

**Part 2A of Form ADV: Firm Brochure**

Form ADV, Part 2A, Item 1

**Cover Page**

**Capital Advisor Network, LLC**

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Tel: (317) 205-5932

August 9, 2018

**FORM ADV PART 2  
FIRM BROCHURE**

This brochure provides information about the qualifications and business practices of Capital Advisor Network, LLC. If you have any questions about the contents of this brochure, please contact us at (317) 205-5932. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Capital Advisor Network, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Capital Advisor Network, LLC is 297578.

Capital Advisor Network, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

***Material Changes***

Capital Advisor Network, LLC was established as a new Registered Investment Advisor in June 2018 under the State of Indiana rules and regulations.

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### ***Advisory Business***

Capital Advisor Network, LLC (hereinafter called “CAN”), is a Registered Investment Adviser based in Lafayette, Indiana, and incorporated under the laws of the State of Indiana. CAN is wholly owned by Peter Johnson. CAN is registered with the State of Indiana and is subject to its rules and regulations. Founded in June 2018, CAN provides investment advisory services, which may include, but are not limited to, the review of client investment objectives and goals, recommending asset allocation strategies of managed assets among investment products such as cash, stocks, mutual funds and bonds, annuities, and/or preparing written investment strategies. Our investment advice is tailored to meet our clients’ needs and investment objectives. Clients may impose restrictions on investing in certain securities or types of securities (such as a product type, specific companies, specific sectors, etc.) by providing a signed and dated written notification, of which an e-mail is also an acceptable form of notification.

CAN provides investment advisory and other financial services through its Investment Advisory Representatives ("IAR") to accounts opened with CAN. Managed Accounts are available to individuals.

CAN provides discretionary and non-discretionary investment advisory services to some of its clients through various managed account programs. CAN will assist clients in determining the suitability of the Managed Account Programs for the client. The IAR is compensated through a comprehensive single fee and the account may be assessed other charges associated with conducting a brokerage business. CAN and its IAR, as appropriate, will be responsible for the following:

- Performing due diligence
- Recommending strategic asset and style allocations
- Providing research on investment product options, as needed
- Providing client risk profile questionnaire
- Obtaining investment advisory contract from client with required financial, risk tolerance, suitability and investment vehicle selection information for each new account
- Performing client suitability check on account documentation, review the investment objectives and evaluate the investment vehicle selections
- Providing Firm Brochure (this document)

CAN may recommend a Wrap Fee Program for the client’s account(s). A “wrap fee program” for purposes of the SEC is a program under which investment advisory and brokerage execution services are provided for a single “wrapped” fee that is not based on the transactions in a client account. CAN provides discretionary investment advisory services to some of its clients through a managed account program (“the Wrap Fee Program”). CAN will assist

clients in determining the suitability of the Wrap Fee Program for the client. Wrap Fee Program accounts recommended by CAN are not managed differently from non-Wrap Fee Program accounts, and the fee schedule below applies to Wrap Fee Program accounts. Because brokerage execution costs are included in the client's overall advisory fee, the client's fee may be greater than those that have accounts in non-Wrap Fee Program accounts, however fees will not exceed the fee schedule below. Clients with Wrap Fee Program accounts will be provided with CAN's Wrap Fee Brochure.

The firm currently does not have any assets under management.

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### ***Fees and Compensation***

The following types of fees will be assessed:

**Asset Management** – Fees are charged in arrears and are based primarily on asset size and the level of complexity of the services provided. In individual cases, CAN has the sole discretion to negotiate fees that are lower than the standard fee shown or to waive fees. Fees are not based on the share of capital gains or capital appreciation of the funds or any portion of the funds. Comparable services for lower fees may be available from other sources. Fees for the initial quarter will be prorated based upon the number of calendar days in the calendar quarter that the advisory agreement is in effect. Fees are based on the market value of the assets on the last business day of the previous quarter. Annual fees range from .70% - 1.00% depending on the amount of assets under management (“AUM”) – See chart below. Consulting services are included in these fees for asset management services.

