



This Brochure provides information about the qualifications and business practices of Madison Avenue Securities, Inc. If you have any questions about the contents of this Brochure, please contact us at 888-627-7323 or by e-mail at [info@mas-bd.com](mailto:info@mas-bd.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Madison Avenue Securities, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Madison Avenue Securities, Inc. is a registered investment adviser. Registration as an Investment Adviser does not imply any specific level of skill or training.

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## Item 2 - Material Changes

There have been no material changes to this brochure since the release of the previous version, dated February 15, 2011.

Our Brochure may also be requested by contacting Marty McNees, Chief Operating Officer at 858-207-1300 or [mmcnees@mas-bd.com](mailto:mmcnees@mas-bd.com). Our Brochure is also available on our web site [www.mas-bd.com](http://www.mas-bd.com), both free of charge.

Additional information about Madison Avenue Securities, Inc. is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Madison Avenue Securities, Inc. who are registered, or are required to be registered, as investment adviser representatives of Madison Avenue Securities, Inc.

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## Item 4 - Advisory Business

Madison Avenue Securities, Inc. ("MAS" or "Advisor") is a member broker-dealer of the Financial Industry Regulatory Authority ("FINRA") as well as a registered investment advisor. The information in this brochure pertains to the registered investment advisory activities of MAS. MAS has been registered as an investment advisor since December of 2005, and is a wholly owned subsidiary of Asset Marketing Systems, LLC. Through the various programs detailed later in this Brochure, MAS manages approximately \$252 Million, as of December 31, 2011. All of our assets are managed on a non-discretionary basis.

For advisory services offered by MAS, Investment Advisor Representatives (IAR) conduct initial meetings with potential advisory clients. During this meeting, the client and IAR discuss the client's financial situation, personal goals and objectives, risk tolerance, and investment style. It is essential that the client provide accurate, candid and complete information to the IAR. The failure to provide such complete information may affect the services being provided. It is the client's obligation to promptly inform the IAR of material changes in the client's financial circumstances or investment objectives to enable the IAR to evaluate whether to change the way the client's account is managed. The IAR may provide advice on an intermittent or periodic basis, such as in response to a client request or notification of a material change in the client's financial situation, in response to a market event, or on a specific date. At such time, the IAR will discuss the account with the client and make recommendations as appropriate. If such recommendations are accepted by the client, the IAR is responsible for arranging or effecting the purchase or sale.

There is no guarantee that the advisory services offered will result in the client's goals and objectives being met. Nor is there any guarantee of profit or protection from loss. The fees and expenses in connection with these advisory services may be higher than the cost of similar services offered through other financial firms or the fees associated with other financial services. No assumption can be made that any particular advisory services, investment strategy or fee arrangement will provide better returns than other investment strategies.

MAS may provide advisory services to you through several different types of programs. You may select to participate in any one program alone, or in any combination in two or more of the programs. Our four programs are:

1. Fee Plus Transaction Charge Program
2. Direct Third Party Manager Programs
3. Lockwood Managed Accounts Program
4. Financial Planning and Consulting Services Program

Our various programs are described below:

## **Fee Plus Transaction Charge Program**

This program enables your individual IAR to manage your assets for a fee. The fee will vary, depending on account size. In addition to this management fee, accounts in this program will also be assessed transaction charges for purchases and sales of securities. These fees and charges are described in the next section, titled “Fees and Compensation” and are subject to negotiation depending upon a number of factors, including size of the account. This program is designed to offer suitable participants asset allocation and brokerage services, consolidated reporting, and periodic recommendations pursuant to investment objectives chosen by the client on a non-discretionary basis. IARs must secure your permission prior to effecting transactions in your advisory accounts under this program. The minimum investment required in the MAS Fee Plus Transaction Charge Program is \$50,000. MAS may choose to waive these minimums for certain clients. If for any reason the Account value falls below our required minimum, we have the right to terminate the Account. The clearing firm will deliver securities held in the Account as instructed by client unless client requests that the Account be liquidated. Client will be entitled to a pro rata refund of any pre-paid quarterly fee based upon the number of days remaining in the quarter after termination. Such fees will be prorated and credited only to the Account from which such fees were debited.

The assets of the Program account will include stocks, bonds, mutual funds, options (equity and index), and other securities. No mutual fund systematic investments and systematic withdrawals will be permitted in this Program. The use of margin will not be permitted in this Program. Annuities with no sales charges can be transferred into this Program.

