

FORM ADV (Paper Version)

UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

PART 1A

WARNING: Complete this form truthfully. False statements or omissions may result in denial of your application, revocation of your registration, or criminal prosecution. You must keep this form updated by filing periodic amendments. See Form ADV General Instruction 3.

Check the box that indicates what you would like to do (check all that apply):

- Submit an initial application to register as an investment adviser with the SEC.
- Submit an initial application to register as an investment adviser with one or more states.
- Submit an *annual updating amendment* to your registration for your fiscal year ended 12/31/09.
- Submit an other-than-annual amendment to your registration.

Item 1 Identifying Information

Responses to this Item tell us who you are, where you are doing business, and how we can contact you:

A. Your full legal name (if you are a sole proprietor, your last, first and middle names):
Capital Advantage, Inc.

B. Name under which you primarily conduct your advisory business, if different from Item 1.A.

List on Section 1.B. of Schedule D any additional names under which you conduct your advisory business.

C. If this filing is reporting a change in your legal name (Item 1.A.) or your primary business name (Item 1.B.), enter the new name and specify whether the name change is of your legal name or your primary business name:

D. If you are registered with the SEC as an investment adviser, your SEC file Number: 801-55896

E. If you have a number ("CRD Number") assigned by the NASD's CRD system or by the IARD system, your CRD number:
108985

If your firm does not have a CRD number, skip this Item 1.E. Do not provide the CRD number of one of your officers, employees, or affiliates.

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Your Name Capital Advantage, Inc.CRD Number 108985Date March 2, 2010SEC 801-Number 55896F. *Principal Office and Place of Business*

(1) Address (do not use a P.O. Box):

3708 Mount Diablo Boulevard, Suite 200

(number and street)

Lafayette, CA 94549-3612

(city)

(state/country)

(zip+4/postal code)

If this address is a private residence, check this box:

List on Section 1.F. of Schedule D any office, other than your principal office and place of business, at which you conduct investment advisory business. If you are applying for registration, or are registered, with one or more state securities authorities, you must list all of your offices in the state or states to which you are applying for registration or with whom you are registered. If you are applying for registration, or are registered only, with the SEC, list the largest five offices in terms of numbers of employees.

(2) Days of week that you normally conduct business at your *principal office and place of business*: Monday - Friday Other: _____Normal business hours at this location: 8:30 a.m. - 5:00 p.m.(3) Telephone number at this location: (925) 299-1500

(area code)

(telephone number)

(4) Facsimile number at this location: (925) 299-1599

(area code)

(telephone number)

G. Mailing address, if different from your *principal office and place of business* address:_____
(number and street)_____
(city)

(state/country)

(zip+4/postal code)

If this address is a private residence, check this box: H. If you are a sole proprietor, state your full residence address, if different from your *principal office and place of business* address in Item 1.F.:_____
(number and street)_____
(city)

(state/country)

(zip+4/postal code)

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- I. Do you have World Wide Web site addresses? Yes No

If "yes," list these addresses in Section 1.I. of Schedule D. If a web address serves as a portal through which to access other information you have published on the World Wide Web, you may list the portal without listing addresses for all of the other information. Some advisers may need to list more than one portal address. Do not provide individual electronic mail addresses in response to this Item.

- J. Contact Employee:

Dawnalizabeth Henke

(name)

Chief Compliance Officer

(title)

(925) 299-1500

(area code) (telephone number)

(925) 299-1599

(area code) (facsimile number)

3708 Mount Diablo Boulevard, Suite 200

(number and street)

Lafayette, CA 94549-3612

(city)

(state/country)

(zip+4/postal code)

dawnalizabeth.henke@capitaladvantage.com

(electronic mail (e-mail) address, if contact employee has one)

The contact employee should be an employee whom you have authorized to receive information and respond to questions about this Form ADV.

- K. Do you maintain some or all of the books and records you are required to keep under Section 204 of the Advisers Act, or similar state law, somewhere other than your *principal office and place of business*?
Yes No

If "yes," complete Section 1.K. of Schedule D.

- L. Are you registered with a *foreign financial regulatory authority*? Yes No

Answer "no" if you are not registered with a foreign financial regulatory authority, even if you have an affiliate that is registered with a foreign financial regulatory authority. If "yes," complete Section 1.L. of Schedule D.

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Your Name Capital Advantage, Inc.CRD Number 108985Date March 30, 2001SEC 801-Number 55896**Item 2 SEC Registration**

Responses to this Item help us (and you) determine whether you are eligible to register with the SEC. Complete this Item 2 only if you are applying for SEC registration or submitting an *annual updating amendment* of your SEC registration.

- A. To register (or remain registered) with the SEC, you must check at least one of the Items 2.A(1) through 2.A(10), below. If you are submitting an *annual updating amendment* to your SEC registration and you are no longer eligible to register with the SEC, check Item 2.A(11). You:

(1) have *assets under management* of \$25 million (in U.S. dollars) or more;

See Part 1A Instruction 2.a. to determine whether you should check this box.

(2) have your *principal office and place of business* in the U.S. Virgin Islands or Wyoming;

(3) have your *principal office and place of business* outside the United States;

(4) are an investment adviser (or sub-adviser) to an investment company registered under the Investment Company Act of 1940;

See Part 1A Instruction 2.b. to determine whether you should check this box.

(5) have been designated as a nationally recognized statistical rating organization;

See Part 1A Instruction 2.c. to determine whether you should check this box.

(6) are a pension consultant that qualifies for the exemption in rule 203A-2(b);

See Part 1A Instruction 2.d. to determine whether you should check this box.

(7) are relying on rule 203A-2(c) because you are an investment adviser that *controls, is controlled by, or is under common control with*, an investment adviser that is registered with the SEC, and your *principal office and place of business* is the same as the registered adviser;

See Part 1A Instruction 2.e. to determine whether you should check this box. If you check this box, complete Section 2.A.(7) of Schedule D.

(8) are a newly formed adviser relying on rule 203A-2(d) because you expect to be eligible for SEC registration within 120 days.

See Part 1A Instruction 2.f. to determine whether you should check this box. If you check this box, complete Section 2.A.(8) of Schedule D.

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- (9) are a multi-state adviser relying on rule 203A-2(e);

See Part 1A Instruction 2.g. to determine whether you should check this box. If you check this box, complete Section 2.A.(9) of Schedule D.

- (10) have received an SEC order exempting you from the prohibition against registration with the SEC;

If you check this box, complete Section 2.A.(10) of Schedule D.

- (11) are no longer eligible to remain registered with the SEC.

See Part 1A Instruction 2.h. to determine whether you should check this box.

- B. Under state laws, SEC-registered advisers may be required to provide to state securities authorities a copy of the Form ADV and any amendments they file with the SEC. These are called *notice filings*. If this is an initial application, check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings you submit to the SEC. If this is an amendment to direct your *notice filings* to additional state(s), check and circle the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings you submit to the SEC. If this is an amendment to your registration to stop your *notice filings* from going to state(s) that currently receive them, circle the unchecked box(es) next to those state(s).

- AL CT HI KY MN NH OH SC VA
 AK DE ID LA MS NJ OK SD WA
 AZ DC IL ME MO NM OR TN WV
 AR FL IN MD MT NY PA TX WI
 CA GA IA MA NE NC PR UT
 CO GU KS MI NV ND RI VT

If you are amending your registration to stop your notice filings from going to a state that currently receives them and you do not want to pay that state's notice filing fee for the coming year, your amendment must be filed before the end of the year (December 31).