Fee Schedule for Asset Management:

| Total Account Value     | Maximum Annual Advisory Fee |
|-------------------------|-----------------------------|
| \$0 – \$500,000         | 1.0%                        |
| \$500,001 – \$2,500,000 | 0.90%                       |
| \$2,500,001 or more     | 0.70%                       |

As authorized in the client agreement, the account custodian withdraws Capital Advisor Network, LLC's advisory fees directly from the clients' accounts according to the custodian's policies, practices, and procedures. The custodial statement includes the amount of any fees paid to CAN for advisory services. You should carefully review the statement from your custodian/broker-dealer's statement and verify the calculation of fees. Your custodian/broker-dealer does not verify the accuracy of fee calculations.

Fees are charged in arrears on a quarterly basis, meaning that advisory fees for a quarter are charged on the first day of the quarter. Clients may terminate investment advisory services

obtained from CAN, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with CAN. The client is responsible for any fees and charges incurred by the client from third parties as a result of maintaining the account such as transaction fees for any securities transactions executed and account maintenance or custodial fees. Thereafter, the client may terminate advisory services upon written notice delivered to and received by CAN. Clients who terminate investment advisory services during a quarter are charged a prorated advisory fee based on the date of CAN's receipt of client's written notice to terminate. Any earned but unpaid fees are immediately due and payable.

### **Additional Fees and Expenses**

In addition to advisory fees paid to CAN as explained above, clients may pay custodial service, account maintenance, transaction, and other fees associated with maintaining the account. Some of these fees may be included in Wrap Fee Program accounts as described above. These fees vary by broker and/or custodian. Clients should ask CAN for details on transaction fees or other custodial fees specific to their account, as these fees are not included in the annual advisory fee. CAN does not share any portion of such fees. Additionally, for any mutual funds purchased, the client may pay their proportionate share of the funds' distribution, internal management, investment advisory and administrative fees. Such fees are not shared with CAN and are compensation to the fund manager. Clients are urged to read the mutual fund prospectus prior to investing.

Mutual fund companies impose internal fees and expenses on clients. These fees are in addition to the costs associated with the investment advisory services as described above. Complete details of such internal expenses are specified and disclosed in each mutual fund company's prospectus. Clients are strongly advised to review the prospectus(es) prior to investing in such securities.

Mutual funds purchased or sold in broker-dealer accounts may generate transaction fees that would not exist if the purchase or sale were made directly with the mutual fund company. Mutual funds held in broker-dealer accounts also charge management fees. These mutual fund management fees may be more or less than the mutual fund management fees charged if the client held the mutual fund directly with the mutual fund company.

Clients may purchase shares of mutual funds directly from the mutual fund issuer, its principal underwriter, or a distributor without purchasing the services of CAN or paying the advisory fee on such shares (but subject to any applicable sales charges). Certain mutual funds are offered to the public without a sales charge. In the case of mutual funds offered with a sales charge, the prevailing sales charge (as described in the mutual fund prospectus) may be more or less than the applicable advisory fee. However, clients would not receive CAN's assistance in developing an investment strategy, selecting securities, monitoring performance of the account, and making changes as necessary.

Please refer to Item 12 "Brokerage Practices" of this brochure for additional information.

### ***Performance-Based Fees and Side-By-Side Management***

Capital Advisor Network, LLC does not charge performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or appreciation of the assets of a client. Our fees are calculated as described in Fees and Compensation section above and are not charged on the basis of performance of your advisory account.

### ***Types of Clients***

CAN offers investment advisory services to individuals. There is \$100,000 minimum account size to open and maintain an advisory account.

### ***Methods of Analysis, Investment Strategies, and Risk of Loss***

CAN's methods of analysis and investment strategies incorporate the client's needs and investment objectives, time horizon, and risk tolerance. CAN is not bound to a specific investment strategy for the management of investment portfolios, but rather consider the risk tolerance levels pre-determined gathered at the account opening, as well as on an on-going basis. Examples of methodologies that our investment strategies may incorporate include:

**Asset Allocation** – Asset Allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk.

**Dollar-Cost Averaging** – Dollar-cost averaging is the technique of buying a fixed dollar amount of securities at regularly scheduled intervals, regardless of the price per share. This will gradually, over time, decrease the average share price of the security. Dollar-cost averaging lessens the risk of investing a large amount in a single investment at the wrong time.