IARs may provide additional services to you under this program. In this scenario, the fee for any additional services will be included and not in addition to the management fee disclosed in Schedule A of the Investment Advisory Client Services Agreement. Not all IARs will provide additional services under this Program.

## **Direct Third Party Money Manager Programs**

MAS has established direct “selling agreements” with a variety of third party money managers. In this program, MAS refers its clients to select, independent, third party money managers, with which MAS holds a selling agreement. Neither MAS nor IARs of MAS are directly responsible for making specific investment decisions within the portfolios of these third party money managers. Rather, IARs of MAS will work with you to help you select a third party manager. These third party managers will then be responsible for making the specific investment decisions within your account. These accounts are typically managed on a “discretionary basis” by the third party money manager. This means that each investment decision made within the program will be made by the third party manager on your behalf, and without your consent. Each third party money manager will have its own brochure outlining the experience and any expertise of that manager, the services provided within their program, the fees charged for those services, and any other important information that should be read and understood prior to

investing. The account minimums for these programs are established by the third party money managers, and will also be disclosed in their individual brochures. These third party money managers may invest in a variety of asset types including mutual funds, exchange traded funds ("ETFs"), individual stocks and bonds, variable annuities, and cash. The specific asset types that these managers are permitted to invest in will be detailed in their individual brochures.

The IAR may determine that one or more third party managers is suitable for you and will assist you in selecting a particular third party program or service. The IAR receives compensation pursuant to MAS' agreements with the third party money managers for introducing clients to them and for certain ongoing services provided to you. This compensation, which is disclosed to you in each third party money manager's brochure, is equal to a percentage of the investment advisory fee charged by that investment manager or possibly a fixed fee. Because MAS and the IAR receive compensation from these third party money managers for referring clients and because such compensation may differ depending on the individual agreement with each manager, MAS and/or IAR may have an incentive to recommend one of those managers over: 1) other investment managers with less favorable compensation arrangements; 2) MAS' Fee Plus Transaction Charge Program; 3) programs offered through a separate RIA (if applicable); or 4) alternative advisory programs. Certain programs may charge a "wrap fee". Selection of a "wrap fee" program may result in the payment of fees by clients in excess of the combined total of separate advisory fees and brokerage commissions paid by transaction. To invest in one of these programs, you will need to sign an advisory agreement directly with the third party sponsor/advisor of the program selected. The advisory relationship may be terminated by you, MAS, or the sponsor/advisor in accordance with the provisions of these agreements. If terminated, you will receive a pro rata refund of any pre-paid advisory fees, pursuant to the terms of the individual 3<sup>rd</sup> party's brochure.

### **Lockwood Managed Accounts Program**

MAS has entered into an agreement with and offers various programs through Lockwood Advisors, Inc. In this program, assets are held in custody with MAS' clearing firm, Pershing, LLC. Similar to the "Direct Third Party Money Manager Programs" this program allows for assets to be managed by independent third parties on a discretionary basis. Also similar to the Direct Third Party Money Manager Programs, neither MAS nor IARs of MAS are directly responsible for the specific investment decisions within your account inside the Lockwood Managed Accounts Program. Rather, your IAR will assist you with selecting from the list of managers within the Lockwood program to make the specific investment decisions on your behalf.

The minimum initial investment required to establish an account through Lockwood ranges from \$25,000 to \$100,000. Fees are billed quarterly in advance. The total fee for these accounts will not exceed 2.00% per year. Additional details regarding the fees in this program will be addressed in the following section, "Fees and Compensation."

The Lockwood Managed Accounts Program permits you to terminate accounts at any time, in which case fees will be refunded on a prorated basis through the termination date. For

additional information about the fees and termination provisions associated with the Lockwood programs, please review the individual program brochure, which can be provided to you by your IAR, by MAS, or directly from the third party money manager.

## **Financial Planning and Consulting Services Program**

MAS, through certain IARs, provides financial planning and consulting services. Within this program, clients pay a fee for financial services to MAS. These fees can be in the form of a flat fee or hourly fee. Regardless of the type of plan desired, these services will be provided to clients in accordance with the terms of an Investment Advisory Client Services Agreement – Financial Planning/Consultation. The details of the actual services rendered and the fees charged to a specific client in connection with such services will be set forth in that client's agreement. The services provided can generally be categorized as one or a combination of the services set forth below. All services and fees are negotiable. Not all IARs provide financial planning and consulting services.