Item 3 Form of Organization

- A. How are you organized?

- Corporation Sole Proprietorship Limited Liability Partnership (LLP)
 Partnership Limited Liability Company (LLC)
 Other (specify): _____

If you are changing your response to this Item, see Part 1A Instruction 4.

- B. On the last day of what month does your fiscal year end each year? December

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	Date	<u>March 3, 2010</u>	SEC 801-Number	<u>55896</u>

C. Under the laws of what state or country are you organized? California

If you are a partnership, provide the name of the state or country under whose laws your partnership was formed. If you are a sole proprietor, provide the name of the state or country where you reside.

If you are changing your response to this Item, see Part 1A, Instruction 4.

Item 4 Successions

A. Are you, at the time of this filing, succeeding to the business of a registered investment adviser?

Yes No

If "yes," complete Item 4.B. and Section 4 of Schedule D.

B. Date of Succession: _____

(mm/dd/yyyy)

If you have already reported this succession on a previous Form ADV filing, do not report the succession again. Instead, check "No." See Part 1A Instruction 4.

Item 5 Information About Your Advisory Business

Responses to this Item help us understand your business, assist us in preparing for on-site examinations, and provide us with data we use when making regulatory policy. Part 1A Instruction 5.a. provides additional guidance to newly-formed advisers for completing this Item 5.

Employees

A. Approximately how many *employees* do you have? Include full and part-time *employees* but do not include any clerical workers.

1 - 5 6 - 10 11 - 50 51 - 250 251 - 500 501-1,000 More than 1,000

If more than 1,000, how many? _____ (round to the nearest 100)

B.

(1) Approximately how many of these *employees* perform investment advisory functions (including research?)

0 1 - 5 6 - 10 11 - 50 51 - 250 251 - 500 501-1,000

More than 1,000 If more than 1,000, how many? _____ (round to the nearest 100)

(2) Approximately how many of these *employees* are registered representatives of a broker-dealer?

0 1 - 5 6 - 10 11 - 50 51 - 250 251 - 500 501-1,000

More than 1,000 If more than 1,000, how many? _____ (round to the nearest 100)

If you are organized as a sole proprietorship, include yourself as an employee in your responses to Items 5.A(1) and 5.B.(2). If an employee performs more than one function, you should count that employee in each of your responses to Item 5.B(1) and 5.B(2).

(3) Approximately how many firms or other persons solicit advisory clients on your behalf?

- 0
 1 - 5
 6 - 10
 11 - 50
 51 - 250
 251 - 500
 501-1,000
 More than 1,000 If more than 1,000, how many? _____ (round to the nearest 100)

In your response to Item 5.B(3), do not count any of your employees and count a firm only once -- do not count each of the firm's employees that solicit on your behalf.

Clients

C. To approximately how many clients did you provide investment advisory services during your most-recently completed fiscal year?

- 0
 1-10
 11-25
 26-100
 101-250
 251 - 500
 More than 500 If more than 500, how many? _____ (round to the nearest 100)

D. What types of clients do you have? Indicate the approximate percentage that each type of client comprises of your total number of clients.

	<u>None</u>	<u>Up to 10%</u>	<u>11-25%</u>	<u>26-50%</u>	<u>51-75%</u>	<u>More Than 75%</u>
(1) Individuals (other than high net worth individuals)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(2) High net worth individuals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(3) Banking or thrift institutions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(4) Investment companies (including mutual funds)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(5) Pension and profit sharing plans (other than plan participants)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(6) Other pooled investment vehicles (e.g., hedge funds)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(7) Charitable organizations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(8) Corporations or other businesses not listed above	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(9) State or municipal government entities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(10) Other: _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The category "individuals" includes trusts, estates, 401(k) plans and IRAs of individuals and their family members, but does not include businesses organized as sole proprietorships.

Unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940, check "None" in response to Item 5.D(4).

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Your Name Capital Advantage, Inc.CRD Number 108985Date March 3, 2010SEC 801-Number 55896Compensation Arrangements

E. You are compensated for your investment advisory services by (check all that apply):

- (1) A percentage of assets under your management
- (2) Hourly charges
- (3) Subscription fees (for a newsletter or periodical)
- (4) Fixed fees (other than subscription fees)
- (5) Commissions
- (6) *Performance-based fees*
- (7) Other (specify): _____

Assets Under ManagementF. (1) Do you provide continuous and regular supervisory or management services to securities portfolios? Yes No

(2) If yes, what is the amount of your assets under management and total number of accounts?

	U.S. Dollar Amount	Total Number of Accounts
Discretionary:	(a) \$ <u>282,474,000.00</u>	(d) <u>380</u>
Non-Discretionary:	(b) \$ <u>0.00</u>	(e) <u>0</u>
Total:	(c) \$ <u>282,474,000.00</u>	(f) <u>380</u>

Part 1A Instruction 5.b. explains how to calculate your assets under management. You must follow these instructions carefully when completing this Item.

Advisory Activities

G. What type(s) of advisory services do you provide? Check all that apply.

- (1) Financial planning services
- (2) Portfolio management for individuals and/or small businesses
- (3) Portfolio management for investment companies
- (4) Portfolio management for businesses or institutional *clients* (other than investment companies)
- (5) Pension consulting services
- (6) Selection of other advisers
- (7) Publication of periodicals or newsletters
- (8) Security ratings or pricing services
- (9) Market timing services
- (10) Other (specify): _____

Do not check Item 5.G(3) unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940.

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H. If you provide financial planning services, to how many *clients* did you provide these services during your last fiscal year?

- 0 1-10 11-25 26-50 51-100 101-250 251 - 500
 More than 500 If more than 500, how many? _____ (round to the nearest 100)

I. If you participate in a *wrap fee program*, do you (check all that apply):

- (1) *sponsor the wrap fee program?*
 (2) *act as a portfolio manager for the wrap fee program?*

If you are a portfolio manager for a wrap fee program, list the names of the programs and their sponsors in Section 5.I(2) of Schedule D.

If your involvement in a wrap fee program is limited to recommending wrap fee programs to your clients, or you advise a mutual fund that is offered through a wrap fee program, do not check either Item 5.I(1) or 5.I(2).

Item 6 Other Business Activities

In this Item, we request information about your other business activities.

A. You are actively engaged in business as a (check all that apply).

- (1) Broker-dealer
 (2) Registered representative of a broker-dealer
 (3) Futures commission merchant, commodity pool operator, or commodity trading advisor
 (4) Real estate broker, dealer, or agent
 (5) Insurance broker or agent
 (6) Bank (including a separately identifiable department or division of a bank)
 (7) Other financial product salesperson (specify): _____

B. (1) Are you actively engaged in any other business not listed in Item 6.A. (other than giving investment advice?). Yes No

(2) If yes, is this other business your primary business? Yes No

If "yes," describe this other business on Section 6.B. of Schedule D.

(3) Do you sell products or provide services other than investment advice to your advisory *clients*?
 Yes No

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Your Name Capital Advantage, Inc.CRD Number 108985Date March 30, 2001SEC 801-Number 55896**Item 7 Financial Industry Affiliations**

In this Item, we request information about your financial industry affiliations and activities. This information identifies areas in which conflicts of interest may occur between you and your *clients*.

Item 7 requires you to provide information about you and your *related persons*. Your *related persons* are all of your advisory affiliates and any *person* that is under common *control* with you.