**Technical Analysis** – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

**Long-Term Purchases** – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Short-Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Our strategies and investments may have unique and significant tax implications. Regardless of your account size or other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Investing in securities involves risk of loss that clients should be prepared to bear. Although we manage your portfolio with strategies and in a manner consistent with your risk tolerances, there can be no guarantee that our efforts will be successful. You should be prepared to bear the risk of loss.

All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends, and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. Regardless of the methods of analysis or strategies suggested for your particular investment goals, you should carefully consider these risks, as they all bear risks.

CAN's primary goal for investing is to help the client maintain purchasing power over the long term. This may result in short term variability and loss of principal. Time horizon and risk tolerance are key determinates of the proper asset allocation. CAN's approach focuses on taking appropriate risks for which clients are compensated (i.e. market risk) and seeking to limit or eliminate risks that do not provide compensation over the long term (i.e. individual stock risk or lack of portfolio risk).

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with CAN:

**Interest-rate Risk** - Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk** - The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Inflation Risk** - When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.

**Currency Risk** - Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Reinvestment Risk** - This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.



**Business Risk** - These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Liquidity Risk** - Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

**Financial Risk** - Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Long-term purchases** - Long-term investments are those vehicles purchased with the intention of being held for more than one year. Typically, the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.

**Short-term purchases** - Short-term investments are typically held for one year or less. Generally, there is not a high expectation for a return or an increase in value. Typically, short-term investments are purchased for the relatively greater degree of principal protection they are designed to provide. Short-term investment vehicles may be subject to purchasing power risk — the risk that your investment's return will not keep up with inflation.

**Trading risk** - Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.

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### ***Disciplinary Information***

Capital Advisor Network, LLC or its Principal Executive Officers have not had any reportable disclosable events in the past ten years.

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### ***Other Financial Industry Activities and Affiliations***

The owner and IARs of CAN are not currently registered with any broker dealer.

Neither CAN nor its representatives are registered as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

IARs of CAN may also be licensed insurance agents. From time to time, they may offer clients advice or products from those activities. Clients should be aware that these services pay a

commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. CAN always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of CAN in their capacity as an insurance agent.

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

CAN's Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect client interests at all times and to demonstrate our commitment to fiduciary duties of honesty, good faith, and fair dealing. All of CAN's Associated Persons are expected to strictly adhere to these guidelines. Persons associated with Capital Advisor Network, LLC are also required to report any violations to the Code of Ethics. Additionally, the firm maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about our clients or client accounts by persons associated with our firm.

CAN and its employees may buy or sell securities that are also held by clients. It is the expressed policy of the advisor that no person employed by our firm purchase or sell any security prior to the transaction being implemented for an advisory account; therefore, preventing such employees from benefiting from transactions placed on behalf of the advisory clients.

The advisor may have an interest or position in a certain security, which may also be recommended to the client. As these situations may present a conflict of interest, the advisor has established the following restrictions in order to ensure its fiduciary responsibilities:

1. A director, officer or employee of the advisor shall not buy or sell a security for their personal portfolio(s) where their decision is substantially derived, in whole or part, by reason of his or her employment, unless the information is also available to the investing public. No owner/employee of CAN shall prefer their own interest to that of the client.
2. The advisor maintains a list of all securities held by the company and all directors, officers, and employees. These holdings are reviewed on a quarterly basis by the principal of the firm.
3. The advisor requires that all employees must act in accordance with all applicable Federal and State regulations governing registered investment advisors.
4. The advisor may block personal trades with those of clients but will ensure that clients are never at a disadvantage.

CAN's Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Peter Johnson at (317) 205-5932.

