

Capstone Asset Management Company

Form ADV: Part II

Uniform Application for Investment Advisor Registration

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FORM ADV
Uniform Application for Investment Adviser Registration

Part II - Page 1

Name of Investment Adviser: Capstone Asset Management Company				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone number:
3700 W Sam Houston Parkway S. Suite 250	Houston	Texas	77042	(713) 260-9000

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.**

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

**Potential persons who are to respond to the collection of information contained in this form
are not required to respond unless the form displays a currently valid OMB control number.**

1. **A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instructions below.)

Applicant:

<input checked="" type="checkbox"/>	(1) Provides investment supervisory services	<u>99</u> %
<input type="checkbox"/>	(2) Manages investment advisory accounts not involving investment supervisory services	<u> </u> %
<input checked="" type="checkbox"/>	(3) Furnishes investment advice through consultations not included in either service described above (Models)	<u>1</u> %
<input type="checkbox"/>	(4) Issues periodicals about securities by subscription	<u> </u> %
<input type="checkbox"/>	(5) Issues special reports about securities not included in any service described above	<u> </u> %
<input type="checkbox"/>	(6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities	<u> </u> %
<input type="checkbox"/>	(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities	<u> </u> %
<input type="checkbox"/>	(8) Provides a timing service	<u> </u> %
<input type="checkbox"/>	(9) Furnishes advice about securities in any manner not described above	<u> </u> %

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, Provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? Yes No

C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input type="checkbox"/> (3) Fixed Fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input checked="" type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input checked="" type="checkbox"/> C. Investment companies | <input checked="" type="checkbox"/> G. Other (describe on Schedule F) |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans | |

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | | |
|--|-------------------------------------|--|
| <input checked="" type="checkbox"/> A. Equity securities | <input checked="" type="checkbox"/> | H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | | I. Options contracts on: |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | | (1) securities |
| <input checked="" type="checkbox"/> (3) foreign issuers | <input checked="" type="checkbox"/> | (2) commodities |
| | <input type="checkbox"/> | |
| <input checked="" type="checkbox"/> B. Warrants | | J. Futures contracts on: |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> | (1) tangibles |
| | <input type="checkbox"/> | (2) intangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | | |
| <input checked="" type="checkbox"/> E. Certificates of deposit | | K. Interests in partnerships investing in: |
| <input checked="" type="checkbox"/> F. Municipal securities | <input type="checkbox"/> | (1) real estate |
| | <input type="checkbox"/> | (2) oil and gas interests |
| G. Investment company securities: | <input type="checkbox"/> | (3) other (explain on Schedule F) |
| <input type="checkbox"/> (1) variable life insurance | | |
| <input type="checkbox"/> (2) variable annuities | <input type="checkbox"/> | L. Other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (3) mutual fund shares | | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Charting | (4) <input checked="" type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients?

Yes No

(If yes, describe these standards on Schedule F.)

6. Education and Business Background

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- formal education after high school
- year of birth
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
 - (1) broker-dealer
 - (2) investment company
 - (3) other investment adviser
 - (4) financial planning firm
 - (5) commodity pool operator, commodity trading advisor or futures commission merchant
 - (6) banking or thrift institution
 - (7) accounting firm
 - (8) law firm
 - (9) insurance company or agency
 - (10) pension consultant
 - (11) real estate broker or dealer
 - (12) entity that creates or packages limited partnerships

(For each checked in box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? Yes No

(If yes, describe on Schedule F the partnerships and what they invest in.)

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No

(If yes, describe on Schedule F)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

The investment strategies and portfolio decisions are ratified by the Investment Policy Committee with the support of the investment team members. The Investment Policy Committee is comprised of the Senior Investment Staff who are also the Product Managers.

Members of the Investment Policy Committee meet weekly and the Committee as a whole meets monthly or more often if needed to discuss investment strategies, outlook for the securities markets and the merits of individual issues in which the accounts are invested or which are contemplated for investment. The Investment Policy Committee and the Investment Team Members also meet to review models and portfolios to assure compliance with the policies and strategies.