A. You have a *related person* that is a (check all that apply):

- (1) broker-dealer, municipal securities dealer, or government securities broker or dealer
- (2) investment company (including mutual funds)
- (3) other investment adviser (including financial planners)
- (4) futures commission merchant, commodity pool operator, or commodity trading advisor
- (5) banking or thrift institution
- (6) accountant or accounting firm
- (7) lawyer or law firm
- (8) insurance company or agency
- (9) pension consultant
- (10) real estate broker or dealer
- (11) sponsor or syndicator of limited partnerships

If you checked Item 7.A(3), list on Section 7.A. of Schedule D all investment advisers with which you are affiliated.

B. Are you or any *related person* a general partner in an *investment-related* limited partnership or manager of an *investment-related* limited liability company? Yes No

If "yes," for each limited partnership or limited liability company, complete Section 7.B. of Schedule D.

Item 8 Participation or Interest in Client Transactions

In this Item, we request information about your participation and interest in your *clients'* transactions. Like Item 7, this information identifies areas in which conflicts of interest may occur between you and your *clients*.

Like Item 7, Item 8 requires you to provide information about you and your *related persons*.

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Your Name Capital Advantage, Inc.CRD Number 108985Date July 10, 2006SEC 801-Number 55896Proprietary Interest in Client Transactions

- A. Do you or any *related person*:
- | | <u>Yes</u> | <u>No</u> |
|---|-------------------------------------|-------------------------------------|
| (1) buy securities for yourself from advisory <i>clients</i> , or sell securities you own to advisory <i>clients</i> (principal transactions)? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (2) buy or sell for yourself securities (other than shares of mutual funds) that you also recommend to advisory <i>clients</i> ? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) recommend securities (or other investment products) to advisory <i>clients</i> in which you or any <i>related person</i> has some other proprietary (ownership) interest (other than those mentioned in Items 8.A(1) or (2))? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Sales Interest in Client Transactions

- B. Do you or any *related person*:
- | | <u>Yes</u> | <u>No</u> |
|---|--------------------------|-------------------------------------|
| (1) as a broker-dealer or registered representative of a broker-dealer, execute securities trades for brokerage customers in which advisory <i>client</i> securities are sold to or bought from the brokerage customer (agency cross transactions)? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (2) recommend purchase of securities to advisory <i>clients</i> for which you are any <i>related person</i> serves as underwriter, general or managing partner, or purchaser representative? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (3) recommend purchase or sale of securities to advisory clients for which you or any <i>related person</i> has any other sales interest (other than the receipt of sales commissions as a broker or registered representative of a broker-dealer)? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Investment or Brokerage Discretion

- C. Do you or any *related person* have *discretionary authority* to determine the:
- | | <u>Yes</u> | <u>No</u> |
|--|-------------------------------------|--------------------------|
| (1) securities to be bought or sold for a <i>client's</i> account? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of securities to be bought or sold for a <i>client's</i> account? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used for a purchase or sale of securities for a <i>client's</i> account? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates to be paid to a broker or dealer for a <i>client's</i> securities transactions? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

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- | | <u>Yes</u> | <u>No</u> |
|--|-------------------------------------|--------------------------|
| D. Do you or any <i>related person</i> recommend brokers or dealers to <i>clients</i> ? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| E. Do you or any <i>related person</i> receive research or other products or services other than execution from a broker-dealer or a third-party in connection with <i>client</i> securities transactions? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| F. Do you or any <i>related person</i> , directly or indirectly, compensate any <i>person</i> for <i>client</i> referrals? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

In responding to this Item 8.F., consider in your response all cash and non-cash compensation that you or a related person gave any person in exchange for client referrals, including any bonus that is based, at least in part, on the number or amount of client referrals.

Item 9 Custody

In this Item, we ask you whether you or a *related person* has *custody* of *client* assets.

- | | <u>Yes</u> | <u>No</u> |
|---|--------------------------|-------------------------------------|
| A. Do you have <i>custody</i> of any advisory <i>clients</i> ': | | |
| (1) cash or bank accounts? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (2) securities? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| B. Do any of your <i>related persons</i> have <i>custody</i> of any advisory <i>clients</i> ': | | |
| (1) cash or bank accounts? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (2) securities? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| C. If you answered "yes" to either Item 9.B(1) or 9.B(2), is that <i>related person</i> a broker-dealer registered under Section 15 of the Securities Exchange Act of 1934? | <input type="checkbox"/> | <input type="checkbox"/> |

Item 10 Control Persons

In this Item, we ask you to identify every *person* that, directly or indirectly, *controls* you.

If you are submitting an initial application, you must complete Schedule A and Schedule B. Schedule A asks for information about your direct owners and executive officers. Schedule B asks for information about your indirect owners. If this is an amendment and you are updating information you reported on either Schedule A or Schedule B (or both) that you filed with your initial application, you must complete Schedule C.

Does any *person* not named in Item 1.A. or Schedules A, B, or C, directly or indirectly, *control* your management or policies? Yes No

If yes, complete Section 10 of Schedule D.

Item 11 Disclosure Information

In this Item, we ask you for information about your disciplinary history and the disciplinary history of all your *advisory affiliates*. We use this information to determine whether to grant your application for registration, to decide whether to revoke your registration or to place limitation on your activities as an investment adviser, and to identify potential problem areas to focus on during our on-site examinations. One event may results in "yes" answers to more than one of the questions below.

Your *advisory affiliates* are: (1) all of your current *employees* (other than *employees* performing only clerical, administrative, support or similar functions); (2) all of your officers, partners, or directors (or any *person* performing similar functions); and (3) all *persons* directly or indirectly *controlling* you or *controlled* by you. If you are a "separately identifiable department or division" (SID) of a bank, see the Glossary of Terms to determine who your *advisory affiliates* are.

If you are registered or registering with the SEC, you may limit your disclosure of any event listed in Item 11 to ten years following the date of the event. If you are registered or registering with a state, you must respond to the questions as posed; you may, therefore, limit your disclosure to ten years following the date of an event only in responding to items 11.A(1), 11.A(2), 11.B(1), 11.B(2), 11.D(4), and 11.H(1)(a). For purposes of calculating this ten-year period, the date of an event is the date the final order, judgment or decree was entered, or the date any rights of appeal from preliminary orders, judgments or decrees lapsed.

You must complete the appropriate Disclosure Reporting Page ("DRP") for "yes" answers to the questions in this Item 11.

For "yes" answers to the following questions, complete a Criminal Action DRP.

- | | <u>Yes</u> | <u>No</u> |
|---|--------------------------|-------------------------------------|
| A. In the past ten years, have you or any <i>advisory affiliate</i> : | | |
| (1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any <i>felony</i> ? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (2) been <i>charged</i> with any <i>felony</i> ? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

If you are registered or registering with the SEC, you may limit your response to Item 11.A(2) to charges that are currently pending.

- | | | |
|---|--------------------------|-------------------------------------|
| B. In the past ten years, have you or any <i>advisory affiliate</i> : | | |
| (1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to a <i>misdemeanor</i> involving: investments or an <i>investment-related</i> business, or any fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (2) been <i>charged</i> with a <i>misdemeanor</i> listed in Item 11.B(1)? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

If you are registered or registering with the SEC, you may limit your response to Item 11.B(2) to charges that are currently pending.

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For "yes" answers to the following questions, complete a Regulatory Action DRP.

