

Signature Financial Services, Ltd.

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This brochure provides information about the qualifications and business practices of Signature Financial Services, Ltd. If you have any questions about the contents of this brochure, please contact us at the telephone number above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Signature Financial Services, Ltd. is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The verbal and written communications of an investment advisor provide you with information you need to determine whether to hire or retain the advisor.

Additional information about Signature Financial Services, Ltd. is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 MATERIAL CHANGES

This Part 2 represents our initial filing of this disclosure brochure.

Please contact us if you would like a copy of our updated Part 2.

ITEM 3

TABLE OF CONTENTS

Item 1: Cover Sheet	
Item 2: Material Changes	
Item 3: Table of Contents	
Item 4: Advisory Business	1
Who We Are	1
Services We Offer	1
SEI Asset Allocation Program	1
SEI Managed Account Program.....	2
Assets under management.....	2
Item 5: Fees and Compensation	3
Financial Planning	3
Signature Financial Fees	3
SEI Asset Allocation Program	3
SEI Managed Account Program.....	4
General Disclosures	4
Item 6: Performance-Based Fees and Side-By-Side Management	6
Item 7: Types of Clients	6
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9: Disciplinary Information.....	8
Item 10: Other Financial Industry Activities and Affiliations	8
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	9
Code of Ethics	9
Personal Trading for Associated Persons	9
Item 12: Brokerage Practices	9
Selection of Brokers	9
Aggregation of Orders	10
Trade Errors.....	10
Item 13: Review of Accounts.....	10
Item 14: Client Referrals and Other Compensation	10
Item 15: Custody	10
Item 16: Investment Discretion.....	11
Item 17: Voting Client Securities	11
Item 18: Financial Information	12

ITEM 4: ADVISORY BUSINESS

Who We Are

Signature Financial Services, Ltd. (referred to as “we,” “our,” “us,” or “Signature”), has been registered as an investment advisor since November 2001. Our executive officers are Bradley K. Walton, President/Chief Compliance Officer, Charles A. Landers, Vice President, and Timothy M. Olmstead, Secretary/Treasurer. We are wholly owned by Signature Advisors Group, Ltd which is in turn wholly-owned by Bradley K. Walton.

Services We Offer

Our advisory representatives provide professional advice and management to your investment portfolio. These personal investment services are normally discretionary. We ask you to sign an agreement that allows our investment representatives to make ongoing investment decisions for you, what to buy or sell in what amounts and when. Even though the use of discretion means we do not obtain your specific consent for each transaction as it happens, our advisory representatives generally confer regularly with their clients about the types of securities that will be purchased or sold. The amount of securities bought or sold will be kept in line with previously discussed percentages by type (fixed income; value stocks, growth stocks, etc.).

Our investment advisory representatives provide advice and can monitor your investment portfolio account to rebalance it as may be needed based on your goals, your investment time horizon and your risk tolerance. In an interview and discussions with one or more of our investment advisor representatives, you and the representative will establish these guidelines for the portfolio’s management. We work with each client to determine their risk tolerance and investment needs. We then choose an investment model that best meets those clients’ needs. Clients may impose reasonable restrictions on our discretion to invest in certain securities or types of securities if a client provides clear, written directions to that effect.

We also provide occasional advice for specific questions on which you need investment expertise.

Many of our advisory representatives offer basic segmented financial planning services as part of their comprehensive investment services. Depending on your situation, we may review any or all of the items listed below as part of our financial planning services.

- Education Goals
- Retirement Planning & Cash Flow
- Estate Planning
- Income Tax Planning
- Current Investment Asset Allocation
- Recommended Asset Allocation

SEI Asset Allocation Program

Signature participates in the SEI Asset Allocation Program, which is offered to high net worth individuals, defined benefit plans, participant and non-participant directed defined contribution plans, institutions, endowments, and foundations.

With the SEI Asset Allocation Program, Signature serves as the investment advisor to the client, and is responsible for analyzing the client's current financial situation, return expectations, risk tolerance, time horizon, and asset class preference, pursuant to Signature's investment advisory agreement. Based on this information, Signature and the client select an investment strategy and may choose from one of many mutual fund asset allocation models, which may be provided by SEI Investments Management Corporation ("SIMC"), or purchase individual mutual funds.

You may instruct us to adjust your asset allocation to help ensure that the mix reflects the objectives of the chosen strategy. You may impose reasonable restrictions on the management of the account or choose a new investment strategy.

In accordance with the client's investment objectives, Signature may also allocate assets placed in the client's account among the SEI Funds through SEI's Private Client Models. SIMC expects to make changes to the Private Client Models periodically to incorporate changes to the mutual fund asset allocations underlying the models. Upon consent from Signature (on behalf of the client), these asset allocation changes will be made to the client's accounts invested in the Private Client Models.

