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This brochure provides information about the qualifications and business practices of Investors Capital Advisory. If you have any questions about the contents of this brochure, please contact us at 800-949-1422 or e-mail [brochureinfo@investorscapital.com](mailto:brochureinfo@investorscapital.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. Registration as an investment advisor does not imply a certain level of skill or training.

Additional information about Investors Capital Advisory also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our Firm's CRD number is 30613.

## **ITEM 2 MATERIAL CHANGES**

The purpose of this page is to provide a summary of material changes since June 30, 2011, which is the date of Investors Capital Advisory's last update.

In the future, if Investors Capital Advisory amends this Brochure because of a material change, it will provide its clients with a summary of those material changes either on an annual basis or as required by regulation.

The following items are material changes since ICA's last update:

1. As of March 31, 2012 Investors Capital Advisory will no longer provide clients with "Quarterly Performance Reports". This disruption will have no impact with the firm's regulatory requirement to deliver statements and/or account confirms to its clients. Please note if our clients would still like to receive a Quarterly Performance Report they may do so by contacting their advisors directly or by contacting the home office at 800-949-1422.
2. As of March 31, 2012 Investors Capital Advisory will no longer offer the Investor Protector Advisory Wrap Program.
3. On February 2, 2012 our self-regulatory organization "FINRA" initiated and served the Firm with an acceptance, waiver and consent "AWC" letter. FINRA alleged that the Firm charged markups in a limited number of corporate and municipal bond transactions that were greater than the expected markups in light of market conditions and other contemporaneous transactions. The Firm was fined \$22,500.00 and paid restitution of \$8,834.57. Without admitting or denying liability, the Firm consented to the staff's findings in order to avoid the time and cost associated with litigation.
4. On November 28, 2011 our self-regulatory organization "FINRA" initiated and served the Firm with an acceptance, waiver and consent "AWC" letter. The Firm is alleged to have engaged in the sale of private placements of two sponsors without engaging in an adequate due diligence process. The Firm's processes were alleged to be deficient inasmuch as they did not call for the Firm to obtain due diligence materials other than those provided by the company or through a third party law firm that was paid by the sponsor to produce an independent due diligence report. FINRA also alleged that the Firm did not have an adequate process to document or track its due diligence efforts or to review the new product approver's due diligence efforts. Without admitting or denying the findings, the Firm consented to the described sanctions and to the entry of findings; therefore it is censured and shall disgorge commissions and other fees paid to the Firm in the total amount of \$400,115.00 in partial restitution to investors. A registered principal on behalf of the Firm shall submit satisfactory proof to FINRA of payment of restitution to the receiver no later than 30 days after acceptance of the AWC.

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## **ITEM 4           ADVISORY BUSINESS**

### **Our Background**

Investors Capital Advisory is a Registered Investment Advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Investors Capital Advisory provides a variety of investment advisory services to our clients. Investors Capital Advisory is a wholly-owned subsidiary of Investors Capital Holdings, Ltd., a publicly-traded financial services holding company. Investors Capital Holdings, Ltd. is also parent to Investors Capital Corporation ("ICC") a registered broker/dealer and ICC Insurance Agency, Inc. ("ICC Insurance Agency"), an entity that facilitates the sale of variable life insurance and variable annuities by insurance-licensed registered representatives. In addition to insurance sales, our affiliated entities engage in a variety of financial services including financial planning, investment advisory, and pension consulting services. Investors Capital Corporation was established in 1992 to create an independent Broker/Dealer that would provide registered representatives an opportunity to operate in an independent environment, free from proprietary product bias. Investors Capital Advisory's principal place of business is located in Lynnfield, Massachusetts.

Investment advisory services are among the services offered through our investment advisor representatives ("representative"). Our representatives may also be registered representatives of the affiliated broker/dealer ICC, and/or insurance agents of ICC Insurance Agency. In these other capacities, representatives may receive commissions on insurance products, annuities, mutual funds, equities, and other securities that they sell in addition to any investment advisory fee charged by Investors Capital Advisory. Investors Capital Advisory programs may be offered by unaffiliated third-party investment advisors or registered broker/dealer entities that have entered an agreement with us to offer such programs.

### **Advisory Services and Programs**

Investors Capital Advisory provides a variety of investment advisory services to our clients: (1) Consulting Services - where a fee is charged to clients for financial planning and/or other investment advice; (2) Third-Party Investment Advisor ("TPIA") Programs - where our representatives offer access to certain unaffiliated third-party investment advisory programs; (3) Managed Account Wrap Programs – where advisory fees are charged for services provided in several managed account wrap programs.

Investors Capital Advisory and our representatives provide personal investment advisory and financial planning services. Our representatives and/or third-party investment advisors affiliated with Investors Capital Advisory will assist clients with the formulation of an overall investment strategy and financial plan. This includes analysis of financial goals that may include financial advice regarding estate planning, retirement planning, educational funding, insurance planning and benefits planning, preparation of financial analysis, capital sufficiency, cash flow and income tax projections.

For all advisory services and programs, it is the client's responsibility to notify his/her representative in a timely manner of any material changes in his/her investment objectives, risk tolerances, and/or financial circumstances.

#### **1) Consulting Services/Financial Planning**

Our representatives may provide advisory consulting services relating to securities and investments on a varied range of topics, including, but not limited to: portfolio evaluation, investment objectives, risk tolerances and strategies, education planning, estate planning, retirement planning, asset allocation, tax planning, risk management, cash flow analysis, and net worth analysis. Consulting services offered by our representatives may involve the collection of personal and financial data from the client and giving investment and financial advice based upon such data designed to facilitate achievement of the client's stated financial objectives. In addition, if the client desires, ongoing financial planning advice may be provided. Clients may enter into a

consulting agreement with our representatives on a negotiated hourly, flat, or fixed-fee rate. If fees are charged on an hourly basis, they may not exceed \$500 per hour.

Representatives of Investors Capital Advisory may provide consulting services on a one-time or ongoing basis to qualified retirement plans. In addition to the hourly, flat, or fixed-fee rate, representatives may charge a consulting fee as a percentage of assets. The maximum annual account consulting fee, when charged as a percentage of assets, is 3% and is negotiable. Representatives may assist plan sponsors with their fiduciary duties and help provide advice based upon the particular needs of the plan and/or the participants. Advice may include portfolio composition, investment selection and monitoring, policy statement support, and participant advice programs.

Consulting fees are negotiable and may depend on the complexity of the client's finances and/or how comprehensive the client wishes the consultation to be. Fees will be stated in the agreement with the client and agreed to in advance by the client and the representative. Lower or higher fees for comparable services may be available from other sources. With prior approval from management, our representatives may provide consulting services at no charge for philanthropic or charitable purposes.

The client may cancel the agreement by providing written notice and receive a full refund within five business days after signing the agreement. If the client is unsatisfied with a written financial plan, he/she may request in writing a full refund of his/her fee within 90 days of the plan's presentation. If the client terminates the agreement prior to completion of the plan, the client may receive a pro-rated refund or release from payment.

## **2) Third-Party Investment Advisor Programs**

Investors Capital Advisory offers our clients access to certain unaffiliated professional third-party money managers who provide asset management and investment advisory services that are outside the scope of the Managed Account Wrap Program umbrella. TPIA programs typically offer clients access to a variety of model portfolios with varying levels of risk from which they may choose. Accounts with TPIAs are not managed by Investors Capital Advisory; rather, they are managed by the TPIA on a discretionary basis. Representatives will help clients determine their investment goals, risk tolerances, and other relevant guidelines in order to help them select a TPIA program that appears to satisfy their investment needs in relation to the information collected. A client may select a recommended TPIA based upon his/her needs. Clients will enter into an agreement directly with the unaffiliated TPIA who shall provide asset management services. Accounts with TPIAs may consist of a variety of different securities types, including but not limited to: stocks, bonds, mutual funds, fixed income, Exchange Traded Funds, and variable annuities.

Our representatives may answer questions that their clients may have regarding their accounts and act as communication conduit between the TPIA and the client. Neither Investors Capital Advisory nor our representatives have any trading authority with respect to a client's account with the TPIA. The TPIA has discretionary authority over the account.

Account minimums for unaffiliated TPIA programs will vary for each TPIA. A complete explanation of the TPIA fees, services, reporting, and minimums are disclosed within the TPIA's disclosure documents. Pursuant to an arrangement and prior to a client entering into an agreement with a TPIA, our representatives arrange for the ADV Part 2A or equivalent brochure materials relative to the advisory services to be provided to the client.