The Product Managers or the assigned staff members review on at least a monthly basis all portfolios assigned to that strategy to assure compliance with the products policies and characteristics and any restrictions imposed by the client.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

The nature and frequency of reports to clients are determined primarily by the particular needs of each client. Generally, clients are issued quarterly portfolio analysis, valuation and performance reports by Capstone Asset Management Company. The client also receives monthly account statements from the custodian detailing all activity in the client's account.

12. Investment or Brokerage Discretion.

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- | | | |
|--|-------------------------------------|--------------------------|
| | Yes | No |
| (1) securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients? Yes No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and Services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|---|---|--|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- Requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? Yes No

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:
Capstone Asset Management Company

SEC File Number:
801-17695

Date:
10-3-2011

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No.: 76-0022831
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1.D.	<p><u>Investment Company Fee Schedules</u></p> <p>Capstone provides investment advisory and administrative services to investment companies, financial institutions, pension and profit sharing plans, corporations and individuals.</p> <p>The investment advisory and administrative services fee schedules for the investment companies for which Capstone provides investment advisory and administrative services are as follows.</p> <p><u>Advisory Fees</u></p> <p>For its services, CAMCO receives investment advisory fees monthly, in arrears, from Steward Large Cap Enhanced Index Fund, Steward Small-Mid Cap Enhanced Index Fund, Steward Global Equity Income Fund, Steward International Enhanced Index Fund, Steward Select Bond and Capstone Church Capital Fund at the following annual rates, which are applied to the aggregate average daily net assets of each Fund.</p> <p>Annual Fee rate as a percentage of average daily net assets:</p> <table border="0"> <tr> <td><u>Steward Large Cap Enhanced Index Fund</u></td> <td><u>Steward Select Bond Fund</u></td> </tr> <tr> <td>0.15% of the first \$500 million</td> <td>0.25 % of the first \$500 million</td> </tr> <tr> <td>0.125% of the next \$500 million</td> <td>0.20% of the next \$500 million</td> </tr> <tr> <td>0.10% of assets over \$1 billion</td> <td>0.175% of assets over \$1 billion</td> </tr> <tr> <td> <u>Steward International Enhanced Index Fund</u></td> <td> <u>Steward Global Equity Income Fund</u></td> </tr> <tr> <td>0.30% of the first \$500 million</td> <td>0.30% of the first \$500 million</td> </tr> <tr> <td>0.25% of the next \$500 million</td> <td>0.25% of the next \$500 million</td> </tr> <tr> <td>0.20% of assets over \$1 billion</td> <td>0.20% of assets over \$1 billion</td> </tr> <tr> <td> <u>Steward Small-Mid Cap Enhanced Index Fund</u></td> <td> <u>Capstone Church Capital Fund</u></td> </tr> <tr> <td>0.15% of the first \$500 million</td> <td>0.45% of the first \$500 million</td> </tr> <tr> <td>0.125% of the next \$500 million</td> <td>0.40% of the next \$500 million</td> </tr> <tr> <td>0.10% of assets over \$1 billion</td> <td>0.375% of assets over \$1 billion</td> </tr> </table> <p>The investment advisory agreement for each investment company was initially approved by its Board of Directors or Trustees, and by separate vote of a majority of the Independent Directors or Trustees. Each agreement, after an initial two-year term, is renewable for successive one year periods if such continuance is approved at least annually by the affirmative vote of the particular fund's Board of Directors or Trustees, and by the separate affirmative vote of a majority of the particular fund's independent Directors or Trustees. Each such agreement (i) may at any time be terminated without the payment of any penalty either by vote of the Board of Directors or Trustees or by vote of a majority of the outstanding voting securities of the respective fund, on sixty days' written notice to Capstone; (ii) shall immediately terminate in the event of its assignment (within the meaning of the Investment Company Act); and (iii) may be terminated by Capstone on sixty days' written notice. In connection with each annual approval, the Directors or Trustees, including the independent Directors or Trustees, review the terms of the agreements, including the fees payable, and the services provided by Capstone.</p>	<u>Steward Large Cap Enhanced Index Fund</u>	<u>Steward Select Bond Fund</u>	0.15% of the first \$500 million	0.25 % of the first \$500 million	0.125% of the next \$500 million	0.20% of the next \$500 million	0.10% of assets over \$1 billion	0.175% of assets over \$1 billion	 <u>Steward International Enhanced Index Fund</u>	 <u>Steward Global Equity Income Fund</u>	0.30% of the first \$500 million	0.30% of the first \$500 million	0.25% of the next \$500 million	0.25% of the next \$500 million	0.20% of assets over \$1 billion	0.20% of assets over \$1 billion	 <u>Steward Small-Mid Cap Enhanced Index Fund</u>	 <u>Capstone Church Capital Fund</u>	0.15% of the first \$500 million	0.45% of the first \$500 million	0.125% of the next \$500 million	0.40% of the next \$500 million	0.10% of assets over \$1 billion	0.375% of assets over \$1 billion
<u>Steward Large Cap Enhanced Index Fund</u>	<u>Steward Select Bond Fund</u>																								
0.15% of the first \$500 million	0.25 % of the first \$500 million																								
0.125% of the next \$500 million	0.20% of the next \$500 million																								
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**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:
Capstone Asset Management Company