SEI Managed Account Program

Signature also participates in SEI's Managed Accounts Program (the "MAP Program"). To participate in the MAP Program, Signature, SEI Investments Management Corporation ("SIMC") and the client execute a tri-party agreement ("Managed Account Agreement") providing for the management of certain client assets. In the Managed Account Agreement, you appoint Signature as your investment advisor to assist you in selecting an asset allocation strategy. This asset allocation strategy includes the percentage of your assets allocated to designated portfolios of separate securities (each, a "Managed Account Portfolio") and may include the percentage of assets allocated to a portfolio of mutual funds advised by SIMC or an affiliate of SIMC ("SEI Funds"). You appoint SIMC to manage the assets in each Managed Account Portfolio in accordance with the selected strategy. SIMC may delegate its responsibility for selecting particular securities to one or more portfolio managers.

Additionally, the MAP Program offers a feature called Integrated Managed Accounts Program ("IMAP"), which is an enhancement to the standard MAP Program. In IMAP, SIMC selects one sub-advisor to serve as a tax manager for the entire Managed Account Portfolio. Other sub-advisors recommend securities using buy/sell lists for their specific asset class. An integration fee will be charged to your account when the IMAP feature is selected. The fee will cover the integration of the equity managers, which helps result in increased coordination across the equity account, increased tax efficiency and additional features such as wash sale prevention. These additional fees only apply to the equity portion of your account that is allocated to the integrated equities portfolio; the fees do not apply to the fixed income or funds portion of your account (if applicable). A selection of client's assets may receive a fee discount.

Assets under management

As of December 31, 2010, we manage assets of \$92.1 million on a discretionary basis. We do not have assets that are managed on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

Financial Planning

Financial Plan

We may offer financial planning services as part of our comprehensive service offerings to clients. There is no fee for this service for clients that receive investment management services from Signature.

Advice on Specific Questions

This is a focused review of your financial situation performed on a consultation basis. This service is provided for an hourly fee of \$100-\$250. Rates charged vary with the nature and complexity of the engagement. You will receive an invoice upon completion of the consultation that is payable upon receipt. You may pay for financial planning services by check or cash.

You may cancel our financial planning agreement at any time by providing written notice. Upon cancellation, we will present you with an invoice for time spent. This invoice is payable upon receipt.

We have a conflict of interest. When you implement the financial plan through us, we receive the customary fees as disclosed in the following section. You are not required to employ us to implement the financial plan, or implement the plan, or any portion of it, at all. If you elect to have us implement your financial plan, we will waive the financial planning fee.

Signature Financial Fees

Fees for investment management services are calculated as a percentage of assets under management. These fees are billed at the end of each quarter, based on the assets under management as of the last day of the calendar quarter. Our standard fee schedule is:

<u>Account Value</u>	<u>Annual Fee</u>
\$100,000 - \$250,000	2.0%
\$250,001 - \$1,000,000	1.5%
Greater than \$1,000,000	1.0%

Client assets may receive a discount from the above rates at the sole discretion of Signature.

SEI Asset Allocation Program

The SEI Funds are administered, distributed, and in some cases advised by SIMC or its affiliates for which it is paid fees as disclosed in the SEI Funds' prospectuses (see Other Costs Involved below for additional information). The prospectus(es) should be read carefully by all clients before investing in the SEI Funds. SIMC's sole compensation for this program is the payment it receives for managing the SEI Funds. For this service, the only direct cost to clients is Signature's fee, which is shown above.

SEI Managed Account Program

SIMC's maximum fee schedule for the Program is as follows (which includes investment management fees and brokerage commissions):

<u>Account Value</u>	<u>Annual Fee</u>
On the first \$1,000,000	1.20%
On the next \$2,000,000	1.10%
On the next \$2,000,000	1.00%
For amounts above \$5,000,000	Negotiable

The above SIMC fees may be subject to a discount.

SIMC may impose minimum account balances ranging from \$50,000 to \$1,000,000 depending upon the Managed Account Portfolio chosen and whether the client selects the tax management feature.

In addition to the above fees, which are paid to SIMC, the client pays Signature for its services for providing ongoing monitoring and support. Our fees for this service are detailed in the Signature Financial Fees section above.

The fees payable to SIMC for the IMAP feature are up to 0.15% for the first \$500,000 and 0.05 % for amounts in excess of \$500,000 in assets under management.