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### ***Brokerage Practices***

CAN recommends the custodial services of TCA by E\*Trade. In considering which independent qualified custodian will be the best fit for CAN's business model, we evaluate the following factors, which is not an all-inclusive list:

- Financial strength
- Reputation
- Reporting capabilities
- Execution capabilities
- Pricing, and
- Types and quality of research

While we recommend the services of TCA by E\*Trade, you are not required to do so. You are free to choose any broker-dealer or other service provider. Our relationship with TCA by E\*Trade may include benefits provided to our firm, including, but not limited to research, market information, and administrative services that help our firm manage your account(s). We believe that recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by the recommended broker-dealers, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. By directing brokerage, CAN may be unable to achieve most favorable execution of client transactions and this practice may cost clients more money.

You may direct us in writing to use a particular broker-dealer to execute some or all of the transactions for your account. If you do so, you are responsible for negotiating the terms and arrangements for the account with that broker-dealer. We may not be able to negotiate commissions, obtain volume discounts, or best execution. In addition, under these circumstances a difference in commission charges may exist between the commissions charged to clients who direct us to use a particular broker or dealer and other clients who do not direct us to use a particular broker or dealer.

CAN does not have any soft dollar arrangements.

CAN does not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

CAN does not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). CAN gives each client individualized services based on the customer's financial goals and risk tolerance. Based on the differing needs of every client, CAN does not find that it is common practice for different clients to benefit from the same trades at the exact same time. By not aggregating orders, clients may incur a higher charge than with a firm that does aggregate orders due to larger volume discounts.

Form ADV, Part 2A, Item 13

## ***Review of Accounts***

Client accounts are reviewed at least quarterly by Peter Johnson. Peter Johnson reviews clients' accounts with regard to their investment policies and risk tolerance levels. All accounts at CAN are assigned to this reviewer.

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

Each client will receive at least quarterly a written report that details the clients' account which may come from the custodian.

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### ***Client Referrals and Other Compensation***

CAN does not compensate any individual or firm for client referrals. Additionally, CAN does not receive compensation for referring clients to other professional services providers.

Form ADV, Part 2A, Item 15

### ***Custody***

CAN does not have physical custody of any client funds and/or securities and does not take custody of client accounts at any time. Client funds and securities will be held with a bank, broker dealer, or other independent qualified custodian. CAN is considered to have limited custody by directly debiting advisory fees with your written authorization in the Investment Advisory Agreement. You will receive account statements from the independent, qualified custodian holding your funds at least quarterly. The account statement from your custodian will indicate the amount of advisory fees deducted from your account(s) each billing cycle. Clients should carefully review statements received from the custodian. CAN also sends quarterly invoices detailing the manner and amount of advisory fees to all clients. If the client receives account statements from CAN, they should be compared with the statements from the custodian.

Form ADV, Part 2A, Item 16

### ***Investment Discretion***

Before CAN can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a limited power of attorney, and/or trading authorization forms. By choosing to do so, you may grant the firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. Clients may impose limitations on discretionary authority for investing in certain securities or types of securities (such as a product type, specific companies, specific sectors, etc.), as well as other limitations as expressed by the client. Limitations on discretionary authority are required to be provided to the IAR in writing. Please refer to the "Advisory

Business” section of this Brochure for more information on our discretionary management services.

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### ***Voting Client Securities***

We do not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

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### ***Financial Information***

CAN is not required to provide financial information to our clients because we do not require or solicit the prepayment of more than \$500 six or more months in advance.

Form ADV, Part 2A, Item 19

### ***Requirements for State-Registered Advisers***

Principal Executive Officers and Management Persons Education and Business Background:

Peter Johnson  
Managing Principal and CCO

#### **Business Background:**

Capital Advisor Network, LLC, Managing Principal and CCO, June 2018 - Present

Kennedy Wealth Group (DBA for Center Street Advisors, Inc. and Center Street Securities, Inc.), Managing Partner, November 2016 – July 2018

Center Street Advisors, Inc., Investment Advisor Representative, April 2014 – July 2018

Center Street Securities, Inc., Registered Representative, November 2013 – July 2018

Brookstone Capital Management, Portfolio Strategist, August 2015 – November 2016

National Planning Corporation, Investment Advisor Representative, September 2011 – November 2013

**Educational Background:**

Purdue University, Attended