SEC File Number:
801-17695

Date:
10-3-2011

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

IRS Empl. Ident. No.:
76-0022831

**1.D.
Continued**

Other Client Fee Schedules

Capstone provides investment advisory services to corporations, pension and profit sharing plans, trust accounts and individuals. For services rendered, Capstone receives advisory fees based upon a percentage of the assets under management. Generally fees are calculated and payable quarterly in advance and will be based on account asset values on the last business day of the previous quarter, although some accounts are charged quarterly in arrears. Variations from the representative fee schedules below may be based on market value and types of accounts. Fees are subject to negotiation at Capstone's discretion.

Annual fee for Core Equity Large Cap Growth, Global Equity Income and Balanced Portfolios:

First \$2.5 million.....	.50% of Assets
Next \$2.5 million.....	.45% of Assets
Next \$5.0 million.....	.40% of Assets
Over \$10.0 million.....	.25% of Assets

Annual fee for TAAP Portfolios:

First \$250,000 million.....	.40% of Assets
Next \$750,000 million.....	.35% of Assets
\$1.0 - \$5.0 million.....	.30% of Assets
\$5.0 million +20% of Assets

Annual fee for Indexation Portfolios:

First \$25 million20% of Assets
Over \$25 million15 % of Assets

Annual fee for Theta Growth and Balanced Theta/Growth Portfolios:

First \$250,000.....	.60% of Assets
Next \$250,000.....	.55% of Assets
\$500,000+50% of Assets

Annual fee for Fixed Income Portfolios:

First \$2.5 million.....	.35% of Assets
Next \$2.5 million.....	.30% of Assets
Next \$5.0 million.....	.25% of Assets
Over \$10.0 million.....	.20% of Assets

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:
Capstone Asset Management Company