Investors Capital Advisory and our representatives are compensated for referring clients to the TPIA programs. This compensation generally takes the form of the TPIA sharing a percentage of the advisory fee the client pays to them with Investors Capital Advisory and his/her representative. Fees are calculated and collected by the selected TPIA, who shall then be responsible for delivering our portion of the client fee to Investors Capital Advisory. Our representatives will provide each client with an appropriate disclosure document that provides full details of the TPIA.

Additional charges that clients may incur include but are not limited to: sales loads, 12b-1 fees, surrender charges, transactional fees, and miscellaneous account fees. Investors Capital does not receive any portion of such fees or commissions. Investors Capital Advisory is compensated by the advisory fees as noted above.

Investors Capital Advisory may charge a due diligence fee to TPIAs in order to provide ongoing supervision reviews of their products. If charged, the fee is capped at a maximum of twenty five basis points. This potential receipt of additional compensation may create a conflict of interest.

Our representatives may have a conflict of interest by offering those TPIAs that have agreed to pay a portion of their advisory fees to Investors Capital Advisory and have met the conditions of our due diligence review. There may be other suitable outside TPIA programs that are more or less costly to the client.

Investors Capital Advisory monitors the services rendered by the selected TPIAs. If Investors Capital Advisory determines that a particular selected TPIA is not providing sufficient appropriate management services to the client, we may suggest that the client contract with a different TPIA. Under this scenario, our Firm may assist the client in selecting a new third-party investment advisor and/or managed account program. However, any move to a new third-party investment advisor and/or managed account program is solely at the discretion of the client.

### **3) Managed Account Wrap Programs**

Investors Capital Advisory sponsors several advisory wrap programs, A-MAP, A-MAP AT, A-MAP FT, S-MAP, F-MAP and the Fund Select Wrap Program that provide managed advisory accounts for clients. Wrap programs are managed accounts where the client pays a single fee for portfolio management services. Depending on the program, clients may be responsible for transactional and miscellaneous charges but will not pay commissions or sales credits in addition to a management fee.

The Managed Account Wrap Programs (“Programs”) are offered through Investors Capital Advisory and our representatives. As part of the process, our representatives will collect certain information from each potential client, including, but not limited to: information regarding income, liabilities, amount of investment assets, investment experience, risk tolerance and investment objectives. The representative will evaluate the client’s investment objectives and consult him/her on the various Managed Account Wrap Programs. After this evaluation and consultation, the representative will make a determination as to whether any of the Programs are appropriate given the objectives and disclosures made by the individual. After the individual has reviewed the Programs and indicated his/her understanding of the Programs, including the risks and benefits of the Programs, a Program will be selected and an account will be established. As part of the program services, the representative will customize an investment portfolio for the client in accordance with client’s risk tolerance and investment objectives. Once the representative constructs an investment portfolio for the client, the representative will monitor the portfolio’s performance on an ongoing basis and will rebalance the portfolio as required due to changes in market conditions and in the client’s financial circumstances.

Investors Capital Advisory, our representatives, and third-party sub-advisors affiliated with us will have full discretion over client accounts. Discretionary authorization will allow our Firm to determine the specific securities and the amount of securities to be purchased or sold for client accounts without client approval prior to each transaction. Clients may limit our discretionary authority (for example, limiting the types of securities that can be purchased for their account) by providing our Firm with their restrictions and guidelines in writing. Such restrictions/guidelines may affect the composition and performance of a client’s portfolio and/or our ability to meet his/her investment objectives. Our representative may utilize individual equities, mutual funds, Exchange Traded Funds, corporate debt, fixed income, variable annuities, and/or other securities that are consistent with the client's suitability and investment strategy.

The investment advisory services provided by the representative through the various Programs are dependent upon the information provided by each client. For our representative to provide suitable recommendations and to make appropriate investment decisions for the client, the client must provide accurate information and complete responses to the questions asked by his/her representative. The client should inform his/her representative of any material changes in his/her investment objectives or any changes in his/her financial situation as well as any restrictions on the account that may impact the overall investment goals. Our representatives shall, at least annually, contact their clients to determine whether there has been any change in a client's financial situation or investment objectives.

Some of our representatives, in addition to providing advisory services through the Programs, engage in other financial service activities through Investors Capital Advisory. These activities are separate from the Programs and thus separate fees may be incurred for such services.

Each Managed Account Wrap Program has a minimum initial investment amount. Approvals for accounts below the minimum initial investment amount are at the discretion of the Firm. If an account is linked to other qualifying household accounts, the minimum initial amount may be waived.

### ***F-MAP Advisory Wrap Program***

F-MAP is an advisory program where our representatives utilize a model portfolio established by the Investors Capital Advisory Investment Policy Committee which creates, manages, rebalances and reallocates portfolios that consist of but are not limited to: no-load or load-waived mutual funds, ETF's, and/or variable annuities. Generally, the minimum initial investment in the F-MAP Program is \$25,000.00. The F-MAP Program leverages the experience and knowledge of the Investment Policy Committee to actively manage specific portfolios along with the representative. The Investment Policy Committee utilizes seven different strategic/tactical asset allocation models, invests in specific products within those allocations, actively monitors the performance of the underlying investments, and periodically rebalances and reallocates when necessary. The seven models include Aggressive Growth, Growth, Growth & Income, Balanced, Income & Growth, Dynamic Risk, and Equal-Weighted Income.

### ***S-MAP Advisory Wrap Program***

S-MAP is an advisory program where Investors Capital Advisory has entered into agreements with Sub-Advisors who are selected by the representatives to provide advisory services to their clients. The S-MAP portfolios are not managed by Investors Capital Advisory; rather, they are managed by the Sub-Advisor on a discretionary basis. Our representatives consult with their clients and determine model portfolios based on the clients objectives and risk tolerances. The representative selects a Sub-Advisor to create, manage, rebalance, reallocate, and report on a portfolio of equities, Exchange Traded Funds ("ETFs"), mutual funds, variable annuities, and/or other securities (such as corporate debt) that are suitable for the client's overall investment strategy. The minimum initial investment in the S-MAP Program is \$100,000.00. Investors Capital Advisory maintains the authority to hire and terminate the services of each Sub-Advisor, as the client does not enter into a direct advisory contract with the Sub-Advisor.

The following is the list of Investors Capital Advisory approved Sub-Advisors: Abner, Herrman & Brock LLC, Advisors Capital Management LLC, Cambridge Financial Group Inc., Carret Asset Management LLC, Copeland Capital, Dividend Assets Capital LLC, Frantzen Capital Management Inc., Fraser Management Associates LLC, Sentinel Advisory Corp., TimeCapital Investor Advisory Services Inc., ValueWorks LLC, Wellesley Investment Advisors Inc.

This list of approved Sub-Advisors may change periodically. Please refer to [www.icadvisory.com](http://www.icadvisory.com) for the most current list.



Investors Capital Advisory monitors the services rendered by the selected Sub-Advisor. If Investors Capital Advisory determines that a particular selected Sub-Advisor is not providing sufficient appropriate management services to the client, we may suggest that the client contract with a different Sub-Advisor. Under this scenario, our Firm may assist the client in selecting a new Sub-Advisor and/or managed account program. However, any move to a new Sub-Advisor and/or managed account program is solely at the discretion of the client.

### ***Fund Select Advisory Wrap Program***

Fund Select is an advisory program where the representative creates and manages a customized portfolio constructed primarily of mutual funds without incurring transaction fees or sales credits. Using FundVest Funds, the representative can construct a portfolio of mutual funds at minimum cost with no transactions fees on qualifying transactions. FundVest is Pershing's no-transaction-fee platform, which provides access to over three thousand mutual funds, managed by more than two hundred fund companies. The representative will recommend an appropriate portfolio based on the client's specific objectives and risk tolerances. Then, within the limitations of the program and the client's financial status, the representative selects and recommends the appropriate mutual funds under the Fund Select Program that best meets the client's financial objectives. The representative may recommend individual equities, mutual funds, Exchange Traded Funds, corporate debt, fixed income, variable annuities, and/or other securities that are consistent with the client's suitability and investment strategy and meet the model's requirements. Generally, the minimum initial investment in the Fund Select Advisory Wrap Program is \$25,000.00.