Clients who receive financial planning and consulting services may purchase securities or insurance products offered through MAS pursuant to the plan or consultation. IARs receive commissions as registered broker-dealer representatives or insurance agents in connection with such transactions. Thus the IAR may have a conflict of interest when providing financial planning services because they may receive additional compensation if the client chooses to execute transactions through them in their capacity as broker-dealer representatives or insurance agents as a result of such services. Clients are under no obligation to purchase products recommended by an IAR through the IAR or otherwise through MAS or its affiliates.

The categories of financial planning/consulting services typically include the following:

Hourly Financial Consulting: Clients may retain MAS to provide financial consulting services for an hourly fee. The fees for such services are detailed in the next section of this Brochure, titled "Fees and Compensation."

Fixed Fee Services: Client may retain MAS to provide a one time financial plan, a portfolio analysis, and/or an investment policy statement for a fixed fee. If you purchase a financial plan, portfolio analysis, and/or an investment policy statement, the plan will be delivered within 180 days. The fees for such services are detailed in the next section of this Brochure, titled "Fees and Compensation."

Annual Financial Plan: Clients may retain MAS to provide a financial plan, similar to the one time financial plan described above under Fixed Fee Services, plus updates to the plan and financial consulting services for an annual fee. Personal Financial Planning may include the following: income tax/cash flow analysis; investment analysis; retirement analysis; educational funding analysis; estate planning analysis; life insurance analysis; disability insurance analysis; long term health care analysis; and such other items as requested. The fees for such services are detailed in the next section of this Brochure, titled "Fees and Compensation."

## Item 5 - Fees and Compensation

All fees are subject to negotiation.

The specific manner in which fees are charged by MAS is established in a client's written agreement with MAS. MAS's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to MAS's fee.

In addition to the fees collected in association with your advisory business, MAS and its IARs also earn commissions on the sales of securities products. These commissions represent our primary compensation and are separate from any fees you may pay as a result of your advisory business with the firm.

You will not necessarily be subject to all fees outlined in this section. You are responsible only for any fees associated with the specific program(s) in which you invest.

The fees for our various programs are outlined below:

### **Fee Plus Transaction Charge Program**

The advisory fee will be payable quarterly in advance upon deposit of any funds or securities in the Account. The initial advisory fee is due upon execution of the Client Services Agreement and will be deducted automatically from your account. Subsequent advisory fee payments are due and will be assessed at the beginning of each quarter based on the value of the account assets (securities, cash and cash equivalents) under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service, where available, or otherwise in good faith. These quarterly fees will be deducted directly from your account. Additional deposits of funds and/or securities will be subject to the same billing procedures. This includes deposits of stocks, bonds, mutual funds and any other securities approved by Advisor for investment in this type of account. If assets are deposited after the inception of a quarter, the advisory fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter. Some assets in an account may be excluded from fee billing upon request, and subject to approval by MAS and the IAR. (For example, if you hold certain securities that you intend to hold permanently)

No advisory fees will be charged on any mutual funds, unit investment trusts, annuities, or other securities transferred to the Account which were purchased within the past two years (or one year in the case of mutual fund Class C shares) until two years (or one year in the case of

mutual fund Class C shares) from the date of purchase if a commission was paid to client's IAR in his or her capacity as a Registered Representative of a broker- dealer. The advisory fee and transaction charges referenced herein include all fees and charges for the services of Advisor and IAR, including brokerage charges.

Client may have multiple accounts as part of this Program, and may elect to have advisory fees debited from one previously selected Account. Fees will be prorated and credited only to the respective Account from which such fees were debited.

Pershing, LLC will deduct all Advisory fees and transaction charges from client's Program Account as authorized by the client in the Client Services Agreement. Pershing will calculate the amount of the fee to be deducted from Client account, based on the Client Services Agreement. Client will be notified concurrently of the calculation of the fee, the amount of assets under management upon which the fee is based, and the time period covered by the fee. All fees and transaction charges paid from the Account will be disclosed on client's account statements.

The Client may be able to purchase shares of mutual funds offered through the Program outside of the Program directly from the mutual fund issuing them, its principal underwriter or distributor without paying the Account Fees on such shares (subject to any applicable sales charges). Certain of the mutual funds offered through the Program may be offered generally to the public without a sales charge. Client may also incur certain charges imposed by third parties other than Advisor and IAR in connection with investments made through the Account, including but not limited to no-load mutual fund 12b-1 distribution fees (trail commissions), certain deferred sales charges on previously purchased mutual funds and IRA and Qualified Retirement Plan fees, redemption fees for holding a position too short a length of time, and confirmation fees.

