisory Group, LLC", or searching our CRD number, 144374. You can find out information about Mr. Hensley by searching his CRD number, 2297110.

Item 2 Educational Background and Business Experience

Year of Birth:	1967
Education Background:	BA, Economics, UNC Chapel Hill, 1990
Business Background:	Capital Financial Advisory Group, LLC, Investment Adviser Representative, 2017 - Present
	Foundations Investment Advisors LLC, Investment Adviser Representative 2021 – Present
	Independent Investment Adviser, 2010 - 2017
	BB&T, Investment Adviser Representative and Registered Representative, 1997 - 2005
	Wachovia, Investment Adviser Representative and Registered Representative, 2005 - 2007
	SunTrust, Investment Adviser Representative and Registered Representative, 2007 - 2009
	First Citizens, Investment Adviser Representative and Registered Representative, 2007 - 2009

Item 3. Disciplinary Information

No criminal or civil actions have been taken in domestic, foreign, or military court of competent jurisdiction against Mr. Hensley. No administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority have been taken against Mr. Hensley.

No self-regulatory organization proceedings have been taken with Mr. Hensley.

Mr. Hensley has not had his license or designations revoked or suspended because of a violation of rules

relating to professional conduct.

Item 4. Other Business Activities

Mr. Hensley is an Independent Insurance Agent, licensed in NC. He splits his time between offering insurance and investment advice. Approximately 50% of Mr. Hensley's time is spent in his insurance business.

Capital's financial plans sometimes recommend that you consider products like fixed annuities, which can offer you a predictable cash flow in retirement. Capital believes that in some cases these products perform a valuable function as a bond replacement within a client's overall financial plan, with characteristics that are not available in any other instrument.

Mr. Hensley holds licenses to sell health, disability, and life insurance products, including Medicare Supplement insurance, in North Carolina, which is Capital's home state.

You are under no obligation to implement any insurance or annuity transaction through Capital or Mr. Hensley.

If you decide to purchase an insurance product from Mr. Hensley in his capacity as a licensed insurance agent as part of the implementation of your financial plan, Capital, and Mr. Hensley, will receive a commission for selling it to you. The underwriters of the policies that Mr. Hensley sells pay him commissions, which are usual and customary in the insurance marketplace.

Capital has a relationship with an Independent (Insurance) Marketing Organization ("IMO"). Capital, and Mr. Hensley, may receive other awards for the recommendation or sale of annuities and other insurance products from our IMO.

The IMO may provide us with financial assistance, sales and operational support, the sponsorship of conferences and educational sessions, marketing support, payment of travel expenses, tickets to concerts or sporting events, and tools that might assist us in providing services to our clients. Sometimes the benefits are tiered, such that the more insurance products Mr. Hensley sells, the more of these benefits he receives.

Capital does not require you to purchase insurance products from or through Capital or Mr. Hensley, and you may choose any independent insurance agent and insurance company to purchase these products if you wish.

Because Capital is a registered investment advisor, and Mr. Hensley is a registered investment adviser representative, he must always act in the best interest of you, our client. But when you buy an insurance product from Mr. Hensley, his obligation, as a licensed insurance agent, is to ensure that the product is suitable for your needs. ***These two standards are different.***

At all times Capital and Mr. Hensley endeavor to put your interest first, as a part of their overall fiduciary duty to you and all our clients. However, you should be aware that the receipt of commissions and additional compensation from an insurance underwriter or an IMO creates a conflict of interest.

The conflict arises because in some situations Capital or Mr. Hensley could receive more revenue from selling an insurance product to you (in which typically they receive a one-off commission), than they would receive

from recommending another type of investment (in which they usually earn an annual fee over time).

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Mr. Hensley does not receive any compensation from a non-client for providing advisory services.

Item 6. Supervision

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Item 7. Requirements for State-Registered Advisers

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Capital Financial Advisory Group and its management persons have not been awarded or otherwise being found liable in civil, self-regulatory organization, or administrative proceeding involving any of the following: investment or an investment-related business activity; fraud, false statement(s), or omissions; theft, embezzlement, or other wrongful taking of property; bribery, forgery, counterfeiting, or extortion; or dishonest, unfair, or unethical practices.

Mr. Hensley has not been the subject of a bankruptcy petition.

Item 8- Privacy Policy Statement

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We take our obligation to safeguard your personal information very seriously. We have developed business practices designed to protect us- and you- from unauthorized access to your personal information.

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