	<u>Yes</u>	<u>No</u>
C. Has the SEC or the Commodity Futures Trading Commission (CFTC) ever:		
(1) <i>found</i> you or any <i>advisory affiliate</i> to have made a false statement or omission?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(2) <i>found</i> you or any <i>advisory affiliate</i> to have been <i>involved</i> in a violation of SEC or CFTC regulations or statutes?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(3) <i>found</i> you or any <i>advisory affiliate</i> to have been a cause of an <i>investment-related</i> business having its authorization to do business denied, suspended, revoked, or restricted?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(4) entered an <i>order</i> against you or any <i>advisory affiliate</i> in connection with <i>investment-related</i> activity?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(5) imposed a civil monetary penalty on you or any <i>advisory affiliate</i> , or <i>ordered</i> you or any <i>advisory affiliate</i> to cease and desist from any activity?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
D. Has any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> :		
(1) ever <i>found</i> you or any <i>advisory affiliate</i> to have made a false statement or omission, or been dishonest, unfair, or unethical?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(2) ever <i>found</i> you or any <i>advisory affiliate</i> to have been <i>involved</i> in a violation of <i>investment-related</i> regulations or statutes?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(3) ever <i>found</i> you or any <i>advisory affiliate</i> to have been a cause of an <i>investment-related</i> business having its authorization to do business denied, suspended, revoked, or restricted?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(4) in the past ten years, entered an <i>order</i> against you or any <i>advisory affiliate</i> in connection with <i>investment-related</i> activity?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(5) ever denied, suspended, or revoked your or any <i>advisory affiliate's</i> registration or license, or otherwise prevented you or any <i>advisory affiliate</i> , by <i>order</i> , from associating with an <i>investment-related</i> business or restricted your or any <i>advisory affiliate's</i> activity?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
E. Has any <i>self-regulatory organization</i> or commodities exchange ever:		
(1) <i>found</i> you or any <i>advisory affiliate</i> to have made a false statement or omission?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(2) <i>found</i> you or any <i>advisory affiliate</i> to have been <i>involved</i> in a violation of its rules (other than a violation designated as a " <i>minor rule violation</i> " under a plan approved by the SEC)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

FORM ADV

Part 1A

Page 15 of 16

Your Name Capital Advantage, Inc.CRD Number 108985Date March 30, 2001SEC 801-Number 55896

- | | <u>Yes</u> | <u>No</u> |
|--|--------------------------|-------------------------------------|
| (3) <i>found</i> you or any <i>advisory affiliate</i> to have been a cause of an <i>investment-related</i> business having its authorization to do business denied, suspended, revoked, or restricted? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (4) disciplined you or any <i>advisory affiliate</i> by expelling or suspending you or the <i>advisory affiliate</i> from membership, barring or suspending you or the <i>advisory affiliate</i> from association with other members, or otherwise restricting your or the <i>advisory affiliate's</i> activities? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| F. Has an authorization to act as an attorney, accountant, or federal contractor granted to you or any <i>advisory affiliate</i> ever been revoked or suspended? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| G. Are you or any <i>advisory affiliate</i> now the subject of any regulatory <i>proceeding</i> that could result in a "yes" answer to any part of Item 11.C., 11.D., or 11.E.? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

For "yes" answers to the following questions, complete a Civil Judicial Action DRP.

- | | <u>Yes</u> | <u>No</u> |
|--|--------------------------|-------------------------------------|
| H. (1) Has any domestic or foreign court: | | |
| (a) in the past ten years, <i>enjoined</i> you or any <i>advisory affiliate</i> in connection with any <i>investment-related</i> activity? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (b) ever <i>found</i> that you or any <i>advisory affiliate</i> were <i>involved</i> in a violation of <i>investment-related</i> statutes or regulations? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (c) ever dismissed, pursuant to a settlement agreement, an <i>investment-related</i> civil action brought against you or any <i>advisory affiliate</i> by a state or <i>foreign financial regulatory authority</i> ? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (2) Are you or any <i>advisory affiliate</i> now the subject of any civil <i>proceeding</i> that could result in a "yes" answer to any part of item 11.H(1)? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Item 12 Small Businesses

The SEC is required by the Regulatory Flexibility Act to consider the effect of its regulations on small entities. In order to do this, we need to determine whether you meet the definition of "small business" or "small organization" under rule 0-7.

Answer this Item 12 only if you are registered or registering with the SEC and you indicated in response to Item 5.F(2)(c) that you have assets under management of less than \$25 million. You are not required to answer this Item 12 if you are filing for initial registration as a state adviser, amending a current state registration, or switching from SEC to state registration.

FORM ADV

Part 1A

Page 16 of 16

Your Name Capital Advantage, Inc.CRD Number 108985Date March 30, 2001SEC 801-Number 55896

For purposes of this Item 12 only:

- Total Assets refers to the total assets of a firm, rather than the assets managed on behalf of *clients*. In determining your or another *person's* total assets, you may use the total assets shown on a current balance sheet (but use total assets reported on a consolidated balance sheet with subsidiaries included, if that amount is larger).
- Control means the power to direct or cause the direction of the management or policies of a *person*, whether through ownership of securities, by contract, or otherwise. Any *person* that directly or indirectly has the right to vote 25 percent or more of the voting securities, or is entitled to 25 percent or more of the profits, of another *person* is presumed to control the other *person*.

	<u>Yes</u>	<u>No</u>
--	------------	-----------

A. Did you have total assets of \$5 million or more on the last day of your most recent fiscal year?	<input type="checkbox"/>	<input type="checkbox"/>
--	--------------------------	--------------------------

If "yes," you do not need to answer Items 12.B. and 12.C.

B. Do you:

(1) control another investment adviser that had assets under management of \$25 million or more on the last day of its most recent fiscal year?	<input type="checkbox"/>	<input type="checkbox"/>
---	--------------------------	--------------------------

(2) control another <i>person</i> (other than a natural person) that had total assets of \$5 million or more on the last day of its most recent fiscal year?	<input type="checkbox"/>	<input type="checkbox"/>
--	--------------------------	--------------------------

C. Are you:

(1) controlled by or under common control with another investment adviser that had assets under management of \$25 million or more on the last day of its most recent fiscal year?	<input type="checkbox"/>	<input type="checkbox"/>
--	--------------------------	--------------------------

(2) controlled by or under common control with another <i>person</i> (other than a natural person) that had total assets of \$5 million or more on the last day of its most recent fiscal year?	<input type="checkbox"/>	<input type="checkbox"/>
---	--------------------------	--------------------------

FORM ADV
Schedule D
Page 1 of 5

Your Name Capital Advantage, Inc.
Date January 17, 2008

SEC File No.: 55896
CRD No.: 108985

Certain items in Part 1A of Form ADV require additional information on Schedule D. Use this Schedule D Page 1 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

This is an INITIAL or AMENDED Schedule D Page 1.

SECTION 1.B. Other Business Names

List your other business names and the jurisdictions in which you use them. You must complete a separate Schedule D for each business name. Check only one box: Add Delete Amend

Name _____ Jurisdictions _____

SECTION 1.F. Other Offices

Complete the following information for each office, other than your *principal office and place of business*, at which you conduct investment advisory business. You must complete a separate Schedule D Page 1 for each location. If you are applying for registration, or are registered, only with the SEC, list only the largest five (in terms of numbers of employees).
Check only one box: Add Delete

(number and street)

(city)

(state/country)

(zip+4/postal code)

If this address is a private residence, check this box:

(area code) (telephone number)

(area code) (facsimile number)

SECTION 1.I. World Wide Web Site Addresses

List your World Wide Web site addresses. You must complete a separate Schedule D for each World Wide Web site address.