The IAR, in connection with IAR's performance of services, shall be entitled to and may share in the advisory fees payable hereunder. The fee schedule and transaction charges set forth herein are in effect for client's Account and shall continue until thirty (30) days after Advisor has notified the client in writing of any change in the amount of the fees or charges applicable to the client's Account, at which time the new fees or charges will become effective unless the client notifies Advisor in writing that the Account is to be closed.

### **Fee Schedule**

Account Size (Portfolio Value)	Maximum Client Fee	Minimum Client Fee
First \$250,000	2.00%	0.50%
Next \$250,000	1.75%	0.50%
Next \$500,000	1.50%	0.50%
Over \$1 MM	1.00%	0.50%

### **Client Transaction Schedule**

<b>Stock &amp; Option Transactions:</b>	<b>Transaction Charge</b>
Domestic Equities	\$25.00 + \$0.02 cents per share
International Equities	\$75.00
Options-Equity and Index	\$30.00 + \$1.00 per contract + fees

### **Mutual Funds:**

Purchase/Redemption	\$20.00
Internal Exchanges	\$4.00

### **Bonds & Other Transactions:**

Bonds (Corp., Treas., Muni.)	\$40.00 + \$1.00 per corporate bond
CDs	\$40.00
Unit Investment Trusts	\$40.00

In MAS' Fee Plus Transaction Charges program, transactions are executed through MAS. MAS may receive a portion of the transaction charges paid by the client in connection with such transactions. MAS may act as broker-dealer in connection with third party programs and receive compensation in connection with such services as set forth in the account opening documentation.

Through this program, MAS and its IARs may recommend to clients the purchase or sale of investment company products from which it may receive compensation. Certain mutual funds (and/or their related persons) and certain unit investment trusts in which a client may invest make payments to broker-dealers. Such payments may be distributed pursuant to a 12b-1 distribution plan or pursuant to another arrangement as compensation for distribution or administrative services and may be paid out of the fund's or the trust's assets. MAS and/or the IARs may receive such fees or other compensation to the extent permitted by law. A fund that imposes a front-end sales load(charge) but which waives that front-end sales load (a front-end load at net asset value) for purchases made on behalf of the account may bear 12b-1 distribution or service fees in excess of .25% of the account's net assets invested in such funds (the maximum allowed for no-load funds). In addition, unit investment trusts may bear deferred sales charges in excess of .25% of the account's net assets invested in such trust. The 12b-1 fee, deferred sales charges, and other fee arrangements will be disclosed upon request and are described in the applicable fund's or trust's prospectus. Because of these compensation arrangements, a conflict of interest may exist in connection with the recommendation of particular mutual fund or unit investment trust investments for a client's account.

## **Direct Third Party Money Manager Programs**

The total fees charged to you in direct third party money managed programs will vary from manager to manager. Regardless of the manager you select, all of their fees will be disclosed within their individual brochures. MAS will receive a portion of the total fees assessed in these programs, regardless of the manager selected. These fees may be higher than fees of our other programs.

## **Lockwood Managed Accounts Program**

The Lockwood program carries its own fee schedule that is specific to that program. All fees are billed a quarterly prorated amount upon opening of the account. Subsequent fees are billed quarterly, in advance. All fees associated with this program will be deducted directly from your account. The maximum fees for these accounts are as follows:

### **Equity/Balanced Accounts**

<u>Account Size</u>	<u>Maximum Client Fee</u>	<u>Minimum Client Fee</u>
Up to \$500,000	2.00 %	0.95%
Next \$500,000	1.90 %	0.90%
Next \$4,000,000	1.80 %	0.85%
Over \$5,000,000	1.70 %	0.75%

### **Fixed Income Accounts**

<u>Account Size</u>	<u>Maximum Client Fee</u>	<u>Minimum Client Fee</u>
Up to \$500,000	1.50 %	0.57%
Next \$500,000	1.44 %	0.54%
Next \$4,000,000	1.38 %	0.51%
Over \$5,000,000	1.31 %	0.47%

Pertaining to the Lockwood Managed Accounts Program only, the “Maximum Client Fee” above represents the maximum permissible fee based charge by MAS on an annual basis. The “Minimum Client Fee” represents the “base fee” assessed by Pershing to cover asset management, record keeping, and custodial expenses. Selection of the Minimum Client Fee will result in no fees being paid to the IAR.