SEC File Number:
801-17695

Date:
10-3-2011

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:		IRS Empl. Ident. No.:
		76-0022831
1.D. Continued	<p>Capstone may also provide management services to clients of broker-dealers or financial consultants through programs, commonly called wrap fee programs, in which the client has executed an all-inclusive investment services agreement with the broker-dealer or financial consultant ("wrap sponsor") for a single all-inclusive fee based on a percentage of the client's assets ("wrap fee"). The wrap fee typically covers fees to the investment adviser and execution by the sponsor of all portfolio transactions. In addition, the wrap sponsor typically provides some or all of the following services: recommends selection of the investment adviser; pays the advisory fee from the client account; monitors and evaluates the performance of the investment adviser and provides custodial services for the account's assets. The advisory fees paid by wrap sponsors to Capstone under these programs range from 0.17% to 1.20% of client assets under management.</p> <p>Capstone provides portfolio management services for national and regional brokerage firms. Capstone also provides investment advisory services to clients of broker-dealers where the client enters into an investment advisory agreement directly with Capstone for management of the client's portfolio, and a separate agreement with the broker-dealer for provision of brokerage, custodial, portfolio monitoring and evaluation services. In these programs (hereinafter referred to as client-directed brokerage accounts) the client pays the broker-dealer a fee for its services and, separately pays fees to Capstone, which range from 0.04% to 1.20% of client assets under management. The client may either pay these fees directly to Capstone or authorize deduction of the fees from his account. Advisory fees paid to Capstone under wrap fee programs or client-directed brokerage accounts may be lower than fees paid by other Capstone clients.</p> <p>Advisory agreements may be terminated at any time by either party upon written notice to the other party without the payment of a penalty. If an account is terminated prior to the end of the quarter, the fee for the remainder of the quarter will be refunded.</p> <p>Capstone provides newsletters and updates at no additional cost. These publications provide information about Capstone's market and economic views. They also provide a discussion about Capstone's investment services in general.</p>	
2.	In addition to types of clients checked in Item 2, above, Capstone's advisory clients include Religious and Healthcare organizations..	
4.A(5)	In addition to analysis methods noted in Item 4.A(5), Capstone utilizes quantitative methods for analysis.	
4.B.(8)	In addition to information sources noted in Item 4.B (8), Capstone uses commercially available financial data and commercially available valuation models to individually analyze company specific information using computer sorts developed in-house.	
4.C.(7)	The mutual funds advised by Capstone are permitted to invest in futures, subject to certain limitations.	
5.	For its principal executive officer and senior investment staff, Capstone requires a college degree and minimum of two years business experience in the investment area.	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:
Capstone Asset Management Company

SEC File Number:
801-17695

Date:
10-3-2011

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

IRS Empl. Ident. No.:
76-0022831

6.

- | | |
|--------------------------|--|
| Edward L. Jaroski | President / Chief Executive Officer |
| Born | 1946 |
| Education | Temple University, BBA in Accounting |
| Background | Forty two years experience in the investment industry <ul style="list-style-type: none"> • Capstone Financial Services, Inc. 1987 – present • Capstone Asset Management Company 1987 – present • Capstone Asset Planning Company 1987 – present • Capstone Financial Solutions, LLC 2008 – present • CFS Consulting Services, LLC 2008 – present • Roger H. Jenswold & Company, Inc. 2010 – present |
| | |
| John R Wolf | Senior Vice President / Portfolio Manager |
| Born | 1961 |
| Education | Hofstra University, BBA in Accounting
Manhattan College, MBA in Finance |
| Background | Twenty eight years experience in the investment industry <ul style="list-style-type: none"> • Capstone Financial Services, Inc. 1996 – present • Capstone Asset Management Company 1996 – present |
| | |
| Scott Wynant | Executive Vice President |
| Born | 1954 |
| Education | University of Oregon, BA in Business Administration |
| Background | Twenty eight years experience in the investment industry <ul style="list-style-type: none"> • Capstone Financial Services, Inc. 2008- present • Capstone Asset Management Company 2008 – present • Capstone Financial Solutions, LLC 2008 – present • CFS Consulting Services, LLC 2008 – present • Roger H. Jenswold & Company, Inc. 2010– present • AG Financial Wealth Management Solutions, LLC 1997– 2008 |
| | |
| Claude C Cody, IV | Senior Vice President |
| Born | 1951 |
| Education | Vanderbilt University, BA
University of Texas, MBA |
| Background | Thirty five years experience in the investment industry <ul style="list-style-type: none"> • Capstone Asset Management Company 2009 – present • Capstone Financial Solutions, LLC 2009 – present • Roger H. Jenswold & Company, Inc. 2005 – present |
| | |
| Melville L Cody | Senior Vice President |
| Born | 1954 |
| Education | University of Texas, BA in Finance
University of Texas, MBA |
| Background | Thirty years experience in the investment industry <ul style="list-style-type: none"> • Capstone Asset Management Company 2009 – present • Capstone Financial Solutions, LLC 2009 – present • Roger H. Jenswold & Company, Inc. 2005 – present |