### ***A-MAP Suite of Advisory Wrap Programs***

Investors Capital Advisory's suite of A-MAP Programs (A-MAP, A-MAP AT, & A-MAP FT) enables the representative to assist the client in creating a personalized investment portfolio. The client's representative acts as the portfolio manager and has full investment discretion.

#### ***A-MAP***

A-MAP is an advisory program where the advisory services are performed directly by the client's representative. The minimum initial investment in the A-MAP Wrap Program is \$25,000.00. The representative will customize a portfolio based on the client's objectives and risk tolerances, determine the initial investment selection and provide continued management to include rebalancing and reallocation of the underlying investments as necessary. After developing an overall investment strategy for the account, the representative will assist the client with implementation. The representative may recommend individual equities, mutual funds, Exchange Traded Funds, corporate debt, fixed income, variable annuities, and/or other securities that are consistent with the client's suitability and investment strategy. Representatives may utilize the A-MAP Program to manage the sub-accounts of variable annuities held directly at the annuity firm.

The representative will conduct periodic reviews of the overall strategy and will also consult with the client on an ongoing basis to determine whether changes to the portfolio are required.

#### ***A-MAP AT "Active Trader" Advisory Wrap Program***

A-MAP AT is an advisory program where, similar to the A-MAP Program, the advisory services are performed by the client's representative. However, the A-MAP AT Program differs from A-MAP in that the A-MAP AT Program is designed for accounts where the client's objectives and/or the representative's investment methodology result in frequent trading activity. To qualify for the A-MAP AT Program, the representative and client should anticipate a minimum of 25 transactions annually. As such, the A-MAP AT Program has reduced transactional charges for trades executed in the client account. The minimum initial investment in the A-MAP AT Wrap Program is \$25,000.00. The representative will customize a portfolio based on the client's objectives and risk tolerances, determine the initial investment selection and provide continued management to include



rebalancing and reallocation of the underlying investments as necessary. After developing an overall investment strategy for the account, the representative will assist the client with implementation. The representative may recommend individual equities, mutual funds, Exchange Traded Funds, corporate debt, fixed income, variable annuities, and/or other securities that are consistent with the client's suitability and investment strategy.

The representative will conduct periodic reviews of the overall strategy and will also consult with the client on an ongoing basis to determine whether changes to the portfolio are required.

#### *A-MAP FT*

A-MAP FT is an advisory program where the advisory services are performed directly by the client's representative. The A-MAP FT Program differs from the A-MAP & A-MAP AT Programs in that the A-MAP FT Program utilizes an alternative representative fee and program cost structure for the client. The A-MAP FT Program is comprised of a fixed Annual Fee of \$250.00 and an Annual Advisor Fee of up to 2%. The A-MAP FT does not contain an Annual Program Advisory Fee to Investors Capital Advisory. The A-MAP FT Program consists of standardized base costs for transaction fees in equities, options, and non-FundVest Mutual Funds. The minimum initial investment in the A-MAP FT Wrap Program is \$25,000.00. The representative will customize a portfolio based on the client's objectives and risk tolerances, determine the initial investment selection and provide continued management to include rebalancing and reallocation of the underlying investments as necessary. After developing an overall investment strategy for the account, the representative will assist the client with implementation. The representative may recommend individual equities, mutual funds, Exchange Traded Funds, corporate debt, fixed income, variable annuities, and/or other securities that are consistent with the client's suitability and investment strategy.

The representative will conduct periodic reviews of the overall strategy and will also consult with the client on an ongoing basis to determine whether changes to the portfolio are required.

#### **Amount of Managed Assets**

As of 3/26/2012, Investors Capital Advisory was actively managing \$884,486,863.00 of clients' assets on a discretionary basis and overseeing an additional \$157,150,000.00\* of clients' assets being managed by third-party investment advisors. \*Please note ICA's fiscal year-end is 3/31/2012, this calculation was executed as of 12/31/2011.

#### **Item 5 Fees and Compensation**

Advisory fees are determined based upon a negotiated rate between the representative and the client based on factors such as the overall complexity of the client's financial affairs, the number of investing entities, nature of work, and other factors unique to the advisory relationship. The advisory fees are to be agreed upon in advance between the client and the representative to a maximum annual advisory fee of 3% depending on the program. The advisory fees shall be based upon a percentage of the total value of the client assets managed by the representative. The maximum Annual Account Advisory Fee is for services that may include management of the assets, custody of the assets, statements, reports, cost basis reporting, billing systems, and on-line account access. Not all services are available for each Program. Fees will be deducted from the account as agreed upon with the client in advance or in arrears on a quarterly basis and, if it is a variable annuity account, quarterly fees may be deducted in arrears. The fee amount deducted quarterly will be calculated as one-quarter of the total Annual Account Advisory Fee and will be calculated as a percentage of the account's value as of the last day of the previous calendar quarter. The initial advisory fee will be assessed at inception of the advisory relationship and if the advisory relationship is established in mid-quarter, the fee will be assessed on a pro-rated basis based on the number of billing days in the initial quarter.

Representatives utilize ICC, our affiliated broker/dealer, to execute transactions and the transactions are cleared through Pershing LLC, ICC's clearing firm. In addition to the Annual Account Advisory Fee, fees may be assessed for trades in mutual funds, equity securities, debt securities, Exchange Traded Funds and other

securities. The transaction fees are set forth in the Pershing fee clearing schedule listed below and are subject to periodic changes without notice. The current fee schedule can be found at [www.icadvisory.com](http://www.icadvisory.com).

Clients that purchase and sell mutual funds may also incur certain charges imposed by the investment company and/or third parties in connection with those mutual funds. These potential charges include, but are not limited to: mutual fund 12b-1 fees (fees charged by investment companies for activities including, but not limited to: advertising, compensation of underwriters, dealers, and sales personnel, the printing and mailing of prospectuses to prospective investors, and the printing and mailing of sales literature), sub-transfer agent fees, mutual fund and money market management fees and administrative expenses, certain deferred sales charges on previously purchased mutual funds transferred into the Program, short-term redemption fees, and other service or similar fees on IRA and qualified retirement asset accounts. ICC, Investors Capital Advisory's affiliated broker/dealer may receive a portion of such fees. Further information regarding fees and charges assessed by a particular mutual fund are available in the appropriate mutual fund prospectus.

If an investment company pays 12b-1 fees, the fees are retained by Investors Capital and are not typically paid to the representative. However, Investors Capital Advisory has previously and may currently permit the payment of 12b-1 fees to certain representatives that maintain a certain amount of assets under management with us. There may be existing representatives that have been grandfathered into receiving a portion of the 12b-1 fees based on prior Firm policies. The receiving of 12b-1 fees may create a conflict of interest in the selection of a mutual fund.

Our programs may be more or less costly than purchasing advisory services separately. The determining factors of cost with respect to an individual client may include the amount of investment assets, the particular goals and objectives, the volume of trading that the account engages in, and the types of investments. Depending on these factors, the program may be more or less costly than an arrangement where a client pays brokerage commissions for trading and/or a separate fee for investment advisory services.

Fees charged may vary by representative. Certain Investors Capital Advisory representatives may provide comparable services for fees that are different from those charged by other Investors Capital Advisory representatives.

Fees charged may ultimately be lower or higher than comparable services provided by Investors Capital, Investors Capital Advisory, and by other unaffiliated firms. Similar advisory services may be available from other firms at comparable or lower advisory fees.

### **Fees for Consulting Services/Financial Planning**

Clients may enter a consulting agreement with our representatives on a negotiated hourly, flat, or fixed-fee rate. If fees are charged on an hourly basis, they may not exceed \$500 per hour.

Representatives of Investors Capital Advisory may provide consulting services on a one-time or ongoing basis to qualified retirement plans. In addition to the hourly, flat, or fixed-fee rate, representatives may charge a consulting fee as a percentage of assets. The maximum annual account consulting fee, when charged as a percentage of assets, is 3% and is negotiable.

Consulting fees are negotiable and may depend on the complexity of the client's finances and/or how comprehensive the client wishes the consulting to be. Fees will be stated in the agreement with the client and agreed to in advance by the client and the representative. The client may cancel the agreement by providing written notice and receive a full refund within five business days after signing the agreement. If the client is unsatisfied with a written financial plan, he/she may request in writing a full refund of his/her fee within 90 days of the plan's presentation. If the client terminates the agreement prior to completion of the plan, the client may receive a pro-rated refund or release from payment.