Prorated refunds of paid fees may be requested for any accounts closed during the calendar quarter.

## **Financial Planning and Consulting Services Program**

As outlined in the previous section, certain IARs of MAS may offer financial planning and consulting services for a fee. In all instances, these fees will be billed directly to you, and payment must be made to Madison Avenue Securities, Inc. The fee arrangement for the various services are as follows:

Hourly Financial Consulting: Clients may retain MAS to provide financial consulting services for an hourly fee. The fee for such services is \$300 per hour (\$250 for Kansas residents), but IAR may discount the fee. You will be billed for the total fee after the services have been rendered. In certain circumstances, a portion of the fee may be collected in advance. In such cases, you will have five business days after signing the agreement with MAS to terminate the agreement without penalty. If you terminate the Investment Advisory Client Services Agreement – Financial Planning/Consultation after the first five business days, you will either receive a refund of a portion of the fees paid or be charged a portion or all of the balance of the fee, depending on the value of services provided by MAS before notice of termination was received.

Fixed Fee Services: Client may retain MAS to provide a one time financial plan, a portfolio analysis, and/or an investment policy statement for a fixed fee. The fee for such services will range from \$1,000 to \$3,000, but may be higher or lower depending on a variety of factors, including the services provided and the complexity of the client's financial situation and objectives. The fixed fee will be agreed upon by MAS, client, and IAR in advance and will be set forth in Exhibit A, Advisory Services to be Performed, attached to the Investment Advisory Client Services Agreement – Financial Planning/Consultation. You will pay a portion of the fee in advance of the provision of any services and will pay the balance upon completion of the agreed upon services. If any fees are paid in advance, you will have five business days after signing an agreement with MAS to terminate the agreement without penalty. If you terminate the agreement after the first five business days, you will either receive a refund or a portion of the fee paid or be charged a portion or all of the balance of the fee, depending on the value of services provided by MAS before notice of termination was received.

Annual Financial Plan: Clients may retain MAS to provide a financial plan, similar to the one time financial plan described above under Fixed Fee Services, plus updates to the plan and financial consulting services for an annual fee. The annual fee will be a flat dollar amount and will not be based upon capital gains or capital appreciation. An estimate of the annual fee will be set forth in Exhibit A, Advisory Services to be Performed, attached to the Investment Advisory Client Services Agreement – Financial Planning/Consultation and can range from \$2,000 to \$5,000. Clients will pay the fees as billed and will pay the balance upon completion of the agreed upon services. Client will have five business days after signing an agreement with MAS to terminate the agreement without penalty. If a client terminates the investment advisory client services agreement after the first five business days, the client will either receive a refund or a portion of the fee paid or be charged a portion or all of the balance of the fee, depending on the value of services provided by MAS before notice of termination was received.

The annual financial planning fee builds upon the fixed fee services. Those fees may range from \$2,000 to \$5,000, depending upon scope of services provided. An IAR may discount fees, which will normally be based on the total relationship with the IAR. For example, if a client has multiple accounts with the IAR or if the IAR has relationships with several members of the same family, the IAR may, but is not required to, discount the planning fees.

When providing financial planning and consulting services, IARs may recommend that you purchase securities or insurance products offered through MAS pursuant to the plan or consultation. IARs receive commissions as registered broker-dealer representatives or insurance agents in connection with such transactions. Thus, the IARs may have a conflict of interest when providing financial planning services because they and MAS may receive additional compensation if you choose to execute transactions or purchase insurance products through MAS. You are under no obligation to purchase products recommended by IARs through the IAR or MAS or its affiliates.

## **Item 6 - Performance-Based Fees and Side-By-Side Management**

Madison Avenue Securities, Inc. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

Madison Avenue Securities, Inc. provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, and trusts.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

MAS uses a variety of information sources and methods of investment analysis in managing assets. Our IARs will typically use the various methods for analysis described below in our Fee Plus Transaction Charge Program. For details of methods of analysis uses in our Direct Third Party Money Manager and Lockwood Managed Accounts Programs, please see the individual brochures of those managers. For MAS, our methods of securities analysis include:

Technical Analysis and Charting: “Technical Analysis,” sometimes also known as “charting” is method of evaluating securities by analyzing statistics generated by market activity, such as past prices and trading volume. In technical analysis it is not attempted to measure a security's intrinsic value (value based on company's financial status, cash flow, net worth, etc.), but

instead to use historical charts and other tools to identify patterns that can suggest future activity.