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:
Capstone Asset Management Company

SEC File Number:
801-17695

Date:
10-3-2011

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: _____ IRS Empl. Ident. No.: **76-0022831**

6. Continued	<p>Thomas G Severson Senior Vice President / Investments Born 1968 Education University of Wisconsin, BA Background Twenty four years experience in the investment industry</p> <ul style="list-style-type: none"> • Capstone Financial Services, Inc. 2007 – present • Capstone Asset Management Company 2007 – present <p>Richard A Nunn Senior Vice President / Chief Compliance Officer Born 1946 Education Rice University, BA in Economics and Business Administration Rice University, BS in Accounting Rice University, Masters in Accounting Certified Public Accountant</p> <p>Background Forty three years experience in the investment industry</p> <ul style="list-style-type: none"> • Capstone Asset Management Company 2004 – present • Capstone Financial Services, Inc. 2004 – present • Capstone Financial Solutions, LLC 2008 – present • Roger H. Jenswold & Company, Inc. 2010 – present • MGL Consulting Corporation 2001 – present • GBM International, Inc. 1991 – present <p>Joel Kennedy Chief Financial Officer Born 1965 Education Lamar University, BBA in Accounting Certified Public Accountant</p> <p>Background Twenty two years experience in the investment industry Member of the Texas Society of CPAs and American Institute of CPAs</p> <ul style="list-style-type: none"> • Capstone Financial Services, Inc. 2010 – present • Capstone Asset Management Company 2010 – present • Capstone Financial Solutions, LLC 2010 – present • Roger H. Jenswold & Company, Inc. 2010 – present
7. B.	Capstone may offer corporate development and planning consulting services on an hourly or fixed fee basis. Less than 5% of Capstone's time is spent on these other business activities.
8.C. (1)&(2)	Capstone Asset Planning Company (CAPCO), an FINRA registered broker-dealer, is also a wholly-owned subsidiary of Capstone Financial Services, Inc., Capstone's parent. CAPCO is the underwriter of the investment companies for which the investment adviser Capstone Asset Management Company (CAMCO) provides investment advice and/or administrative services. CAPCO receives fees from certain of these investment companies for distribution and shareholder services under plans adopted pursuant to rule 12b-1 under the Investment Company Act of 1940, as well as fees under an administrative services plan which are paid out to certain third-party shareholder service providers that assist in the administration of group accounts in which fund shareholders participate. Many of the officers of CAMCO are also officers or directors of CAPCO.

**Schedule F of
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Applicant:
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SEC File Number:
801-17695