### **Fees for Third-Party Investment Advisor Programs**

Investors Capital Advisory and our representatives are compensated for referring clients to the TPIA programs. This compensation generally takes the form of the TPIA sharing a percentage of the advisory fee the client pays to them with Investors Capital Advisory and his/her representative. Fees are calculated and collected by the selected TPIA which shall then be responsible for delivering our portion of the client fee to Investors Capital Advisory.

A complete explanation of the TPIA fees, services, reporting, and minimums are disclosed with the TPIA's disclosure documents. Pursuant to an arrangement, prior to a client entering into an agreement with a TPIA, our representatives arrange for the ADV Part 2A or equivalent brochure and other material relative to the advisory services to be provided to the client. The TPIA fees may or may not be negotiable.

Additional charges that clients may incur include, but are not limited to: sales loads, 12b-1 fees, surrender charges, transactional fees, and miscellaneous account fees. Investors Capital does not receive any portion of such fees or commissions. Investors Capital Advisory is compensated by the advisory fees as noted above.

### **Fees for Managed Account Wrap Programs**

#### ***F-MAP Advisory Wrap Program Fees***

F-MAP has a maximum Annual Account Advisory Fee of 3%. There are no transactional fees or upfront/back-end sales charges associated with the F-MAP Program. In addition to the Annual Account Advisory Fee, the F-MAP Program accounts are assessed a \$100 annual maintenance fee that is assessed quarterly. If the F-MAP Program account is a qualified retirement account, an additional maintenance fee of \$40.00 is assessed annually. If the F-MAP Program account is a qualified retirement account, a termination fee of \$75.00 is assessed. There is an early termination fee of \$250 that will be assessed if an F-MAP Program account is terminated within the first 120 days. Pershing LLC is the custodian of the F-MAP Accounts and fees associated with the F-MAP accounts are subject to change without notice. Miscellaneous fees do apply.

#### ***S-MAP Advisory Wrap Program Fees***

S-MAP has a maximum Annual Account Advisory Fee of 3%. There are no transactional fees or upfront/back-end sales charges associated with the S-MAP Wrap Program. Investors Capital Advisory is responsible for paying the fees charged by the Sub-Advisor. In turn, such fees may be charged to the client as part of the negotiated total advisory fees. This compensation is disclosed to the client in the client Services Agreement and the client will also be provided with the Sub-Advisor's Form ADV Part 2A. In addition to the Annual Account Advisory Fee, the S-MAP Program accounts are assessed a \$100 annual maintenance fee that is assessed quarterly. If the S-MAP Program account is a qualified retirement account, an additional maintenance fee of \$40.00 is assessed annually. If the S-MAP Program account is a qualified retirement account, a termination fee of \$75.00 is assessed. There is an early termination fee of \$250 that will be assessed if an S-MAP Program account is terminated within the first 120 days. Pershing LLC is the custodian of the S-MAP Accounts and fees associated with the S-MAP accounts are subject to change without notice. Miscellaneous fees do apply.

#### ***Fund Select Advisory Wrap Program Fees***

Advisory fees are to be agreed upon in advance with the client and the representative to a maximum Annual Account Advisory Fee of 3%. FundVest transactions must have an initial purchase of \$1000 per position, while subsequent trades must be greater than \$500. In qualified retirement accounts, however, FundVest transactions must have an initial purchase of \$500 per position, while subsequent trades must be greater than \$100.

Excluding FundVest Funds, fees are assessed for transactions in mutual funds, equity securities, debt securities, Exchange Traded Funds, and other securities.

If the Fund Select Program account is a qualified retirement account, an additional maintenance fee of \$40.00 is assessed annually. A short-term trading fee of \$75.00 will be assessed when any security or mutual fund position is held less than 90 days, including exchanges. An exchange occurs when an account sells a mutual fund and subsequently repurchases another mutual fund within the same mutual fund company.

A one-time fee of \$200 will be assessed to establish each Fund Select Program account. If a client transfers assets from an existing Investors Capital Advisory or ICC Brokerage account, the establishment fee will be reduced to \$100. There is an early termination fee of \$250 that will be assessed if a Fund Select Program account is terminated within the first 120 days. Pershing LLC is the custodian of the Fund Select accounts and fees associated with the Fund Select accounts are subject to periodic changes without notice. The annual qualified IRA maintenance fee of \$40.00 is waived for accounts that remain above the initial balance requirement. If the Fund Select Program account is a qualified retirement account, a termination fee of \$75.00 is assessed. Miscellaneous fees do apply.

### ***Fees for A-MAP Suite of Advisory Wrap Programs***

#### ***A-MAP Fees***

Advisory fees are to be agreed upon in advance between the client and his/her representative to a maximum Annual Account Advisory Fee of 3%. In addition to the Annual Account Advisory Fee, the A-MAP Program accounts are assessed a \$100 annual maintenance fee that is assessed quarterly. If the A-MAP Program account is a qualified retirement account, an additional maintenance fee of \$40.00 is assessed annually. If the A-MAP Program account is a qualified retirement account, a termination fee of \$75.00 is assessed. There is an early termination fee of \$250 that will be assessed if an A-MAP Program account is terminated within the first 120 days. Pershing LLC is the custodian of the A-MAP accounts and fees associated with the A-MAP accounts are subject to change without notice. Miscellaneous fees do apply.

#### ***A-MAP AT Fees***

Advisory fees are to be agreed upon in advance between the client and his/her representative to a maximum Annual Account Advisory Fee of 3%. The A-MAP AT Program accounts are not charged the standard transaction fees as in the A-MAP Program. Transactions in the A-MAP AT Program are charged \$5.95. This charge is subject to change without notice but will not typically exceed \$10.00. As this fee is subject to change, please refer to the fees as outlined at [www.icadvisory.com](http://www.icadvisory.com). If the A-MAP AT Program account is a qualified retirement account, an additional maintenance fee of \$40.00 is assessed annually. If the A-MAP AT Program account is a qualified retirement account, a termination fee of \$75.00 is assessed. There is an early termination fee of \$250 that will be assessed if an A-MAP AT Program account is terminated within the first 120 days. Pershing LLC is the custodian of the A-MAP AT accounts and fees associated with the A-MAP AT accounts are subject to change without notice. Miscellaneous fees do apply.

Use of a managed account program that involves buying and selling securities frequently can negatively affect investment performance, particularly through increased transactional costs and taxes. The short-term trading in the A-MAP AT Program might result in short-term gains or losses for federal and state tax purposes. Tax efficiency is not the primary consideration in the management of client assets. Clients should continuously consult with a tax professional prior to and throughout the investing of their assets.

#### ***A-MAP FT Fees***

Advisory fees are to be agreed upon in advance between the client and his/her representative to a maximum Annual Advisor Fee of 2%. The A-MAP FT Program consists of a standardized base transaction fee of \$19.95 for transactions in both equities and non-FundVest Mutual Funds (transactions must be entered by the representative directly through NetX360, Pershing's order entry system. Orders that are placed through Investors Capital's trade desk are subject to the transaction fees listed in the fee schedule below. Execution services apply for all transactions). Fees assessed for transactions on other types of securities are subject to the fee schedule listed below. The transactional fees are subject to periodic changes without notice.

In addition to the Annual Advisor Fee, the A-MAP FT Program accounts are assessed a \$200 fixed Annual Fee that is assessed annually on the anniversary date of the account inception. If the A-MAP FT Program account is a qualified retirement account, a termination fee of \$75.00 is assessed. There is an early termination fee of \$250 that will be assessed if an A-MAP FT Program account is terminated within the first 120 days. Pershing LLC is the custodian of the A-MAP FT accounts and fees associated with the A-MAP FT accounts are subject to change without notice. Miscellaneous fees do apply.

### **Fee Schedule**

Transaction, clearance, and settlement fees associated with securities transactions in client accounts are passed on to the client through our broker/dealer (Investors Capital) by our clearing firm, Pershing LLC. Transaction charges on equities, options and mutual funds may vary depending on how the representative enters an order. Representatives have the ability to enter transactions themselves through NetX360, Pershing's order entry system, or through the trade desk at Investors Capital. Fees may vary by program. Please refer to each program fee description for complete details.