Check only one box: Add Delete

World Wide Web Site Address: www.capitaladvantage.com

SECTION 1.K. Location of Books and Records

Complete the following information for each location at which you keep your books and records, other than your *principal office and place of business*. You must complete a separate Schedule D Page 1 for each location.
Check only one box: Add Delete Amend

Name of entity where books and records are kept: Digital Information Security Company
11030 Circle Point Road, Suite 100

(number and street)

Westminster, CO 80020

(city)

(state/country)

(zip+4/postal code)

If this address is a private residence, check this box:

(303) 865-8300

(303) 865-8304

(area code) (telephone number)

(area code)

(facsimile number)

This is (check one):
 one of your branch offices or affiliates.
 a third-party unaffiliated recordkeeper.
 other.

Briefly describe the books and records kept at this location. Electronic Storage Media includes: Offsite Data Backup and E-mail Retention

FORM ADV
Schedule D
Page 1 of 5

Your Name Capital Advantage, Inc. SEC File No.: 55896
Date January 30, 2004 CRD No.: 108985

Certain items in Part 1A of Form ADV require additional information on Schedule D. Use this Schedule D Page 1 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

This is an INITIAL or AMENDED Schedule D Page 1.

SECTION 1.B. Other Business Names

List your other business names and the jurisdictions in which you use them. You must complete a separate Schedule D for each business name. Check only one box: Add Delete Amend

Name _____ Jurisdictions _____

SECTION 1.F. Other Offices

Complete the following information for each office, other than your *principal office and place of business*, at which you conduct investment advisory business. You must complete a separate Schedule D Page 1 for each location. If you are applying for registration, or are registered, only with the SEC, list only the largest five (in terms of numbers of employees).
Check only one box: Add Delete

(number and street)

(city)

(state/country)

(zip+4/postal code)

If this address is a private residence, check this box:

(area code) (telephone number)

(area code) (facsimile number)

SECTION 1.I. World Wide Web Site Addresses

List your World Wide Web site addresses. You must complete a separate Schedule D for each World Wide Web site address.

Check only one box: Add Delete

World Wide Web Site Address: _____

SECTION 1.K. Location of Books and Records

Complete the following information for each location at which you keep your books and records, other than your *principal office and place of business*. You must complete a separate Schedule D Page 1 for each location.
Check only one box: Add Delete Amend

Name of entity where books and records are kept: John S. Hayman

(number and street)

(city)

(state/country)

(zip+4/postal code)

If this address is a private residence, check this box:

(area code) (telephone number)

(area code)

(facsimile number)

This is (check one):
 one of your branch offices or affiliates.
 a third-party unaffiliated recordkeeper.
 other.

Briefly describe the books and records kept at this location. Archived books and records and backups of trade confirmations.

FORM ADV
Schedule D
Page 2 of 5

Your Name Capital Advantage, Inc.
Date March 30, 2001

SEC File No.: 55896
CRD No.: 108985

Use this Schedule D Page 2 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

This is an INITIAL or AMENDED Schedule D Page 2.

SECTION 1.L. Registration with Foreign Financial Regulatory Authorities

List the name, in English, of each *foreign financial regulatory authority* and country with which you are registered. You must complete a separate Schedule D Page 2 for each *foreign financial regulatory authority* with whom you are registered.

Check only one box: Add Delete

English Name of *Foreign Financial Regulatory Authority*

Name of Country _____

SECTION 2.A(7) Affiliated Adviser

If you are relying on the exemption in rule 203A-2(c) from the prohibition on registration because you *control*, are *controlled* by, or are under common *control* with an investment adviser that is registered with the SEC and your *principal office and place of business* is the same as that of the registered adviser, provide the following information:

Name of Registered Investment Adviser _____

CRD Number of Registered Investment Adviser (if any) _____

SEC Number of Registered Investment Adviser 801-_____

SECTION 2.A(8) Newly Formed Adviser

If you are relying on rule 203A-2(c), the newly formed adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations. You must make both of these representations:

- I am not registered or required to be registered with the SEC or a state securities authority and I have a reasonable expectation that I will be eligible to register with the SEC within 120 days after the date my registration with the SEC becomes effective.
- I undertake to withdraw from SEC registration if, on the 120th day after my registration with the SEC becomes effective, I would be prohibited by Section 203A(a) of the Advisers Act from registering with the SEC.

SECTION 2.A(9) Multi-State Adviser

If you are relying on rule 203A-2(e), the multi-state adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations.

If you are applying for registration as an investment adviser with the SEC, you must make both of these representations:

- I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of 30 or more states to register as an investment adviser with the securities authorities in those states.
- I undertake to withdraw from SEC registration if I file an amendment to this registration indicating that I would be required by the laws of fewer than 25 states to register as an investment adviser with the securities authorities of those states.

If you are submitting your *annual updating amendment*, you must make this representation:

- Within 90 days prior the date of filing this amendment, I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of at least 25 states to register as an investment adviser with the securities authorities in those states.

FORM ADV
Schedule D
Page 3 of 5

Your Name Capital Advantage, Inc.
Date March 30, 2001

SEC File No.: 55896
CRD No.: 108985

Use this Schedule D Page 3 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

This is an INITIAL or AMENDED Schedule D Page 3.

SECTION 2.A(10) SEC Exemptive Order

If you are relying upon an SEC order exempting you from the prohibition on registration, provide the following information:

Application Number: 803-_____ Date of order: _____
(mm/dd/yyyy)

SECTION 4 Successions

Complete the following information if you are succeeding to the business of a currently-registered investment adviser. If you acquired more than one firm in the succession you are reporting on this Form ADV, you must complete a separate Schedule D Page 3 for each acquired firm. See Part IA Instruction 4.

Name of Acquired Firm _____

Acquired Firm's SEC File No. (if any) 801-_____ Acquired Firm's CRD Number (if any) _____

SECTION 5.I(2) Wrap Fee program

If you are a portfolio manager for one or more *wrap fee programs*, list the name of each program and its *sponsor*. You must complete a separate Schedule D page 3 for each *wrap fee program* for which you are a portfolio manager.

Check only one box: Add Delete Amend

Name of Wrap Fee Program _____

Name of Sponsor _____

SECTION 6.B. Description of Primary Business

Describe your primary business (not your investment advisory business): _____

SECTION 7.A. Affiliated Advisers

Complete the following information for each adviser with whom you are affiliated. You must complete a separate Schedule D Page 3 of each affiliated adviser.

Check only one box: Add Delete Amend

Legal Name of Affiliated Adviser _____

Primary Business Name of Affiliated Adviser _____

Affiliated Adviser's SEC File Number (if any) 801-_____ Affiliated Adviser's CRD Number (if any) _____

FORM ADV
Schedule D
Page 4 of 5

Your Name Capital Advantage, Inc. SEC File No.: 55896
Date March 30, 2001 CRD No.: 108985

Use this Schedule D Page 4 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

This is an INITIAL or AMENDED Schedule D Page 4.

SECTION 7.B. Limited Partnership Participation

You must complete a separate Schedule D Page 4 for each limited partnership in which you or a *related person* is a general partner and each limited liability company for which you or a *related person* is a manager.

Check only one box: Add Delete Amend

Name of Limited Partnership or Limited Liability Company _____

Are your *clients* solicited to invest in the limited partnership or limited liability company? yes no

Approximately what percentage of your *clients* have invested in this limited partnership or limited liability company? _____%

Minimum investment commitment required of a limited partner or member: \$ _____

Current value of the total assets of the limited partnership or limited liability company: \$ _____

SECTION 10 Control Persons

You must complete a separate Schedule D Page 4 for each *control person* not named in Item 1.A. or Schedules A, B, or C that directly or indirectly *controls* your management or policies.