Date:
10-3-2011

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1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:		IRS Empl. Ident. No.:
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9.D.	<p>Capstone may from time to time advise that the investment objectives of an account may be best served by investing assets of the account in shares of one or more of the funds from which Capstone receives fees as an investment adviser. If assets of an advisory account were invested in such a fund, Capstone would not charge the investment advisory fee under the investment advisory contract with the client for the client's assets invested in the fund.</p> <p>Capstone Asset Planning Company ("CAPCO") is the underwriter of the investment companies for which Capstone provides investment advice and/or administrative services (Capstone Group of Funds). CAPCO is an affiliate of Capstone, and both are wholly owned subsidiaries of Capstone Financial Services, Inc. The Steward Funds have adopted a Service and Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Investment Company Act of 1940 whereby the Funds' assets are used to compensate CAPCO for costs and expenses incurred with the distribution and marketing of shares of the Funds and servicing of the Funds' shareholders. Distribution and marketing expenses include, among other things, printing of prospectuses, advertising literature, and costs of personnel involved with the promotion and distribution of the Funds' shares. Under the Plan, the Funds pay CAPCO an amount computed monthly at an annual rate of 0.25% of each Fund's average net assets (including reinvested dividends paid with respect to those assets). Of this amount, CAPCO may allocate to securities dealers, (which may include CAPCO itself) and other financial institutions and organizations (collectively "Service Organizations") amounts based on the Fund's average net assets owned by stockholders for whom the Service Organizations have a servicing relationship.</p>	
9. E.	<p>On occasion Capstone may, for its own account, buy or sell shares of funds for which it serves investment adviser.</p> <p>Capstone's Written Code of Ethics includes business conduct standards, provisions requiring Supervised Persons to comply with Federal Securities Laws, and reporting requirements. It also requires that Supervised Persons be provided with, and acknowledge receipt of, the Code. Capstone's Code is based upon the principle that directors, officers and employees of Capstone have a fiduciary duty to place the interests of Capstone's clients ahead of their own. To obtain a copy of Capstone's Code of Ethics, clients may contact the Chief Compliance Officer, Richard A. Nunn via telephone at 800-262-6631.</p>	
10.	<p>Capstone provides investment supervisory services and manages investment advisory accounts. The minimum account size for indexed accounts is generally \$2.5 million. Generally minimum account sizes range from \$1.0 million to \$5.0 million depending on account style. Minimums are lower for accounts through a broker consultant Wrap Program.</p>	
12. A. & B.	<p>Capstone shall invest and reinvest the assets of the client's account in such stocks, bonds or other property of any kind as it deems in the best interest of the client to achieve the investment objective designated by the client.</p> <p>Capstone has the authority to determine without consultation with its client on a transaction-by-transaction basis, the securities to be bought or sold, and the amount of securities to be bought or sold, subject to and in accordance with the investment objective and investment restrictions of the client. Capstone manages both accounts in which Capstone is given authority by the client to</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

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**12. A. & B.
Continued**

select brokers and negotiate commissions, and accounts in which the client designates the broker-dealer and registered representative to which brokerage should be directed.

For accounts for which Capstone is given authority to select brokers and negotiate commission rates, Capstone's policy in selecting brokers is to seek best execution. In determining best execution, Capstone will consider research and brokerage services provided by the firm in addition to price and other factors. This may involve paying a commission to a broker, dealer or exchange member on a transaction that exceeds the commission that Capstone might have obtained if the transaction had been executed through another broker, dealer or exchange member if it is determined by Capstone in good faith that the amount of commission is reasonable in relation to the value of research and brokerage services provided by such broker, dealer or exchange member. Such research must provide lawful and appropriate assistance to Capstone in carrying out its investment decision-making responsibilities. Examples of such research products and services include advice, both directly and in writing, as to the value of the securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities, as well as furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts. Brokerage services, for this purpose, include effecting securities transactions and, between the time the order is transmitted and the securities are delivered or credited to the applicable Capstone account, performing functions incidental to the transaction (such as clearance, settlement, and custody) or required in connection therewith by rules of the Securities and Exchange Commission ("SEC") or applicable self-regulatory organizations and in accordance with relevant SEC guidance. In selecting dealers and in negotiating commissions, in addition to price and brokerage and research products and services provided, Capstone considers among other factors the firm's reliability, the quality of its execution services on a continuing basis and its financial condition.

Capstone believes that most research obtained by it generally benefits several or all of the relevant categories of accounts which it manages, as opposed to solely benefiting one account. Normally research services obtained through transactions in common stock would primarily benefit those accounts managed by Capstone which invest in common stocks; similarly, services obtained from transactions in fixed income securities would be of greater benefit to the accounts which invest in debt securities. Capstone's policy is to receive research only with respect to accounts for which it exercises brokerage discretion. Many of Capstone's clients have not granted brokerage discretion and therefore, any research services received as a result of paying commissions in excess of the amount another broker might have charged is subsidized by accounts that have granted Capstone such discretion.