General Disclosures

For services that we provide to you, you may provide authorization for us to deduct our fees directly from your investment account. Important information about the deduction of management fees:

- You must provide authorization for us to deduct fees from your account. This authorization is provided in the forms you sign when you open your account.
- You will receive a statement each quarter which outlines our fees and how they are calculated at the same time we request payment from the custodian.
- You will receive a statement from your custodian which shows your holdings.
- You are responsible for reviewing the accuracy of the fees being billed, as the custodian will not do so.

You may elect to pay by check rather than allowing us to deduct payment directly from your account.

For accounts held at SEI, you are required to provide SEI with authorization to deduct advisory fees directly from your account. This authorization is provided in the contract you sign when you open the account with them.

You may end our advisory relationship by providing written notice. We will prorate the advisory fees earned through the termination date and send you a statement for the advisory fees due.

Other Costs Involved

In addition to our advisory fee shown above, you are responsible for paying fees associated with investing for your account. These fees may include:

- Mutual fund loads (if applicable). These charges are paid to brokers as a form of commission.
- Management fees for ETFs and mutual funds. These are fees charged by the managers of the ETF or mutual fund and are a portion of the expenses of the ETF or mutual fund.
- Brokerage costs and transaction fees for any securities or fixed income trades. These are generally charged by your custodian and/or executing broker.
- Fees paid to third party investment advisors that we refer you to for asset management.

Signature's fees could be avoided if you invested directly in the underlying securities.

Under the SEI MAP Program, the client receives investment advisory services, the execution of securities brokerage transactions, custody services and reporting services for a single specified fee. Participation in the MAP Program may cost the participant more or less than purchasing such services separately. In addition, the fees may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

You can find additional information about brokerage costs and what is provided by brokers in “Item 12: Brokerage Practices.”

Conflicts of Interest

Our officers and some employees are registered representatives of First Heartland Capital, Inc. (“First Heartland”). As registered representatives, these individuals receive commissions for executing trades for their clients at First Heartland. For mutual fund investments, registered representatives may also receive trailing commissions. Trailing commissions are fees the mutual fund pays to the registered representative each year that you own that mutual fund. If you decide to use First Heartland to implement any recommendations we make, our officers and employees will receive commissions for those trades. In these situations, a conflict of interest exists between your interests and those of Signature.

You are under no obligation to implement investment, financial planning or insurance recommendations through First Heartland. If you do elect to use First Heartland, you are under no obligation to choose one of our officers or employees as your registered representative. Commissions paid to First Heartland may be higher or lower than other broker/dealers who provide similar services. We do not reduce our advisory fees to offset any commissions earned.

Our officers and some employees are also affiliated with various insurance agencies. If you elect to implement insurance recommendations through one of these individuals, they will receive the normal and customary commissions. In these situations, a conflict of interest exists between the interests of the client and Signature. Clients of Signature are under no obligation to implement insurance recommendations through our officers or employees.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not receive performance fees for managing accounts.

ITEM 7: TYPES OF CLIENTS

Signature currently services:

- Individuals
- Pension & Profit Sharing Plans
- Trusts, Estates, or Charitable Organizations
- Corporations or Business Entities

Generally we require that you maintain \$200,000 under management with us. However, we may waive that minimum at our sole discretion.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Generally, we will follow modern portfolio theory: Develop an investment strategy grounded in setting a long term asset allocation for each client, consistent with their risk tolerances and other criteria; utilize a variety of asset classes, which may include domestic and international equities, fixed income, alternatives, and real estate, to provide appropriate diversification. Recommendations for specific investments within portfolios are derived using portfolio analysis software and working with other portfolio development advisory firms.

Our security analysis methods include:

- Signature Financial Services, Ltd generally use model portfolios of mutual funds, exchange traded funds (ETF), variable annuity sub-accounts and other securities provided by a number of institutional investment strategists and based on the information, research, and investment strategies of these institutional strategists.
- Fundamental Analysis
- Technical Analysis

The investment strategies we implement and the investment advice we give our clients may include:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- We do not employ strategies which involve frequent trading.
- Signature Financial Services, Ltd frequently uses model portfolios of mutual funds, exchange traded funds (ETF), variable annuity sub-accounts and other securities provided by a number of institutional investment strategists and based on the information, research, asset allocation methodology and investment strategies of these institutional strategists

Each of these strategies involves the risk of loss.

We commonly recommend portfolios of mutual funds and/or EFTs to our clients. We do not utilize market timing or other frequent trading approaches. We do recommend portfolio rebalancing on a

frequency consistent with your needs and risk tolerance. All investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situation at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

Fundamental Analysis: Called the “bottom-up” approach to investing, a fundamental analysis seeks an in-depth understanding of a specific firm or company to evaluate its intrinsic value and its future prospects before investing in its stock. This form of analysis studies the firm’s management, its debt, equity and cash flow, its history of financial performance/ growth, dividend payout percentages, its products, operating efficiency and marketing structures, among other factors. The firm’s balance sheet and income statement are two key sources of information about the firm.