Check only one box: Add Delete Amend

Firm or Organization Name _____

CRD Number (if any) _____ Effective Date _____ Termination Date _____
mm/dd/yyyy mm/dd/yyyy

Business Address:

(number and street)

(city)

(state/country)

(zip+4/postal code)

If this address is a private residence, check this box:

Individual Name (if applicable) (Last, First, Middle) _____

CRD Number (if any) _____ Effective Date _____ Termination Date _____
mm/dd/yyyy mm/dd/yyyy

Business Address:

(number and street)

(city)

(state/country)

(zip+4/postal code)

If this address is a private residence, check this box:

Briefly describe the nature of the *control*: _____

FORM ADV
Schedule D
Page 5 of 5

Your Name Capital Advantage, Inc.
Date March 30, 2001

SEC File No.: 55896
CRD No.: 108985

Use this Schedule D Page 5 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

This is an INITIAL or AMENDED Schedule D Page 5.

Miscellaneous

You may use the space below to explain a response to an Item or to provide any other information.

Uniform Application for Investment Adviser Registration

OMB APPROVAL	
OMB Number:	3235-0049
Expires:	February 28, 2001
Estimated average burden hours per response	9.01

Name of Investment Adviser:

Capital Advantage, Inc.

Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
	3708 Mount Diablo Boulevard, Suite 200		Lafayette, CA	94549	(925)	299-1500

**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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	Continuation Sheet	Schedule F
	Balance Sheet, if required	Schedule G

(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.)

Applicant: Capital Advantage, Inc.	SEC File Number: 801- 55896	Date: February 16, 2006
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Definitions for Part II

Related person --- Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services --- Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

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 instruction below.)

Applicant:

- | | |
|--|---------|
| <input checked="" type="checkbox"/> (1) Provides investment supervisory services | 100 % |
| <input type="checkbox"/> (2) Manages investment advisory accounts not involving investment supervisory services | _____ % |
| <input type="checkbox"/> (3) Furnishes investment advice through consultations not included in either service described above | _____ % |
| <input type="checkbox"/> (4) Issues periodicals about securities by subscription | _____ % |
| <input type="checkbox"/> (5) Issues special reports about securities not included in any service described above | _____ % |
| <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 | _____ % |
| <input type="checkbox"/> (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities | _____ % |
| <input type="checkbox"/> (8) Provides a timing service | _____ % |
| <input type="checkbox"/> (9) Furnishes advice about securities in any manner not described above | _____ % |

(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 percentage 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 checked="" type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input checked="" 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 type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input 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 | |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input type="checkbox"/> I. Options contracts on: |
| <input type="checkbox"/> (3) foreign issuers | <input checked="" type="checkbox"/> (1) securities |
| <input type="checkbox"/> B. Warrants | <input type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> C. Corporate debt securities
(other than commercial paper) | <input type="checkbox"/> J. Futures contracts on: |
| <input checked="" type="checkbox"/> D. Commercial paper | <input type="checkbox"/> (1) tangibles |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> F. Municipal securities | <input type="checkbox"/> K. Interests in partnerships investing in: |
| | <input checked="" type="checkbox"/> (1) real estate |
| <input type="checkbox"/> G. Investment company securities: | <input type="checkbox"/> (2) oil and gas interests |
| <input checked="" type="checkbox"/> (1) variable life insurance | <input checked="" type="checkbox"/> (3) other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (2) variable annuities | <input checked="" 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 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 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 type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input type="checkbox"/> Option writing, including covered options
uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days) | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

Applicant: Capital Advantage, Inc.	SEC File Number: 801- 55896	Date: March 2, 2010
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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 of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- 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 adviser 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 box in C, on Schedule F identify the related person and describe the relationship and the arrangement.)

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.)

Applicant:
Capital Advantage, Inc.

SEC File Number:
801- 55896

Date:
March 2, 2010

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 clients.
- 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.)

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.

See Schedule F

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

See Schedule F

Applicant: Capital Advantage, Inc.	SEC File Number: 801- 55896	Date: 7/10/2006
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12. Investment or Brokerage Discretion.

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

13. Additional Compensation.

Does the applicant or a related person have any arrangement, 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 checked="" type="checkbox"/> | No <input 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; 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: Capital Advantage, Inc.	SEC File Number: 801- 55896	Date: March 2, 2010
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(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: Capital Advantage, Inc.	IRS Employ. Ident. No.: 94-3307876
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Item of Form (Identify)	Answer
1.A.	<p>Capital Advantage, Inc. ("Capital Advantage") provides two types of investment advisory services:</p> <p>FINANCIAL PLANNING:</p> <ul style="list-style-type: none"> • Retirement Planning • Estate Planning • Investment Analysis, Allocation and Planning • Inheritance Planning • Divorce Planning • Educational Funding <p>Clients have complete discretion to select any of the services listed above. Financial Planning services are provided for a flat fee ranging from \$1,000 to \$10,000. This fee may be waived by Capital Advantage and is negotiable. This rate is negotiated with each client based on the scope and complexity of the plan to be provided. A deposit of 50%, up to \$500 is required to begin the Financial Planning process. Final payment is due within two weeks of receipt of services rendered. Interest will accrue daily after the two week period at the maximum legal rate of interest on any unpaid balances. Ongoing financial planning services are provided on an hourly basis at a rate of \$400 per hour.</p> <p>Clients may terminate the Financial Planning Agreement at any time. Fees will be charged upon receipt of a written termination letter. Any remaining deposit will be immediately refunded.</p> <p>Implementation of the recommendations in the Financial Plan is at the client's complete discretion.</p> <p>INVESTMENT MANAGEMENT</p> <p>Investment Management Service is discretionary management of client's assets based upon stated financial goals, investment objectives and risk tolerance. Capital Advantage primarily implements the client's investment strategy by using no-load mutual funds. Mutual funds charge investment advisory fees in addition to fees charged by Capital Advantage.</p> <p>Capital Advantage's basic fees for investment management services are negotiable and can range between 0.45% to 1.5% per year (0.1125% to 0.375% per quarter) on the balance of assets under management . Criteria used to adjust the basic fee schedule are:</p> <ol style="list-style-type: none"> 1. Amount of assets under management. 2. Investment objective of account. 3. Additional services requested by client. 4. Date of acquisition. 5. Prospective additional business. <p style="text-align: right;">Schedule F, Page 1</p>

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant: Capital Advantage, Inc.	SEC File Number: 801- 55896	Date: March 2, 2010
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(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: Capital Advantage, Inc.	IRS Employ. Ident. No.: 94-3307876
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Item of Form (Identify)	Answer
	<p>Fees are billed quarterly in arrears based on the account value plus accrued interest as of the last day of the quarter. Client may pay directly or may arrange for fees to be paid directly from their accounts via written authorizations. Client is also responsible for verifying the accuracy of the fee charges, as the Custodian will not do so. At no time will Capital Advantage have custody of client's funds.</p> <p>Capital Advantage has minimum account fees for investment management services ranging from \$250 to \$1,250 per calendar quarter, billed in arrears. The minimum fee may be waived by Capital Advantage and is negotiable.</p> <p>For some corporations, Capital Advantage offers financial planning and investment management services to executives for an annual fee of \$8,000 per executive. This fee is billed on a pro-rated basis at the end of each quarter.</p> <p>Clients may terminate the Investment Management Agreement, without penalty, within five (5) business days of signing the Agreement and receiving a copy of Form ADV Part II, or at any time thereafter by giving written notice to Capital Advantage. In the event of termination, any fees paid in advance will be pro rated to the date of termination and any unearned fees will be returned to the client.</p> <p>Capital Advantage believes its fees are competitive, however, lower fees for comparable services may be available from other sources.</p>
3.K.	Other partnership interests may include agriculture, equipment leasing, raw land, alternative energy, and energy and development.
3.L.	Other securities may include real estate investment trusts, business corporations and joint ventures.
4.C.	Suitable categories of investments are selected in accordance with the client's need for capital appreciation or income production. Individual issues are selected with characteristics that are most consistent with the particular objectives for the category chosen. To this end, risk factors of the different investments are to be considered and fundamental analysis is utilized based on prevalent business and economic cycles. Technical and charting patterns are also considered.
5.	Capital Advantage advisory affiliates are generally investment advisory professionals with a minimum of 5 years experience in the financial services industry.
6.	John S. Hayman, born 1957, received a BA in Environmental Science in 1981 from the University of California, Berkeley and earned his Certified Financial Planner designation in 1986.