#### **Listed Equities**

<u>Clearance Fees:</u>	<u>Trade Desk</u>	<u>NetX360</u>
Listed Equities*	\$40.00	\$24.95 (\$19.95 for A-MAP FT)
OTC Equities*	\$40.00	\$24.95 (\$19.95 for A-MAP FT)
Options*	\$40.00	\$24.95 (\$19.95 for A-MAP FT)
Corporate Bonds	\$50.00	
Municipal Bonds	\$50.00	
Treasury Bonds	\$50.00	
Government Agencies	\$50.00	
Money Markets (BA's, CD's, CP)	\$50.00	
Precious Metals \$50.	00	
Mortgage Backed When Issued	\$50.00	
Unit Investment Trust	\$50.00	

#### **Mutual Fund:**

Purchase	\$20.00	\$12.00 (\$19.95 for A-MAP FT)
Redemption	\$20.00	\$12.00 (\$19.95 for A-MAP FT)
Exchange	\$10.00	\$5.00

#### **Execution Services:**

Listed Equities All Orders \$.02 per Share

NASDAQ Equities No Charge

Options Equity and Index \$1.50 per Contract

Listed Corporate Bonds \$1.00 per Bond

\*Billed "per order" as opposed to "per ticket". "Per order" is defined at the point/time of order entry and may result in multiple executions from a single order.

Paper Confirmation Delivery Fee \$1.00 per confirmation

Paper Statement Delivery Fee \$1.00 per statement

Fees may change regularly. For a complete list of up-to-date fees, please refer to [www.icadvisory.com](http://www.icadvisory.com).

### **General Fee Information**

Our clients are made aware of and acknowledge that certain mutual funds may contain sales loads and/or marketing and management fees at the mutual fund level, that variable annuities contain management, insurance, and possible commissions and other fees at the variable annuity level, and that this potential receipt of additional compensation creates a conflict of interest. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund or variable annuity directly, without Investors Capital Advisory or our services. In that case, the client would not receive the services provided by our Firm which are designed, among other things, to assist the client in determining which mutual funds or annuities are appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and annuities as well as our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Our clients are also made aware of and acknowledge that, based upon current tax law, withdrawals from variable annuities, even if to pay investment advisory fees, may cause the client to realize taxable income. Additionally, if these withdrawals are made prior to the age of 59 ½, he or she may incur an additional 10% penalty. For variable annuities that contain a free withdrawal provision, clients are aware and acknowledge that withdrawals from these variable annuities to pay investment advisory fees may result in a reduction in the client's annual free withdrawal amount.

Depending on the program, the total amount of Annual Account Advisory Fees may be up to a maximum of 3% of the client's investment assets and may be more than a representative would receive if the client participated in other programs or paid a separate fee for investment advisory services, brokerage commissions, and other services. As a result, representatives may have a financial incentive to recommend the program to clients rather than recommending other products or services.

Clients should be aware that when assets are invested in shares of mutual funds or insurance products, clients will pay both the direct advisory fees to Investors Capital Advisory for our services in connection with these investments and, indirectly, the client may pay a pro-rata share of the management and other fees paid by the mutual fund. Clients may be able to invest directly in the mutual fund's shares or the insurance product without incurring the fees charged by Investors Capital Advisory. A complete explanation of these fees and expenses is contained in each mutual fund's prospectus.

### **Limited Negotiability of Advisory Fees**

Although Investors Capital Advisory has established the aforementioned fee schedule(s), we retain the discretion to negotiate fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reports, among other factors. The specific annual advisory fee will be identified in the service agreement between the representative and each client. Investors Capital Advisory may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our Firm.



## **Billing Information**

Fees may be negotiated or discounted by mutual agreement between the representative and his/her client. Investors Capital has sole discretion to waive any fee on a continuous or on a one-time basis. Investors Capital Advisory may permit the aggregation of assets among a client's "related" managed accounts for purposes of determining the value of assets under management and the applicable advisory fee to be paid by the client. Depending on the specific advisory program selected, clients may pay fees quarterly, in advance, or in arrears.

Through the account custodian, Pershing LLC, Investors Capital will typically debit the advisory fee from the client account automatically. The advisory fee will first be payable from free credit balances, money market funds, and/or cash equivalents, and secondly from the liquidation of a portion of the client's securities holdings, pursuant to the discretionary authority granted to the representative by the client.

Clients have the ability to be billed directly and submit payment by check to Investors Capital Advisory for the quarterly fee amount, or by instructing Investors Capital Advisory to charge the fee to one of the client's other Investors Capital accounts. A written authorization must be furnished by the client to affect this type of billing arrangement. In such cases, Investors Capital Advisory will provide the client with billing invoices for investment advisory services that will detail the amount of the fee, method by which the fee was calculated, and the value of assets upon which the fee was based. Fees to Investors Capital Advisory do not include any fees due to third-party money managers, mutual funds, or any fees to brokers or custodians of those assets.

Clients receiving consulting services may pay fees at time of service or in monthly, quarterly, semiannual, or annual installments, as agreed to between the representative and the client. Consulting fees paid directly by the client by check should be made payable to Investors Capital Advisory. At no time, should a client make a check payable to their representative or the representative's "doing business as" name.

For accounts holding variable annuities, the Investors Capital Advisory's fee deduction procedures can be overridden by the contractual requirements and the specific fee deduction policies of the variable annuity companies. Various variable annuity companies deduct quarterly fees pro-rata from assets held within the sub-accounts regardless of the balance in the money market/cash position.

In all cases, clients may terminate their advisory arrangement by providing written notice to Investors Capital Advisory and may receive a prorated refund of their Annual Account Advisory Fee upon request. For the calendar quarter in which the agreement is terminated, our fee will be prorated and refunded based on the number of days that the agreement was in effect during such quarter. In the event of termination, a termination or redemption fee may apply. Funds withdrawn from a managed account during a billing period are not generally entitled to a pro-rata refund unless the client is terminating their managed account program.

Investors Capital Advisory does not require or solicit payment of advisory fees in excess of \$1,200 more than six months in advance for services rendered.

## **Offerings**

Clients may purchase initial public offerings, secondary offerings, and participate in syndicate offerings within their advisory accounts where their representative may receive a selling concession or commission. Clients are made aware of and acknowledge that this potential receipt of additional compensation may create a conflict of interest.

## **Frequent & Short Term Trading**

Use of a managed account program that involves buying and selling securities frequently can negatively affect investment performance, particularly through increased transactional costs and taxes. The short-term trading in



the A-MAP AT Program might result in short-term gains or losses for federal and state tax purposes. Tax efficiency is not the primary consideration in the management of client assets. Clients should continuously consult with a tax professional prior to and throughout the investing of their assets.

### **Wrap Fee Programs and Separately Managed Account Fees**

Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fees charged by Investors Capital Advisory. Such fees may include the investment advisory fees of the independent advisors, which may be charged as part of a wrap fee arrangement.

In a wrap fee arrangement, clients pay a single fee for advisory services. Portfolio transactions may be executed without commission charges in a wrap fee arrangement. However, transactional and miscellaneous charges may apply in a wrap fee program. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

### **Employee Retirement Income and Securities Act Disclosures**

Investors Capital Advisory is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act (ERISA), and regulations under the Internal Revenue Code of 1986, respectively. As such, our Firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Investors Capital Advisory may only charge fees for investment advice about products for which our Firm and/or our representatives do not receive any commissions or 12b-1 fees, or conversely, may only charge fees for investment advice about products for which our Firm and/or our representatives receive commissions or 12b-1 fees, however, only when such fees are used to offset Investors Capital Advisory's advisory fees.

### **State Disclosures**

Pursuant to California Rule 260.235.2 a conflict may exist between the interests of Investors Capital Advisory or associated persons offering financial planning services to California residents. Representatives must render unbiased and objective advice.

Massachusetts General Law Section 203A requires disclosure that information about the disciplinary history and registration of Investors Capital Advisory and our associated persons may be obtained by contacting the Public Reference Branch of the SEC at 202-942-8090, or by contacting the Massachusetts Securities Division at One Ashburton Place, 17<sup>th</sup> Floor, Boston, MA 02108 or at 617-727-3548.

Clients should note that similar advisory services may, or may not, be available from other registered investment advisors for similar or lower fees. Material conflicts of interest that relate to Investors Capital Advisory or to any of our representatives that would cause Investors Capital Advisory not to render unbiased and objective advice have been disclosed to the client in writing in the Form ADV Part 2A Brochure and Brochure Supplements.

## **ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Investors Capital Advisory does not charge performance-based fees.

## **ITEM 7 TYPES OF CLIENTS**

Investors Capital Advisory generally provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Corporations or other businesses not listed above
- Charitable organizations
- State or municipal government entities

The majority of our clients are retail clients that fall under the "individuals (other than high net worth individuals)" category. This category includes, but is not limited to: individual, joint, trust, IRA, 401(k) participant, and custodial accounts.

