

ITEM 1 - INTRODUCTION

Capital Investment Counsel, Inc. ("COUNSEL") (referred to as "we" or "us") is registered with the Securities and Exchange Commission (SEC) as an investment adviser. Brokerage and investment advisory services differ and it is important for you to understand these differences. This document is a summary of the types of services we provide and how you pay for these services. We have a network of Investment Adviser Representatives ("IARs") who individually offer investment advisory services. For additional information and tools to research COUNSEL and financial professionals, please visit www.investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

ITEM 2 – RELATIONSHIP SERVICES

What investment services and advice can you provide me?

We offer investment advisory services to retail investors through separately-managed accounts. Most of these arrangements are discretionary, which gives COUNSEL permission to execute trades and investments on behalf of the client, without prior consent.

Our investment advisory services are tailored to meet the financial objectives of each individual client. This is accomplished by analyzing the client's pertinent information, including consideration of investment objective, time horizon, risk tolerance, investment guidelines, and any other factors deemed relevant. Clients are able to impose trading restrictions in certain securities or types of securities. Clients wishing to set investment restrictions should provide instructions in writing. The minimum account size is \$100,000, which COUNSEL reserves the right to waive, and accounts are subject to minimum annual fee of \$500, which may be negotiable.

For additional information, please see Items 7, 8 and 13 of our ADV Part 2A (Brochure), by visiting <https://hillhouse-capital.com/>

Key questions to ask:

- Given my financial situation, should I choose an investment advisory service? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

ITEM 3 – FEES, COSTS, CONFLICTS AND STANDARD OF CONDUCT

What fees will I pay?

- Asset-based fees: You will pay a fee based on your advisory account's value. The amount you pay us, and in most cases your IAR, generally does not vary based on the type of investments in your account. The fee we receive reduces your account's value.
- Our advisory fee does not include brokerage commissions, dealer spreads, money market rates and fees, and other costs associated with the purchase or sale of securities, custodial fees, interest, taxes, and other account expenses.
- The more assets you have in an advisory account, the more you pay COUNSEL. Thus, in an advisory account, COUNSEL has an incentive to encourage you to increase the assets in your account. You will pay our fee even if there are no transactions in your advisory account.
- COUNSEL's fees vary and are negotiable. The percentage of your account's value you will pay will depend on the services you receive and the size of your account.
- Mutual funds, variable annuities, and some other investments impose additional ongoing fees that will reduce the value of your investment over time. Variable annuities, certain mutual funds, and some other investments charge you a fee to sell the investment before a certain date.
- At your request, COUNSEL may provide financial planning services, for which you will incur an additional fee. Opening an account is not a requirement and fees may be negotiable with your IAR.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

For additional information, please see Item 5 of our Form ADV Part 2A, by visiting <https://hillhouse-capital.com/>

Key questions to ask:

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when providing recommendations? How else does your COUNSEL make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. *You should understand and ask us about these conflicts because they affect the recommendations we provide you.*

An example is that IARs of COUNSEL may also be registered representatives of Capital Investment Brokerage, Inc. ("CIB") or Capital Investment Group, Inc. ("CIG"), affiliated broker/dealers. In their capacity as a registered representative, an IAR may receive a commission or remuneration in the execution of transactions through CIB/CIG for products, such as mutual funds, annuities and Real Estate Investment Trusts ("REIT"). *This creates a conflict of interest, because, in addition to the initial commission that may be received from the sale of mutual funds or variable annuities, a registered representative may also receive ongoing compensation from the mutual fund or insurance company.* Commission schedules and amounts vary by mutual fund or insurance company and related products that are purchased.

For additional information, please see Item 12 of our Form ADV Part 2A, by visiting <https://hillhouse-capital.com/>

Key question to ask:

- How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?

Our IARs are primarily independent contractors and our agreement with each of them sets out the payments we make to them. Your IAR is required to act in your best interest and not put his or her interests ahead of your own. IARs are compensated by receiving a portion of the advisory fee that you pay COUNSEL. *Receiving a portion of those advisory fees you pay to us creates an incentive for them to encourage you to increase your investment account size.*

Our IARs may receive compensation from us in other ways, including:

- Transition assistance, if he or she moves to COUNSEL from another company. This assistance can include forgivable and non-forgivable loans, advance payment of advisory fees, and/or waiving or reducing other costs associated with transitioning the advisor's business. *This creates incentives for IPs to encourage you to move your assets to COUNSEL.*
- Waived or reduced costs and fees (e.g., attending our conferences and events).

ITEM 4 – DISCIPLINARY HISTORY

Do you or your financial professionals have legal or disciplinary history?

Yes, some of them do. You can access the legal and disciplinary histories of COUNSEL and our IARs using a free and simple search tool at www.investor.gov/CRS.

Key questions to ask

- As a financial professional, do you have any disciplinary history? For what type of conduct?

ITEM 5 – ADDITIONAL INFORMATION

For additional information about our services, please visit <https://hillhouse-capital.com/> If you would like additional, up-to-date information or a copy of this disclosure, please call our Compliance Department at (919) 831-2370.

Key questions to ask:

- Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?