Cyclical Analysis: Similar to Charting, “Cyclical Analysis” attempts to suggest the future activity of the prices of securities based on the theory that prices move in a cyclical pattern. This method of analysis uses market cycles (the general expansion and contraction of business) as the primary driver. This method of analysis does not take under consideration the intrinsic value (value based on company’s financial status, cash flow, net worth, etc.), of the security being evaluated.

Fundamental Analysis: Unlike Technical Analysis, “Fundamental Analysis” involves analyzing the securities of a company based on its financial statements and health, its management and competitive advantages, and its competitors and markets.

None of the methods above guarantee the successful prediction of future securities prices. In practice, the various methods of analysis are often used in concert with one another in analyzing securities. Information about the securities being analyzed may come from a variety of sources. These sources may include financial newspapers and magazines, research materials prepared by industry analysts, corporate rating services, (such as Morningstar, Moody’s, Standard & Poor’s, etc.) company press releases, and annual reports or prospectuses filed with the Securities and Exchange Commission. (It should also be noted that neither MAS nor its IARs prepare “research reports” internally)

The outcome of the analysis may lead to recommendations for long term purchases of securities, (securities held for one year or longer) short term purchases, (securities sold within a year) active trading, (securities purchased and sold within 30 days) margin transactions, or option writing.

Regardless of the investing strategy employed, investing in securities involves risk of loss that you should be prepared to bear. There is no investing strategy that can guarantee you against loss.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Madison Avenue Securities, Inc. or the integrity of MAS’ management. MAS has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

MAS is also registered as a full service general securities registered broker-dealer, and is also licensed as an insurance agency in a number of states. MAS is affiliated with Asset Marketing

Systems Insurance Services, LLC which markets annuities and life insurance, long term care insurance, and disability insurance. The principal business of MAS' executive officers is the day-to-day management of the broker-dealer activities. This broker-dealer and other non-investment advisory services account for a majority of management's time.

## **Item 11 – Code of Ethics**

MAS has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at MAS must acknowledge the terms of the Code of Ethics.

MAS' clients or prospective clients may request a copy of the firm's Code of Ethics by e-mailing [info@mas-bd.com](mailto:info@mas-bd.com) or by calling 888-627-7323.

The firm does not make a market in any securities and does not buy or sell securities for its own account. MAS offers brokerage services to clients separate from the advisory services described herein. IARs provide brokerage services to clients as registered broker-dealer representatives. MAS and registered broker-dealer representatives receive transaction based compensation in connection with such brokerage services. Transactions may not be executed through MAS if to do so would result in a breach of its fiduciary duties.

MAS, its IARs, and affiliates may, but are not obligated to, purchase or sell or recommend for purchase or sale a security which they may purchase or sell for their own accounts or the account of any other client. MAS has procedures dealing with insider trading, employee related accounts, front running and other issues that may present a potential conflict when such purchases, sales, or recommendations are made. In general, these policies and procedures are intended to eliminate, to the extent possible, the adverse effect on clients of any such potential conflicts of interest.

MAS anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which MAS has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which MAS, its affiliates and/or clients, directly or indirectly, have a position of interest. MAS' employees and persons associated with MAS are required to follow MAS' Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of MAS and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for MAS' clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of MAS will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing

such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of MAS' clients. In addition, the firm requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored to reasonably prevent conflicts of interest between MAS and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with MAS' obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. MAS will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

It is MAS' policy that the firm will not affect any principal or agency cross securities transactions for client accounts. MAS will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

MAS makes a basic assumption that the IAR will recommend that you use the IAR in his or her capacity as a registered representative ("RR") to complete the purchase or sale of recommended transactions. The client would normally be introduced to MAS by the IAR/RR. In most, if not all cases, the IAR will be a RR of MAS. The value of products, research, and services given to a client are not a factor in suggesting a broker. When doing business with MAS, you may pay commissions higher than those obtainable from other brokers. MAS does not direct client transactions to a particular broker in return for products and research services it may receive. Client is also free to implement the recommendations of MAS IARs through whomever they choose.