As previously disclosed in Item 5, our Firm has established certain initial minimum account requirements based on the nature of the service(s) being provided. In some cases, account balances may be combined at the household level to satisfy the account minimums. At our discretion, Investors Capital Advisory may waive these minimums.

- The A-MAP, A-MAP AT, A-MAP-FT, F-MAP and Fund Select programs generally involve \$25,000 account minimums.
- The S-MAP program minimum generally ranges from \$100,000 to \$500,000 depending on the sub-advisor selected.
- Account minimums for third-party investment advisor programs generally range from \$25,000 to \$50,000.

## **ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Representatives of Investors Capital Advisory provide individualized advisory services to their clients. When evaluating strategies and investment products, our representatives have the flexibility and independence to select an approach they deem suitable. Investors Capital Advisory and our representatives do not endorse any one prevailing form of analysis or strategy for use in our advisory programs. However, Investors Capital Advisory and our representatives may rely on several of the more common strategies and types of analyses when working with clients.

Some of the more commonly used forms of analyses and strategies are as follows:

**Fundamental Analysis:** The intrinsic value of a security is measured by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis:** Past market movements are analyzed and applied to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Charting:** In this type of technical analysis, charts of market and security activity are reviewed in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

It is important to understand that past performance does not guarantee future results in technical and charting analysis.

**Cyclical Analysis:** In this type of technical analysis, the movements of a particular stock are measured against the overall market in an attempt to predict the price movement of the security.

**Asset Allocation:** Rather than focusing primarily on securities selection, this strategy attempts to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis:** Investors Capital Advisory and/or our representatives look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as Investors Capital Advisory does not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Third-Party Investment Advisor:** Investors Capital Advisory and/or our representatives examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as Investors Capital Advisory does not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as Investors Capital Advisory does not control the manager's daily business and compliance operations, Investors Capital Advisory may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Risks for all Forms of Analysis:** Securities analysis methods rely on the assumption that the companies whose securities were purchased and sold, the rating agencies that review these securities, and other publicly-available sources of information about these securities are providing accurate and unbiased data. There is always a risk that analysis may be compromised by inaccurate or misleading information.

**Long-term Purchases:** Securities are purchased with the idea of holding them in the client's account for a year or longer. Typically this strategy is employed when:

- securities are believed to be currently undervalued, and/or
- exposure is desired to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, Investors Capital Advisory may not take advantage of short-term gains that could be profitable to a client. Moreover, if predictions are incorrect, a security may decline sharply in value before the decision to sell is made.

**Short-term Purchases:** When utilizing this strategy, securities are purchased with the idea of selling them within a relatively short time (typically a year or less). This is an attempt to take advantage of conditions that are believed to soon result in a price swing in the securities purchased.

A short-term purchase strategy poses risks should the anticipated price swing not materialize, left then with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in

increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Short-term Trading:** Securities are purchased with the idea of selling them very quickly (typically within 30 days or less). This is done in an attempt to take advantage in predictions of brief price swings.

In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Margin Transactions:** Stocks are purchased for client's portfolios with money borrowed from his/her brokerage accounts. This allows the client to purchase more stock than he/she would be able to with his/her available cash and allows Investors Capital Advisory to purchase stock without selling other holdings.

**Option writing:** Options may be used as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives Investors Capital Advisory the right to buy an asset at a certain price within a specific period of time. A call may be bought if it is believed that the stock will increase substantially before the option expires.
- A put gives Investors Capital Advisory the right to sell an asset at a certain price within a specific period of time. A put may be bought if it is believed that the price of the stock will fall before the option expires.

Options may be used to "hedge" a purchase of an underlying security: in other words, an option purchase may be used to attempt to limit the potential upside and downside of a security in a client's portfolio.

"Covered Calls" may be used, in which an option is sold on a security the client owns. In this strategy, the client receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed-upon price.

The trading of options may be highly speculative and may entail more risk than those present when investing in other types of securities. Prices of options may generally be more volatile than prices of other types of securities. When trading in options, clients may run the risk of losing the entire investment in a relatively short period of time.

**Risk of Loss:** Securities investments are not guaranteed and clients may lose money on their investments. Investing in securities involves risk of loss that clients should be prepared to bear. Investors Capital Advisory asks that clients work with us to help us understand their tolerance for risk. Past performance is in no way an indication of future performance. Investors Capital Advisory cannot offer any guarantees or promises that client financial goals and objectives will be met. All types of strategy and analysis contain risk of loss.

## **ITEM 9 DISCIPLINARY INFORMATION**

Investor Capital Advisory is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Investors Capital, as a broker/dealer and a Registered Investment Advisor, is regulated by and subject to the rules and regulations of the SEC, FINRA, and each of the 50 states. The following are disciplinary events relating to our Firm and/or our management personnel:

**FINRA (2012)** - On February 2, 2012 our self-regulatory organization "FINRA" initiated and served the Firm with an acceptance, waiver and consent "AWC" letter. FINRA alleged that the Firm charged markups in a limited number of corporate and municipal bond transactions that were greater than the expected markups in light of market conditions and other contemporaneous transactions. The Firm was fined \$22,500 and paid

restitution of \$8,834.57. Without admitting or denying liability, the Firm consented to the staff's findings in order to avoid the time and cost associated with litigation.

**FINRA (2011)** - The Firm is alleged to have engaged in the sale of private placements of two sponsors without engaging in an adequate due diligence process. The Firm's processes were alleged to be deficient inasmuch as they did not call for the Firm to obtain due diligence materials other than those provided by the company or through a third-party law firm that was paid by the sponsor to produce an independent due diligence report. FINRA also alleged that the Firm did not have an adequate process to document or track its due diligence efforts or to review the new product approver's due diligence efforts. Without admitting or denying the findings, the Firm consented to the described sanctions and to the entry of findings; therefore it is censured and shall disgorge commissions and other fees paid to the Firm in the total amount of \$400,115 in partial restitution to investors. A registered principal on behalf of the Firm shall submit satisfactory proof to FINRA of payment of restitution to the receiver no later than 30 days after acceptance of the AWC. (Current Status – Final)

**FINRA (2011)** - Investors Capital was alleged to have failed to establish and maintain an adequate supervisory system relating to retail collateralized mortgage obligation (CMO) transactions. Investors Capital's CMO systems and procedures were inadequate because they did not address the increased risks associated with inverse floater and interest-only CMOs, which were sold to Investors Capital's customers. The supervisory systems and procedures also failed to provide guidance to supervisors in connection with the sale of inverse floater and interest-only CMOs and failed to establish adequate supervisory measures to monitor suitability for these riskier CMOs. As a result, inverse floater and interest-only CMOs were sold to approximately 40 customers without an adequate suitability review, including whether the purchasing customers were sophisticated or had a high risk profile. FINRA did not find these transactions to be unsuitable. Accordingly, the suitability determinations made by the Firm did not take into account FINRA's guidance regarding the additional risks posed by inverse floater and interest-only CMOs. The Firm's systems and procedures also failed to require its brokers to offer to customers the educational materials required under interpretative material 2210-8. Without admitting or denying the findings, Investors Capital consented to the described sanctions and to the entry of findings; therefore Investors Capital was censured, fined \$200,000, and consented to undertake a comprehensive review of its policies and procedures concerning suitability of CMOs. (Current Status – Final)

**State of Massachusetts (2010)** - Allegations that a branch office engaged in sales of variable annuities in advisory accounts without making adequate suitability determinations regarding the transactions. The Firm consented to the findings, was fined \$300,000, and retained an independent consultant to review certain Firm policies and procedures. Investors Capital consented to and made offers of reimbursement of surrender charges and rebated advisory fees to certain customers. (Current Status - Final)

**FINRA (2009)** - Investors Capital was alleged to have not accurately completed a self-assessment regarding breakpoint compliance in mutual fund class A shares per NASD Rule 2110. Without admitting to or denying the finding, Investors Capital was censured and was fined \$25,000. (Current Status - Final)

**State of Texas (2009)** - Allegations that a client of a registered representative of Investors Capital liquidated an annuity, incurring a surrender charge which was unsuitable in the totality of the circumstances, and subsequently purchased an investment for which the client was not suitable. Texas alleged that Investors Capital failed to enforce our written supervisory procedures regarding correspondence and communications and failed to report complaints on two of our registered representatives. Without admitting to or denying the state's allegations, the firm consented, was fined \$10,000, and made restitution in the amount of \$21,610.13 to one client. (Current Status - Final)