Fundamental Analysis will compare a firm’s stock price with its earnings per share and its net earnings to its gross revenues and compare both with the averages for that industry sector. The ratio of current liabilities to current assets is another important element of this form of evaluation. A central focus is deciding whether the stock is over-valued or under-valued.

Few of the numbers are absolutes; many are relative to other factors or industry sector information. Most require intelligent judgment and experience to be applied meaningfully to stock values. Also, for a relatively short time period, a firm can falsify facts to hide poor performance or a fragile financial situation. The independence of balance sheets’ and other reports’ numerical information from such possible manipulation may not be readily verifiable.

As a term in large-scale economics, a fundamental analysis studies gross national product, inflation and interest rates, trade and unemployment trends, consumer confidence, savings and spending patterns and inventories in order to predict the larger movements of national and international economies. These larger concerns greatly influence the elements considered in a fundamental analysis of any given company.

Fundamental analysis places value on the financial structure and health of the firm to be invested in. These factors at times are of little or no interest to the market place, such that the stock prices for very sound companies may wither while investors look to other reasons and areas for investing, such as what occurred with the “dot.com” IPOs’ of the 1990s.

Lastly, time spent using one analytical method will compete with other analytical methods which might have proven more useful and profitable.

Technical Analysis: Technical Analysis presents, together with fundamental analysis, one of the two major schools of stock market study. This form of value analysis focuses on patterns of volume and price fluctuations for a given stock as compared to the activity of the larger, general market indicators. Securities are evaluated for purchase or sale based on an analysis of market statistics such as volume and prices over time as seen on charts, etc. that are believed to establish relational patterns that can predict future movements in the markets. This relative comparison has little or no concern for any company’s fundamental structure, production or worth. Market indicators considered include volume and direction of market activity, as indicators of supply and demand for securities, often using one or more established index/indices, such as the NASDAQ, S&P 500, and the Dow Jones Industrial Average. Trends and penetrations (e.g. of previous “highs”) are another type of indicator used. The patterns discerned, often using charts for a quick grasp of the relationship of various factors, are used to predict future market moves and their effects on stocks in general and/ or on particular sectors of the market.

Technical analysis claims to see patterns believed to be repeatable in similar market conditions. Market conditions may consist of many factors any one of which may alter the outcome of an otherwise very similar situation. No one indicator is absolutely reliable, and a multiple of indicators may just as likely

complicate understanding and evaluation as much as or more than it allows deeper insight into the market's mechanics.

Technical analysis assumes that all the market factors are known to and considered by all the market's participants, although, in fact, the market can act in highly partial and even apparently irrational ways.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of the investment advisor and each investment advisor representative providing investment advice to you. We have no information of this type to report. Neither Signature nor any of its advisor representatives have been subject to any legal or disciplinary action related to investment or financial services.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Our officers and investment advisor representatives are registered representatives of First Heartland, which is a broker/dealer. Please refer to the "Conflicts of Interest" section in "Item 5: Fees and Compensation" for additional disclosures about this relationship.

Some of our investment advisor representatives also maintain separate CPA practices. Additional information regarding these relationships is provided on the Part 2B for the individuals. You are under no obligation to use the services of the CPA firms for any accounting or tax work we may recommend.

Mr. Walton is also controlling shareholder of the following entities:

<u>Entity Name</u>	<u>Description</u>	<u>App. Amt of time</u>
Signature Brokerage Services, LTD	(an insurance brokerage agency)	<10%
	(a marketing firm providing comprehensive financial services, training and support to established CPA firms).	
Signature Advisors Group, LTD		50%

Mr. Walton also spends approximately 25 % of his time as a broker dealer representative, and less than 5% on his CPA practice.

Officers and various employees are affiliated with various insurance agencies through Signature Brokerage Services. If a client elects to implement insurance recommendations through one of these individuals, they will receive the normal and customary commissions. In this situation, a conflict of interest exists between the interest of the client and Signature. Clients are under no obligation to implement insurance recommendations.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

We have adopted a set of enforceable guidelines (Code of Ethics), which describes unacceptable conduct by Signature and our associated persons. Summarized, this Code of Ethics prohibits us from:

- placing our interests before yours,
- using non public information gathered when providing services to you for our own gains, or
- engaging in any act, practice or course of business that is, or might be considered, fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Please contact us if you would like to receive a full copy of this Code of Ethics.