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant: Capital Advantage, Inc.	SEC File Number: 801- 55896	Date: March 2, 2010
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(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: Capital Advantage, Inc.	IRS Employ. Ident. No.: 94-3307876
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Item of Form (Identify)	Answer
	<p><u>Business Background</u></p> <p>6/98 - Present Capital Advantage, Inc., Lafayette, CA Investment Advisor, President</p> <p>4/01 - Present e401K, Inc., Lafayette, CA Retirement Plan Services, President</p> <p>1/85 - 7/99 Capital Advantage, Lafayette, CA Investment Advisor, Owner</p> <p>1/85 - 7/93 Capital Advantage Insurance Services Insurance, General Agent</p> <p>3/87 - 5/92 Planners Independent Management, Oakland, CA Securities, Registered Principal</p> <p>2/85 - 3/87 Associated Planners Securities Corporation, Oakland, CA Securities, Registered Representative</p> <p>Donna L. Zinman, born 1962, received a BS in Business Administration from San Francisco State University, San Francisco, CA in 1986, a MBA from Golden Gate University, San Francisco, CA, in 1995, and a Certificate in Personal Financial Planning from University of California, Berkeley, in 2003.</p> <p><u>Business Background</u></p> <p>1/05 - Present Capital Advantage, Inc., Lafayette, CA Investment Advisor, Senior Financial Advisor</p> <p>12/96- 1/05 Charles Schwab & Co., San Francisco, CA Broker/Dealer, Financial Consultant</p> <p>10/91 - 12/96 Charles Schwab & Co., San Francisco, CA Broker/Dealer, Human Resources</p> <p>Richard T. McNamara, born 1946, earned a B.A. in Psychology from California State University, Chico, in 1970.</p> <p><u>Business Background</u></p> <p>9/02 - Present Capital Advantage, Inc., Lafayette, CA Investment Advisor, Senior Investment Advisor</p> <p>6/99 - 8/02 Charles Schwab & Co., Inc., Walnut Creek, CA Broker/Dealer, Investment Specialist</p> <p>12/97 - 6/99 Franklin/Templeton Distributors, Inc., San Mateo, CA Mutual Fund, Information Team Leader</p> <p>10/97 - 12/97 Airborne Express, Oakland, CA Delivery Service, Warehouseman</p>
	Schedule F, Page 3

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant: Capital Advantage, Inc.	SEC File Number: 801- 55896	Date: March 2, 2010
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(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: Capital Advantage, Inc.	IRS Employ. Ident. No.: 94-3307876
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Item of Form (Identify)	Answer
	<p>7/97 - 10/97 Franklin/Templeton Distributors, Inc., San Mateo, CA Mutual Fund, Retirement Specialist</p> <p>Gary Clarke, born 1961, earned a B.A. in Business Administration from Chaminade University, Honolulu, HI, in 1986.</p> <p><u>Business Background</u></p> <p>8/05 - Present Capital Advantage, Inc., Lafayette, CA Investment Advisor, Senior Financial Advisor</p> <p>10/00- 8/05 Charles Schwab, Walnut Creek, CA Broker/Dealer, Financial Consultant</p> <p>6/95 - 10/00 WM Financial Services, Walnut Creek, CA Broker/Dealer, Financial Consultant</p> <p>6/94 - 5/95 American Express, Walnut Creek, CA Financial Services, Financial Advisor</p> <p>Dawnalizabeth Henke, born 1980, received a B.A. in History from California State University, Hayward, CA in 2004, an M.S. in Financial Analysis and Investment Management from Saint Mary's College of California, Moraga, CA in 2007, and a MBA from Saint Mary's College of California, Moraga, CA in 2009.</p> <p><u>Business Background</u></p> <p>8/06 - Present Capital Advantage, Inc., Lafayette, CA Investment Advisor, Chief Compliance Officer</p> <p>3/98 - 07/2006 Catalyst Financial Planning & Investment Management, Inc. Oakland, CA, Investment Advisor, Financial Analyst</p> <p>Aimee Schwartze, born 1973.</p> <p><u>Business Background</u></p> <p>10/03- Present Capital Advantage, Inc., Lafayette, CA Investment Advisor, Director of Client Services</p> <p>3/98 - 9/03 Amelco Electric, San Leandro, CA Electrical Contractors, Project Manager</p>

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant: Capital Advantage, Inc.	SEC File Number: 801- 55896	Date: March 2, 2010
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(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: Capital Advantage, Inc.	IRS Employ. Ident. No.: 94-3307876
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Item of Form (Identify)	Answer
	<p>Catherine Norris, born 1957.</p> <p><u>Business Background</u></p> <p>7/08 - Present Capital Advantage, Inc., Lafayette, CA Investment Advisor, Manager of Client Services</p> <p>10/03 - 6/08 Mosaic Investments, San Francisco, CA Investment Advisor, Operations Manager</p> <p>7/90 - 9/03 Pacific Equity Management, Oakland, CA Investment Advisor, Office Manager</p>
8.C.	<p>John Hayman, President of Capital Advantage, is also the President of e401k, a company which provides low cost solutions for 401k plan setup and administration. Clients of e401k may also be clients of Capital Advantage.</p>
9.	<p>From time to time, Capital Advantage may cause clients to buy a security in which Capital Advantage or an associated person has an ownership position, or Capital Advantage or an associated person of Capital Advantage may purchase a security of the same class as securities held in a client's account. It is Capital Advantage's policy not to permit associated persons (or certain of their relatives) to trade in a manner that takes advantage of price movements caused by clients' transactions.</p> <p>From time to time, trading by Capital Advantage and its associated persons (and certain of their relatives) in particular securities may be restricted in recognition of impending investment decisions on behalf of clients. If transaction orders for a client and Capital Advantage (and/or its associated persons and relatives) are not aggregated (see discussion under Item 12.A., "Aggregation of Orders"), then transaction orders for Capital Advantage and its associated persons will be the last orders filled.</p> <p>Capital Advantage's members, officers and employees will be required to report all personal securities transactions to Capital Advantage quarterly.</p> <p>Capital Advantage and its associated persons may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for clients.</p> <p>Clients may request a copy of Advisor's Code of Ethics at any time.</p>
10.	<p>Capital Advantage requires a minimum starting account balance of \$500,000 of cash or marketable securities. The minimum balance is negotiable.</p>
11.A.	<p>Financial Plans, updates and special analysis work is prepared or reviewed by one or more of the investment adviser representatives/portfolio managers employed by Capital</p>