**State of Massachusetts (2009)** - Allegations that Investors Capital's pre-hire and supervisory procedures were not robust enough to detect or prevent one rogue agent from misappropriating funds from several customers. Investors Capital consented to the findings, paid a \$250,000 administrative fine and reimbursed two clients in the amount of \$1,735,000. The Firm agreed to reimburse other qualifying clients if necessary. Investors Capital agreed to hire an independent consultant to review our related procedures. (Current Status - Final)



**FINRA (2008)** - Investors Capital was alleged to have either bought or sold six corporate bonds from/to customers at a price that was unfair to the customer and did not comply with FINRA guidance on accepted sales charges. The Firm also failed to show nine order entry times on brokerage order memoranda. Without admitting to or denying the findings, Investors Capital consented to and was fined \$12,000 and paid \$1,558.23 plus interest in client restitution. (Current Status - Final)

**FINRA (2007)** - Investors Capital was alleged to have not enforced our procedures and policies regarding e-mail communication. As a result, Investors Capital also was alleged to have failed to maintain and preserve electronic communications. Without admitting to or denying the alleged violations, the Firm consented, was fined \$75,000, and agreed to review and certify our procedures. (Current Status - Final)

**State of Pennsylvania (2006)** - Investors Capital, without admitting to or denying the allegations, consented to a single finding of failure to supervise our agents through an in-state Office of Supervisory Jurisdiction Principal. The Firm was fined \$160,000 as well as \$90,000 for the state's legal and investigative cost. (Current Status - Final)

**State of Massachusetts (2006)** - Allegations that Investors Capital failed to establish/maintain/enforce reasonable supervisory and compliance policies and procedures and allowed several certain registered representatives to hold themselves out as unregistered investment advisor representatives. This facilitated the sales of equity-indexed annuities to individuals over the age of 75 to whom such products were deemed unsuitable. Investors Capital consented to and was ordered to pay fines and restitution in the total amount of \$1,000,000. Investors Capital was ordered to retain an independent consultant to review related procedures. (Current Status - Final)

**State of Florida (2004)** - Investors Capital consented to and was fined \$20,000 for having two branch office locations operating without the proper state registration. (Current Status - Final)

**FINRA (2003)** - Investors Capital's written supervisory procedures and policies were alleged to be deficient. Allegations were made that the Firm failed to enforce our written supervisory procedures on a consistent basis and the Firm's compliance director failed to ensure that the written supervisory procedures were adequately updated, maintained, and enforced. Without admitting to or denying the allegations, Investors Capital consented to the findings and was censured and fined \$250,000. The Firm's CEO, Tim Murphy, and a second Firm principal, David Weller, were suspended in a principal capacity for 30 days effective June 16, 2003 to July 15, 2003. (Current Status - Final)

## **ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As a dual registrant, Investors Capital Advisory is under common ownership with the registered broker/dealer, Investors Capital Corporation. Investors Capital Advisory and Investors Capital Corporation are owned by the holding company Investors Capital Holdings, Ltd. Investors Capital Advisory representatives are generally registered representatives with Investors Capital Corporation and, depending upon securities registrations, are licensed to sell securities in this capacity. Investors Capital Corporation's principal business is as a broker/dealer selling investment products and services, including, but not limited to: stocks, bonds, mutual funds, annuities, insurance products, options, real estate investment trusts, and alternative investments. Investors Capital Corporation and our principal officers devote a majority of their time to these securities business activities. Investors Capital Corporation has a fully disclosed clearing arrangement with Pershing LLC, a Bank of New York Mellon company.

In addition to being registered as a broker/dealer and registered investment advisor, Investors Capital has a related company that is licensed as an insurance agency under the name of ICC Insurance Agency, Inc. Our representatives are registered with Investors Capital Corporation as registered representatives and may also be licensed insurance agents of ICC Insurance Agency or as independent insurance agents. Investors Capital Corporation and our representatives, acting in capacity as insurance agents, will earn commission-based compensation for selling insurance products such as life, health, and long-term care products. Insurance commissions are separate from our advisory fees. This practice presents a conflict of interest where

representatives providing investment advice on behalf of our Firm who are insurance agents, have an incentive to recommend insurance products to clients for the purpose of generating commissions rather than solely based on their needs. However, clients are under no obligation, contractually or otherwise, to purchase insurance products through Investors Capital, ICC Insurance Agency, Inc., and/or any representative affiliated with our Firm.

Investors Capital Advisory and our representatives may recommend that clients use a third-party investment advisor (“TPIA”) based on their needs and suitability. Investors Capital Advisory and our representatives may receive compensation from these TPIAs for recommending that clients use their services. This compensation generally takes the form of the TPIA sharing a percentage of the advisory fee the client pays to them with Investors Capital Advisory and his/her representative. These compensation arrangements present a conflict of interest because Investors Capital Advisory and our representatives have a financial incentive to recommend TPIAs that pay fees rather than those that don’t. In addition, Investors Capital Advisory and our representatives may have a conflict to refer clients to those TPIAs that pay higher fees over those that pay lower fees. Clients are not obligated, contractually or otherwise, to use the services of any TPIA that Investors Capital Advisory or our representatives recommend.

Some representatives may also own their own law firm, accounting firm, or insurance firm. For clients in need of such services, the representative may recommend that the client retain these entities for such services. The fees for such services are separate and apart from the advisory fees charged by Investors Capital Advisory. Clients are under no obligation to use any representative’s affiliated entity and may use the service provider of their choice. Please refer to the representative's Brochure Supplement for details, if applicable, on their outside business activities.

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

Our Firm has adopted a Code of Ethics that sets forth high ethical standards of business conduct that Investors Capital Advisory requires of our representatives, including compliance with applicable federal securities laws. Investors Capital Advisory and our representatives owe a duty of loyalty, fairness, and good faith towards our clients and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code of Ethics.

Our Code of Ethics includes policies regarding quarterly securities transaction reports, as well as initial and annual securities holdings reports, that must be submitted by the Firm’s access persons. Our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering such as a private placement or an initial public offering. The Code of Ethics provides oversight, enforcement and recordkeeping provisions. The Code of Ethics further includes the Firm's policy prohibiting the use of material non-public information. While Investors Capital Advisory does not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. Clients may request a copy by calling Investors Capital Advisory at 800-949-1422.

Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our representatives and employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while allowing representatives and employees to invest for their own accounts at the same time.

Investors Capital Advisory generally does not participate in agency cross or principal transactions. If Investors Capital Advisory were to participate in agency cross or principal transactions, our Firm will comply with SEC Rule 206(3). Investors Capital Advisory will only conduct agency cross and principal transactions if a client has consented in advance to the conduct of such transaction.

Our Firm generally does not buy or sell securities for our own account that it recommends to clients.



Representatives and employees may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) that may also be recommended to a client.

These situations represent actual or potential conflicts of interest to our clients and could create potential incentives for our representatives to put their own interests ahead of clients'. Personal securities transactions by representatives and employees are monitored by Investors Capital. Investors Capital Advisory has established the following personal trading practices to ensure our Firm and representatives comply with our regulatory obligations and provide our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No representative or employee of our Firm may put his or her own interest above the interest of an advisory client.
- No representative or employee of our Firm may buy or sell securities for his or her personal portfolio(s) where his or her decision is the result of information received as a result of his or her employment unless the information is also available to the investing public.
- No representative or employee may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
- Our Firm requires prior approval for any initial public offerings or private placement investments by related persons of the Firm.
- All of our representatives and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- Investors Capital Advisory requires delivery and acknowledgement of the Code of Ethics by each supervised person of our Firm.

## **ITEM 12 BROKERAGE PRACTICES**

### **General**

Clients of Investors Capital Advisory are generally required to use Investors Capital Corporation as the introducing broker/dealer of record when using our managed account programs. All accounts established through Investors Capital Corporation will be cleared and held at Pershing, LLC. Pershing is the qualified custodian for the accounts established through Investors Capital Corporation. Investors Capital Corporation has a clearing relationship with Pershing for the execution of transactions in client accounts.

Investors Capital Advisory believes that we can provide efficient and cost effective services through Investors Capital Corporation. As dual registrants, Investors Capital Advisory and Investors Capital Corporation are under common ownership with mutual executive officers and control persons. The decision to use Pershing is mutually determined by both Investors Capital Advisory and Investors Capital Corporation and is based on the competitive pricing and services Investors Capital Corporation has negotiated with Pershing. Pershing provides Investors Capital Advisory and Investors Capital Corporation competitive services that include, but are not limited to: account custody, trade execution services, clearing services, and online client account access. The receipt of these services may create a conflict of interest since these services may influence our choice of custodian.

