Capital Advisors
Investment Management

Dynamic Allocation Strategy

Strategy Facts

Market Sector Diversification	
5 Global Sectors	
Underlying Securities	
Minimum	3,500
Maximum	5,400
ETF Expense Ratio	
Minimum	0.07%
Maximum	0.48%
Weighted Average*	0.21%
Availability	
Separate Account (SMA)	Yes
Mutual Fund	No
Model Portfolio Turnover	
3-Year Average Turnover	98%

**Assumes the strategy is fully invested in all five equity market sectors.*

Portfolio Construction

The **Dynamic Allocation Strategy** systematically adjusts its asset allocation among five equity market sectors on a monthly basis. The sectors are domestic stocks, international equities, emerging markets, natural resources and real estate. The strategy invests in exchange traded funds, or "ETFs" that track an appropriate index for each of these five sectors. At the end of every month we compare the price of each index to its trailing monthly moving average. Sectors that are trading above their moving average are retained in the portfolio for the subsequent monthly holding period. Sectors that drop below their moving average are sold, and the proceeds are reinvested into an ETF for investment grade bonds and cash. Sectors that have been sold from the portfolio remain in cash and bonds until the index for that sector crosses back above its monthly moving average. Total equity exposure in the **Dynamic Allocation Strategy** can range from 10% on the low side to 98% on the high side.

Objective & Strategy

Capital Advisors' **Dynamic Allocation Strategy** uses a quantitative marker called a "moving average crossover" to direct asset allocation changes among five broad sectors of the global equity markets. The strategy seeks to provide risk-adjusted exposure to global equities by systematically retaining positions in upward trending market sectors and reducing exposure to sectors when they demonstrate a downtrend. The strategy is designed to sell out of markets during periods of price weakness in an effort to sidestep at least a portion of the losses that can accrue to buy-and-hold investment strategies during secular bear market cycles.

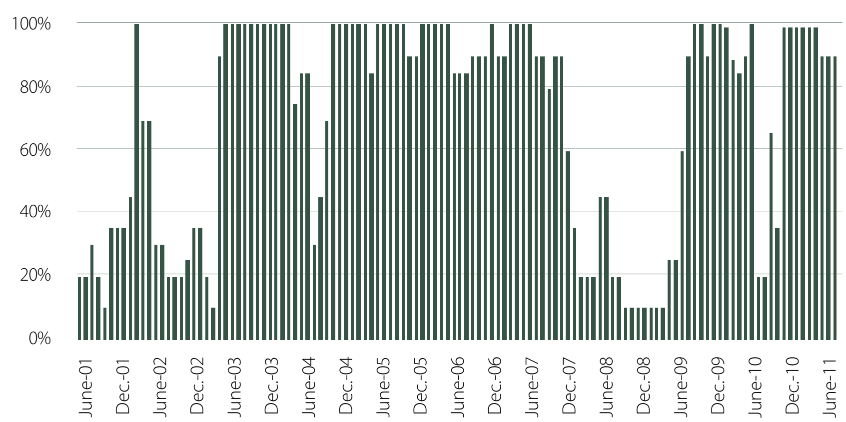
Investment Approach

Wealthy individuals and institutional investors have ready access to informed opinions about the asset markets. Capital Advisors strives to provide something different for its clients by measuring statistical tendencies in the markets with purely objective data. We track conditional probabilities associated with relative strength, moving averages, credit spreads and valuation to determine when asset markets are statistically most likely to perform well, and when they are not. We do this by measuring correlations between pre-conditions and post-conditions in the asset markets over long periods of time.

For example, over the past 138 years we know that the average monthly return for the U.S. stock market has been materially higher, and the frequency of losing money has been materially lower, in months following a positive moving average measurement for the market index compared to months following a negative reading. Armed with this knowledge we may choose to invest differently when the market index is trading above its monthly moving average compared to periods when it is not.

Each of the asset allocation models we offer at Capital Advisors, including the **Dynamic Allocation Strategy**, incorporates this kind of logic into its investment process. The strategies are designed to systemically increase exposure to asset sectors that demonstrate favorable conditional probabilities, while decreasing exposure to sectors that do not.