The SEC has adopted interpretations relating to paying more than the lowest commission rate for transactions where research is received. The interpretations require, among other things, that any such research "reflect the expression of reasoning or knowledge." Capstone believes that the research products and services it currently receives comply with these interpretations and Capstone will continue to monitor its policies in this area to maintain such compliance.

Owners of accounts which are involved in wrap programs and client-directed brokerage accounts designate a registered representative of the wrap sponsor or broker-dealer through whom portfolio transactions in their account will be effected.

Transactions in wrap program accounts are effected "net", i.e., without commission, and a portion of the fee paid by the client to the wrap sponsor is generally considered as being in lieu of commissions. Transactions for client-directed brokerage accounts are most often effected net,

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without commission; but the client may choose to have his transactions effected with a commission charged per transaction at a schedule that he may negotiate with his brokerage firm. Because Capstone is required to execute transactions only with the broker-dealer selected by the client, Capstone will not be free to seek best price and execution by placing transactions with other brokers and dealers, and may not be able to obtain discounted rates for the client by combining his transactions with those of other clients for trading as a block; therefore, these clients may not necessarily obtain commission rates as favorable as other Capstone clients.

The client may wish to satisfy himself that the broker-dealer offering the wrap program can provide adequate price and execution of most transactions. The client should also consider that, depending upon the level of the fee charged by the wrap sponsor or the broker-dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if Capstone were free to negotiate commissions and seek best execution of transactions for the client's account. A conflict of interest may exist between Capstone's duty to obtain the most favorable commission rates and its receipt of future referrals from the client's broker-dealer or wrap fee sponsor.

Privacy Notice

Capstone Asset Management Company ("CAMCO") appreciates the privacy concerns and expectations of our customers. We are committed to maintaining a high level of privacy and confidentiality when it comes to your personal information and we use that information only where permitted by law. This privacy policy contains information about how we fulfill this commitment to you. In compliance with government regulations, we provide this notice annually.

We value the trust of our customers and will continue to recognize the importance of holding your personal financial information as confidential.

We will use information responsibly in order to protect you from fraud, offer you improved products and services, and comply with legal obligations.

We will maintain accurate customer information and respond promptly to customer requests to correct information.

We will require companies with which we do business to use our customer information appropriately and to safeguard the confidentiality of such information.

COLLECTION OF INFORMATION

We collect nonpublic personal information about you from the following sources:

- Information that we receive from you personally on applications, forms, or other correspondence, such as your name, address, phone number, social security number, and e-mail address.
- Information about your transactions with us, such as your account holdings and transaction history.

DISCLOSURE OF INFORMATION

**12. A. & B.
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We do not disclose any Information about our customers or former customers to third parties except to the extent necessary to service your account, as permitted by law.

If you decide to close your account(s), we will continue to adhere to the privacy policies and practices provided in this notice.

We have safeguards in place to protect the confidentiality, security and integrity of your non-public personal information. We restrict access to non-public personal information to those who need to know that information in order to service your account. We maintain physical, electronic and procedural safeguards that comply with government requirements to guard non-public personal information.

We appreciate the opportunity to serve your investment needs. We pledge to follow the policies, safeguards and guidelines as described in this notice, and to protect the confidentiality of your information. Your relationship is very important to us, and we will take great care to honor these commitments to you.

For more information about Capstone Asset Management Company's privacy policies, please call (800) 262-6631

Proxy Voting Policies and Procedures

Capstone Asset Management Company ("CAMCO") has adopted and implemented written Proxy Voting Policies and Procedures ("Proxy Voting Procedures") which are designed to reasonably ensure that CAMCO votes proxies in the best interest of its advisory clients for whom the adviser has voting authority.