Personal Trading for Associated Persons

We may buy or sell some of the same securities for you that we already hold in our personal account. We may also buy for our personal account some of the same securities that you already hold in your account. It is our policy not to permit our associated persons (or their immediate relatives) to trade in a way that takes advantage of price movements caused by your transactions.

We may restrict trading for a particular security for our accounts or those of our associated person if there is a pending trade in that security in a client account. Trades for our accounts (and those of our associated persons) will be placed individually after client trades have been completed. When our trades are placed after our client trades, we may receive a better or worse price than that received by the client.

All persons associated with us are required to provide us with copies of statements for any trading accounts in which they may have an interest.

Note that these restrictions are not applied to investments in mutual funds that are unaffiliated with our firm. Unaffiliated means a mutual fund that we have not ourselves created or helped establish and in some way act as the fund's managers.

ITEM 12: BROKERAGE PRACTICES

Selection of Brokers

Your assets must be maintained in an account at a "qualified custodian," generally a broker/dealer, trust company, or bank. For custodial assets not held with SEI, we require that any clients who give us a limited power of attorney to place trades use First Heartland as the qualified custodian. First Heartland will hold your assets in a brokerage account and buy and sell securities when we instruct them to do so. While we require that you use First Heartland as custodian/broker, you will decide whether to do so and will open your account with First Heartland by entering into an account agreement directly with them. We do not specifically open the account for you; we assist you in doing so. If you do not wish to place your assets with SEI or First Heartland, we are unable to manage your account.

Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor.

Clients should consider that commission rates our broker/dealer normally charges may be higher or lower than those available through other broker/dealers for essentially the same services, but typically, for brokerage transactions executed for advisory clients, we do not assess commissions above the standard ticket charges.

Aggregation of Orders

Due to the fact that we generally recommend the purchase of open end mutual funds, we place all client trades individually and do not aggregate trades among multiple clients.

Trade Errors

Signature Financial Services, Ltd. has the responsibility to effect orders correctly, promptly and in the best interests of our clients. In the event any error occurs in the handling of any client transactions, due to Signature Financial Services, Ltd.'s actions, or inaction, or actions of others, Signature Financial Services, Ltd.'s policy is to seek to identify and correct any errors as promptly as possible without disadvantaging the client or benefiting Signature Financial Services, Ltd. in any way.

Any trade error brought to the attention of Signature Financial Services, Ltd. will be routed through the compliance department. The firm will work directly with the client and/or their advisor to resolve the issue. Signature Financial Services, Ltd.'s policy and practice is to monitor and reconcile all trading activity, identify and resolve any trade errors promptly, document each trade error with appropriate supervisory approval and maintain a trade error file.

ITEM 13: REVIEW OF ACCOUNTS

Client accounts and their underlying financial plans, if any, are reviewed on an as needed basis by the client's advisory representative. All clients are encouraged to contact their representative at least annually for a review. The scope of the review is based on market conditions and the needs of the client. Significant changes to either will normally trigger a more in depth review. Statements are sent directly to all clients from the custodian at least quarterly. These statements may include, but are not limited to, summaries of transaction history, account holdings, asset allocation and account performance. Statements are available in either written or electronic formats.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

We do not directly or indirectly compensate anyone for client referrals.

ITEM 15: CUSTODY

If you give us authority to deduct our fees directly from your separately managed account, we have custody of those assets. In order to avoid additional regulatory requirements in these cases, we follow the procedures outlined in "Item 5: Fees and Compensation." You will also receive quarterly statements directly from custodian of the account that details all transactions in the account.

ITEM 16: INVESTMENT DISCRETION

You may provide discretionary authority for us to manage your assets. Discretionary authority means that you are giving us a limited power of attorney to place trades on your behalf. This limited power of attorney does not allow us to withdraw money from your account, other than advisory fees if you agree to give us that authority.

You grant us discretionary authority by completing the following items:

- Sign a contract with us that provides a limited power of attorney for us to place trades on your behalf. Any limitations to the trading authorization will be added to this agreement.
- Provide us with discretionary authority on the account forms that are submitted to the custodian of your account(s).

Clients may impose reasonable restrictions on Signature's discretion to invest in certain securities or types of securities if the client provides clear, written directions to that effect.

ITEM 17: VOTING CLIENT SECURITIES

As a matter of firm policy and practice, Signature does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Signature may provide advice to clients regarding the clients' voting of proxies.

ITEM 18: FINANCIAL INFORMATION

As a registered investment advisor, we are required to provide you with certain financial information or disclosures about our financial condition. Signature has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.