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant: Capital Advantage, Inc.	SEC File Number: 801- 55896	Date: March 2, 2010
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(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: Capital Advantage, Inc.	IRS Employ. Ident. No.: 94-3307876
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Item of Form (Identify)	Answer
11.B.	<p>Advantage. Plans will be updated as fundamental factors advise and at the client's complete discretion.</p> <p>Client accounts are reviewed by one or more of the investment adviser representatives/portfolio managers employed by Capital Advantage. Currently John S. Hayman manages 87 accounts, Donna L. Zinman 97, Gary Clarke 103, Catherine Norris 92, and Richard T. McNamara 1. Each client portfolio is reviewed at least annually and/or when a triggering factor occurs. Triggering factors may include deposit or withdrawal activity, market highs and lows, changes in investment objective, economic factors, interest rates, political changes, and other variables.</p> <p>Investment Management accounts receive a quarterly statement reflecting the current asset position, diversification between equity and debt assets and by investment objective.</p>
12.A. & 13.A.	<p>Generally, Capital Advantage's clients give it complete discretion over the selection and amount of securities to be bought or sold for clients (within the parameters established by the advisory agreements) without obtaining any consent or approval of any client.</p> <p>In most cases, Capital Advantage also has complete discretion over the selection of brokers and dealers to be used and the compensation to be paid. In addition to using brokers as "agents" and paying commissions, Capital Advantage may cause clients to buy or sell securities from or to dealers acting as principal at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters or dealers. The following discussion summarizes the material aspects of Capital Advantage's practices in selecting brokers and dealers to execute client transactions.</p> <p><u>Execution Quality</u></p> <p>Capital Advantage will generally seek "best execution" in light of the circumstances involved in transactions. In evaluating a broker's or dealer's ability to provide "best execution," historical net prices (after commissions or other transaction-related compensation) will be a principal factor, but Capital Advantage may also consider, among other factors: the execution, clearance, error resolution and settlement capabilities of the broker or dealer generally and in connection with securities of the type to be bought or sold; the broker or dealer's willingness to commit capital; the broker or dealer's reliability and financial stability; the size of the transaction; and the market for the security. Capital Advantage will not obligate itself to obtain the lowest commission or best net price for an account on any particular transaction.</p>

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant: Capital Advantage, Inc.	SEC File Number: 801- 55896	Date: March 2, 2010
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

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Item of Form (Identify)	Answer
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Aggregation of Orders

Capital Advantage performs investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by Capital Advantage, some of which accounts may have similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be affected only when Capital Advantage believes that to do so will be in the best interest of the affected accounts. When such concurrent authorizations occur, the objective will be to allocate the executions in a manner which is deemed equitable to the accounts involved.

Proxy Voting

Capital Advantage does not vote proxies for any client accounts. The client retains the right and responsibility to vote proxies.

Capital Advantage may recommend that clients establish brokerage accounts with the Schwab Institutional® division of Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Capital Advantage may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Capital Advantage is independently owned and operated and not affiliated with Schwab.

Schwab provides Capital Advantage with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon Capital Advantage committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Capital Advantage client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to Capital Advantage other products and services that benefit Capital Advantage but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant: Capital Advantage, Inc.	SEC File Number: 801- 55896	Date: March 2, 2010
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(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: Capital Advantage, Inc.	IRS Employ. Ident. No.: 94-3307876
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Item of Form (Identify)	Answer
13.B.	<p>substantial number of Capital Advantage’s accounts, including accounts not maintained at Schwab.</p> <p>Schwab’s products and services that assist Capital Advantage in managing and administering clients’ accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Capital Advantage’s fees from its clients’ accounts; and (v) assist with back-office functions, recordkeeping and client reporting.</p> <p>Schwab Institutional also offers other services intended to help Capital Advantage manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Capital Advantage. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Capital Advantage. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of Capital Advantage personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, Capital Advantage may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.</p> <p>Capital Advantage does offer to work with certain marketing representatives from time to time. These individuals are always met with first, or have been known professionally by Capital Advantage for long periods of time. The reason for working with any such individual is exclusively related to developing new accounts or clients. These marketing agents are not authorized in any event to become involved in Capital Advantage’s management services offered the client herein represented by this application. Capital Advantage does offer a finders’ fee to these agents or a continuing percentage of Capital Advantage’s fee as an inducement for these agents to develop new business for Capital Advantage. In addition to screening these outside agents for matters of reputation and background, Capital Advantage requires that these agents must present any potential new account or client a full and complete copy of Capital Advantage’s Form ADV. Also, Capital Advantage requires that the agent disclose in writing to the potential client or new account any such fee or continuing fee the marketing agent will or has received as a result of his involvement. As a further precaution, Capital Advantage will also disclose to any such new business or client introduced to this firm by this screened agent, the relationship he has maintained with</p>

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant: Capital Advantage, Inc.	SEC File Number: 801- 55896	Date: March 2, 2010
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(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: Capital Advantage, Inc.	IRS Employ. Ident. No.: 94-3307876
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Item of Form (Identify)	Answer
	<p>the agent including how much he is compensated for the introduction, as well as a full and complete copy of Capital Advantage's Form ADV.</p> <p>Capital Advantage also gains certain referrals and marketing benefits from registered securities salesmen with brokerage firms. In this instance, Capital Advantage will attempt to place most of the new accounts securities transactions with this broker, provided the execution, timing, commission cost, service, and safety offered meet Capital Advantage's standards outlined with this registration. In each instance here as well, Capital Advantage requires disclosure to the client of his Registration Form ADV and any fees paid for this outside marketing.</p> <p>Capital Advantage receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Capital Advantage's participation in Schwab Advisor Network ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Capital Advantage. Schwab does not supervise Capital Advantage and has no responsibility for Capital Advantage's management of clients' portfolios or Capital Advantage's other advice or services. Capital Advantage pays Schwab fees to receive client referrals through the Service. Capital Advantage's participation in the Service may raise potential conflicts of interest described below.</p> <p>Capital Advantage pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Capital Advantage is a percentage of the value of the assets in the client's account. Capital Advantage pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Capital Advantage quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Capital Advantage and not by the client. Capital Advantage has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Capital Advantage charges clients with similar portfolios who were not referred through the Service.</p> <p>Capital Advantage generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Capital Advantage generally would pay in a single year. Thus, Capital Advantage will have an incentive to recommend that client accounts be held in custody at Schwab.</p> <p>The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Capital Advantage's clients who were referred by Schwab and those referred clients'</p>

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant: Capital Advantage, Inc.	SEC File Number: 801- 55896	Date: March 2, 2010
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(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: Capital Advantage, Inc.	IRS Employ. Ident. No.: 94-3307876
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Item of Form (Identify)	Answer
	<p>family members living in the same household. Thus, Capital Advantage will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Capital Advantage's fees directly from the accounts.</p> <p>For accounts of Capital Advantage's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Capital Advantage's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Capital Advantage may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Capital Advantage nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Capital Advantage's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.</p>

FORM ADV (Paper Version)
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

DOMESTIC INVESTMENT ADVISER EXECUTION PAGE

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for SEC registration and all amendments to registration.

Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the Secretary of State or other legally designated officer, of the state in which you maintain your *principal office and place of business* and any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such persons may accept service on your behalf, of any notice, subpoena, summons, *order instituting proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding* or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are submitting a *notice filing*.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person having custody* or possession of these books and records to make them available to federal and state regulatory representatives.

Signature:  _____

Date: 3/2/2010

Printed Name: John S. Hayman

Title: President

Adviser CRD Number: 108985