The Proxy Voting Procedures describe the positions CAMCO generally takes in voting proxies on particular issues and requires CAMCO to keep records noting the reasons for any vote that differs from its stated policies. CAMCO's guidelines address matters that are commonly submitted to shareholders of a company for voting, such as issues relating to corporate governance, auditors, the board of directors, capital structure, executive and director compensation, and mergers and Committee, and the authority of the Proxy Voting Committee to intervene with respect to a particular proxy matter, the Proxy Administrator is obliged to vote all proxies as set forth in the Guidelines. Where a voting matter is not specifically addressed in the Guidelines or there is a question as to the outcome, the Proxy Administrator is obligated to request additional direction from the Committee. The Proxy Administrator is obligated to maintain records all of all votes received, all votes cast and other relevant information.

The Proxy Voting Procedures also provide that, in the event a particular proxy vote would involve a conflict between the interests of CAMCO and its affiliates, and those of one or more clients of CAMCO, CAMCO may select one of the following procedures for voting the proxies:

- arranging for the proxies to be voted in proportion to votes of security holders who are not CAMCO clients
- voting in accordance with the recommendations of an independent proxy voting service
- referring the voting decision to the client

**12. A. & B.
Continued**

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- obtaining a waiver of the conflict from the client to permit voting in accordance with CAMCO's established voting policies.

You may obtain a copy of CAMCO's Proxy Voting Policy or information about how CAMCO voted client proxies by contacting CAMCO (toll-free) at 1-800-262-6631.

Business Continuity Plan

Capstone Asset Management Company (CAMCO) has developed a Business Continuity and Contingency Program (BCCP) that 1) safeguards the health of CAMCO's employees; 2) protects and preserves CAMCO's tangible and intangible property, books and records; and, 3) assures CAMCO's clients that, in the event of a significant business disruption, CAMCO has procedures and systems in place to restore operations in a timely manner. Because the timing and impact of events causing business disruptions are unpredictable, CAMCO's senior management will need to be flexible in responding to actual events as they occur.

If the primary CAMCO contact phone number (713-260-9000) is inoperable due to a significant business interruption, CAMCO may be alternately contacted by calling 314-726-9971.

The BCCP provides a framework for notifying employees in the event of a significant business disruption and instructing them as to when and where to report for business. Pursuant to the BCCP, CAMCO has established a business resumption team to assess the complications of the business disruption and address the logistical and operational problems and contingencies. Each resumption team member has the authority to initiate the BCCP.

The BCCP is designed to permit CAMCO to resume operations as quickly as possible given the scope and severity of the business disruption. The BCCP addresses data backup and recovery; mission-critical systems; financial and operational assessments; alternative communications with customers, employees and regulators; alternative physical location for employees; the impact of a significant business disruption to CAMCO's critical suppliers, contractors, banks or other service providers; regulatory reporting and assuring continuity of service to CAMCO's customers.

Significant business disruptions can vary in their scope, such as affecting only CAMCO, CAMCO's office facilities, the business district in which CAMCO is located, the city or the entire region. Within each of those areas, the extent of the disruption event can also vary from minimal to severe. For a business disruption that affects only CAMCO or CAMCO's office facilities, operations will be transferred to a local site as needed and operations are expected to be resumed within two business days. For business disruptions affecting CAMCO's business district, city or region, CAMCO will transfer operations to a site outside of the affected area and expects to resume operations within five business days. CAMCO's management expects to continue operations in any event and the BCCP includes procedures to notify CAMCO's customers and provide information through our emergency contacts.

The BCCP is subject to modification and a written copy of any updated summaries may be requested by contacting CAMCO (toll-free) at 1-800-262-6631.

**12. A. & B.
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13.B.

Capstone has entered into contractual arrangements with individuals who may solicit clients for the firm. The arrangements are made in writing pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, Rule 206(4)-3 requires, among other things, that such solicitors comply with requirements of the Rule and other applicable law, as well as their contract with Capstone. The solicitor must, at the time of his solicitation, provide the client with a copy of Part II of Capstone's Form ADV. He must also provide the client with a separate document describing the solicitation arrangement, disclosing any affiliation between Capstone and the solicitor, his compensation for solicitation, and whether advisory fees for solicited clients are higher than those for other clients due to compensation paid to the solicitor.