Asset Allocation History



This chart illustrates the ratio of equity assets to cash and bonds on a monthly basis over the 10-year period from June 30, 2001 to June 30, 2011 as indicated by the model portfolio of the **Dynamic Allocation Strategy**. The chart represents a back-tested simulation of the changes in portfolio asset allocation that would have resulted from purchase and sale transactions dictated by moving average crossovers for each of the five equity sectors included in the strategy.

See disclosures on reverse side

June 30, 2011

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About Capital Advisors

Capital Advisors was founded in 1978 and is headquartered in Tulsa, Oklahoma. As of June 30, 2011, we managed and advised on $919 million in assets for high net worth individuals and mid-sized institutional investors.

Keith C. Goddard, CFA
President/CEO

Keith Goddard oversees investment strategies at Capital Advisors and has been President since 2003. He joined Capital Advisors in 1991 after graduating from the University of Colorado, Boulder with a B.A. in Journalism. He earned the Chartered Financial Analyst (CFA) designation in 1995.

Channing S. Smith, CFA
Managing Director

Channing Smith is director of equity strategies at Capital Advisors. He joined the firm in 2004 after earning his M.B.A. with a focus in Finance and Accounting from Southern Methodist University. He graduated with a B.S. in Entrepreneurship from Indiana University in 1998.

Monty L. Butts
Managing Director—Credit Strategies

Monty Butts is director of credit strategies at Capital Advisors. He joined the firm in 1988 after 12 years at the Bank of Oklahoma. Monty's 34-year career in fixed income involves all aspects of the business, including sales, underwriting, corporate finance and portfolio management.

Investment Universe

Domestic Multi-Cap Core	Vanguard Total Stock Market ETF (VTI)
International Developed Markets	iShares MSCI EAFE Index ETF (EFA)
Emerging Markets	Vanguard Emerging Markets Stock ETF (VWO)
Natural Resources	iShares S&P No. Amer. Natural Resources ETF (IGE)
Real Estate	Vanguard REIT Index ETF (VNQ)
Investment-Grade Bonds	iShares Barclays Aggregate Bond ETF (AGG)

Risk Considerations

The risk management process incorporated into the **Dynamic Allocation Strategy** is not optimal for all market conditions. The natural volatility of asset markets should be expected to trigger false signals from the moving average markers that direct asset allocation changes for the strategy such that some of the purchase and sale transactions in the strategy may turn out to be poorly timed in hindsight. Investors considering the **Dynamic Allocation Strategy** for a taxable portfolio should expect more frequent taxable gains and losses relative to more static buy-and-hold investment strategies.

More Information

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The information presented for the Dynamic Allocation Strategy portfolio represents back-tested results based on combined simulated index data and live (or actual) Exchange Traded Funds (ETF's) results from January 1989 to the period ending date shown using the strategy of buying, holding and monthly rebalancing ETF portfolios. An ETF is an investment company that typically has an investment objective of striving to achieve a similar return as a particular market index. The ETF will invest in either all, or a representative sample of the securities included in the index it is seeking to imitate. Like closed-end funds, ETFs can be traded on a secondary market and thus have a market price that may be higher or lower that its net asset value (NAV). If these shares trade at a price above their NAV they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount.

Back-tested portfolios are hypothetical (it does not reflect trading in actual accounts) and are provided for informational purposes to indicate historical performance had the index portfolios been available over the relevant period. Capital did not offer this strategy until August 2009.

Back-tested results do not represent actual performance and should not be interpreted as an indication of such performance. Actual performance for client accounts may be materially lower than that of the ETF portfolios.

Back-tested results have certain inherent limitations. Such results do not represent the impact that material economic and market factors might have on an investment adviser's decision-making process if the adviser were actually managing client money. Back-tested performance also differs from actual performance because it is achieved through the retroactive application of model portfolios designed with the benefit of hindsight. As a result, the models theoretically may be changed from time to time to obtain more favorable performance results.

Back-tested performance results assume the reinvestment of dividends and capital gains and monthly rebalancing. In reality, client's accounts will be rebalanced either more or less frequently depending on the fluctuation of the asset classes and the cash flow activity of the client. It is Capital's opinion that the assumption of monthly rebalancing is a reasonable approximation to reality.

Past performance is not a guarantee of future results. Additional information, including management fees and expenses, is provided on Capital's Form ADV Part II.