As previously outlined in Item 5 above, when providing financial planning and consulting services, IARs may recommend that clients purchase securities or insurance products offered through MAS pursuant to the plan or consultation. IARs receive commissions as registered broker-dealer representatives or insurance agents in connection with such transactions. Thus, the IARs may have a conflict of interest when providing financial planning services because they and MAS may receive additional compensation if the client chooses to execute transactions or purchase insurance products through MAS. Clients are under no obligation to purchase products recommended by IARs through the IAR or MAS or its affiliates.

Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients.

### **Item 13 – Review of Accounts**

If you open an account under our Fee Plus Transaction Charge Program, your account will be reviewed regularly by your IAR. All activities of your IAR are supervised by a “Supervising Principal” of MAS. The Supervising Principal holds the responsibility of supervising all activities of the IAR. If you wish to increase the frequency of your account reviews, you are free to make these arrangement directly with your IAR.

In our Direct Third Party Money Manager Program and our Lockwood Managed Accounts Program, your individual investments are monitored by third party money managers. However, the performance of these managers will be regularly monitored by your IAR. Your IAR will review the performance of the selected third party managers regularly with you. If you wish to increase the frequency of these reviews, you are free to arrange this directly with your IAR.

If you enter into an agreement with MAS and/or an IAR of MAS to create a financial plan or an annual financial plan, your plan will be reviewed in accordance with your Investment Advisory Client Services Agreement.

### **Item 14 – Client Referrals and Other Compensation**

In our Direct Third Party Money Manager Program and our Lockwood Managed Accounts Program, the third party money managers that we refer you to compensate MAS for these referrals. The fee is paid to us out of a portion of the total fee that you pay to these money managers. There is no additional fee on top of the fee that you pay. Because the portion of the fee that MAS receives for referred business varies, (depending on the third party money manager selected) MAS may have an incentive to refer you to one manager over another.

MAS does not pay referral fees to any third parties for clients that are referred to MAS.

## **Item 15 – Custody**

MAS does not maintain custody of any client assets. All assets are held in custody either with our clearing firm, Pershing, LLC, or with the third party manager, (in the case of our Direct Third Party Money Manager Program) or with the custodian that that third party manager selects. Clients will receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. MAS urges you to carefully review such statements.

## **Item 16 – Investment Discretion**

MAS and IARs of MAS do not have discretion over your accounts. We do not have the authority to withdraw funds or take custody of client funds or securities. The IAR must obtain specific client consent in order to buy or sell securities as set forth in the account agreement. In our Fee Plus Transaction Charge Program and our Lockwood Managed Accounts Program, MAS obtains authority to directly debit fees from client accounts through the Client Services Agreement. Clients' funds and securities are held in safekeeping by the clearing firm, Pershing LLC under both of these programs. MAS provides instructions to Pershing LLC to debit client accounts pursuant to Client authorization in the Client Services Agreement.

MAS offers clients the ability to participate in third party managed programs in our Direct Third Party Money Manager Program and our Lockwood Managed Accounts Program. Regardless of the program, you will receive a brochure from the third party manager if you invest in one of these programs. The brochure or other applicable disclosure documents will contain a description of the limitations on the authority of the third party money managers and their discretion (if any) over your account. Model Portfolios composed by a group of independent investment strategists are included under this program, with the different models designed to satisfy a gradient of risk/return assumptions. The independent investment strategists have no direct relationship with MAS or client, make no analysis of the clients' circumstances or objectives and do not tailor the Models to any specific clients' needs. MAS assists the client in selecting the Model Portfolio(s) that best suits the client's objectives. The client then specifically directs the account to be invested in accordance with the chosen Model Portfolio. When the client selects the Model Portfolio, the client further directs that the account be automatically adjusted to reflect any adjustment in the Model Portfolio by the investment strategist. This client authorization would result in the purchase and sale of certain securities or transfers between variable annuity sub-accounts without further authorization by the client at such time as the investment strategist changes the composition of the selected Model Portfolio. The client receives confirmation of all transactions in the account and is free to terminate their participation in the program and retain or dispose of any assets in the account at any time. MAS has no authority to cause any purchase or sale of securities in any client account, or change the Model

Portfolio or to direct the account to be invested in any manner other than as previously authorized by the client.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, MAS 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. MAS may provide advice to clients regarding the clients' voting of proxies.

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about MAS' financial condition. MAS 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.