Generally, Investors Capital Advisory does not provide clients the option to direct securities brokerage transactions to other broker/dealers or to other account custodians. Should a client request the use of a broker/dealer other than Investors Capital or Pershing, the client should be aware that Investors Capital Advisory will generally be unable to negotiate fees and commissions on behalf of the client. Investors Capital Advisory may be unable to achieve the most favorable best execution of client transactions, and this practice may increase client costs.

Investors Capital Advisory may receive economic benefits from using our dual registrant broker/dealer, Investors Capital Corporation, for the managed account programs, rather than an unaffiliated broker/dealer. As broker/dealer, Investors Capital Corporation may receive 12b-1 fees as well as add its own cost to the transaction charges applied to client accounts at Pershing. This may create a conflict of interest with Investors Capital Advisory clients. Investors Capital Advisory may be unable to achieve the most favorable execution of client transactions.

### **Best Execution**

As a fiduciary, Investors Capital Advisory seeks to obtain the best execution of transactions for our clients. Investors Capital Advisory endeavors to acquire the best combination of execution and net price when conducting transactions for client accounts through our clearing firm, Pershing LLC. Through the use of an internal Best Execution Committee, Investors Capital routinely reviews Pershing's execution quality and Investors Capital's processes to confirm that Investors Capital Advisory continues to execute securities transactions in such a manner that the total cost or proceeds in each transaction are the most favorable under the circumstances. As part of our periodic review, Investors Capital may examine such factors as: size of the transaction, speed of the transaction, size of the spread, nature of security being purchased or sold, overall trade execution quality of the broker/dealer compared to our peers, clearing firm's financial stability and industry reputation, and the execution, clearance, and settlement capabilities of the executing broker/dealer and clearing firm.

Clients may pay fees and commissions that are higher than what other qualified broker/dealers might charge to effect the same transaction. In seeking best execution, the determinative factor is not the lowest possible cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of the broker/dealer's services.

### **Aggregated Trades**

Generally, transactions for each client will be effected independently, unless Investors Capital Advisory or his/her representative decides to purchase or sell the same security for several clients at approximately the same time. This practice is referred to as aggregating orders, block trading, or average price trading. Investors Capital Advisory and our representative may use trade aggregation to attempt to obtain better executions, to reduce commissions or other costs, or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and fees. Investors Capital Advisory and our representatives are not required or obligated to use trade aggregation.

When Investors Capital Advisory or our representative utilizes aggregated orders, transactions are generally allocated pro-rata to the client accounts in proportion to the size of the order placed for each account. The amount allocated to the client may be adjusted upward or downward to help avoid odd lots or a small number of shares going to a client. If an aggregated trade is deemed to be impractical to allocate among clients on a pro-rata basis, Investors Capital may allocate such securities in a manner determined to be fair and equitable to the clients involved. This is typically the result of an aggregated order not fully executing.

### **Trade Errors**

In the event that Investors Capital Advisory or our representative causes a trading error in a client's account, it is Investors Capital Advisory's policy to ensure that any such error is handled and corrected within a timely manner and to restore his/her account to the position it should have been in had the trading error not occurred.

If the error resulted in a loss, Investors Capital Advisory will work with the custodian in order to reimburse the costs paid by the client and to make his/her account whole. If the error results in a profit, the client will not keep

the profit, as it will be maintained by the custodian or by Investors Capital to offset future losses. The retained gain is not shared with the Investors Capital Advisory representative or account owner. Investors Capital Advisory does not permit our representatives to make payments to clients or to client accounts.

### **Additional Compensation**

Investors Capital Advisory may receive marketing and event reimbursements directly from Sub-Advisors and/or third-party investment advisors for marketing, distribution, business and client development, and/or for educational enhancement costs incurred by Investors Capital Advisory and our representatives.

Representatives do not receive a greater or lesser fee as a result of the receipt of these reimbursements. As representatives receive no direct or indirect differential compensation for selecting one advisory program over another, Investors Capital Advisory does not believe that representatives are subject to a conflict of interest when selecting a Sub-Advisor or TPIA that makes reimbursement payments to Investors Capital Advisory over a Sub-Advisor or TPIA that does not. In all cases, such reimbursements will be paid to Investors Capital Advisory from the Sub-Advisor and/or TPIA's own resources and not directly from client funds or assets. Such arrangements do not impact the fees charged to the client by Investors Capital Advisory, our representative, and/or the Sub-advisor and TPIA. There are no requirements for representatives to offer or sell a service or product of any Sub-Advisor or TPIA.

### **Soft Dollars**

Investors Capital Advisory does not use commissions to pay for research and brokerage services ("soft dollar transactions") but reserves the right to do so in accordance with existing SEC requirements. However, before effecting such soft-dollar transactions, Investors Capital Advisory will determine in good faith that commissions are reasonable in relation to but not limited to the value of the brokerage, research, and/or other products and services received. The use of soft dollars may create a potential conflict of interest.

## **ITEM 13 REVIEW OF ACCOUNTS**

Representatives monitor advisory accounts on an ongoing basis and typically conduct reviews annually. However, reviews may occur more frequently based upon individual circumstances, nature and/or complexity of the portfolio, and/or changes in market, political, or economic environment. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio. Investors Capital Advisory requests that clients meet and/or communicate with their representatives at least annually to ensure that the investment plan/strategies continue to be aligned with the clients' stated individual objectives, needs, goals, risk tolerance, and time horizon. Clients will receive monthly or quarterly statements as well as transactional confirmations from the account custodian. Clients should review these statements carefully and contact their representative immediately if discrepancies are noted.

### **Managed Account Wrap Programs**

Principals in the compliance and trading/operations departments of Investors Capital review client managed accounts periodically, as well as consulting and financial plans, to identify circumstances that may warrant a more detailed review of a client account. Investors Capital uses multiple exception, transaction, and surveillance reports designed to aid in the continuous review of managed advisory accounts. Circumstances that may trigger a review include, but are not limited to: transactions, inactivity, and balance amounts.

### **Third-Party Investment Advisory Programs**

Clients should refer to the independent third-party investment advisor's firm brochure (or other disclosure documents used in lieu of the brochure) for information regarding the nature and frequency of reviews and

reports provided by that independent third-party investment advisor. Third-party investment advisors generally provide the client with a quarterly report of account holdings, transactions, and balances.

### **Consulting Services / Financial Planning**

While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews, unless otherwise contracted for, will be conducted for consulting and/or financial planning services. Such reviews will be conducted by the client's representative.

## **ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION**

### **Client Referrals**

If clients are introduced to Investors Capital Advisory or a representative by a solicitor, Investors Capital Advisory or our representative may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940 as amended. Any such referral fee shall be paid solely by the representative in a one-time fee and shall not result in any additional charge to the client. Clients will not pay additional fees because of any referral arrangement. A solicitor has financial incentive to recommend our Firm to clients for advisory services. This creates a conflict of interest; however, clients are not obligated to retain our Firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Investors Capital Advisory and our representative may recommend third-party investment advisors. Investors Capital Advisory may be compensated by these third-party investment advisors for referring a client's advisory business to them. This compensation generally takes the form of Investors Capital Advisory and the representative sharing the third-party investment advisor's advisory fee that the third-party investment advisor charges the client. Both the representative and Investors Capital Advisory may have a conflict of interest to refer the client's advisory business to those third-party investment advisors that pay referral fees to Investors Capital Advisory or to those that pay higher referral fees to Investors Capital Advisory.

Representatives and/or Investors Capital Advisory may also receive educational support and training, marketing support, or some other economic benefits in addition to our receipt of the referral fees from a third-party investment advisor to whom we have referred advisory business. These benefits and support are paid from the third-party investment advisor's own funds and not from client funds. However, representatives and/or Investors Capital Advisory may have a conflict of interest to favor referring advisory business to those third-party investment advisors that provide this support and economic benefit over those third-party investment advisors that don't provide such support or economic benefit.

### **Other Compensation**

Our Firm and representatives are eligible to receive incentive awards (including prizes such as trips) based on sales and/or number of new accounts opened. While Investors Capital Advisory endeavors at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest and may affect the judgment of these individuals when making recommendations.

## **ITEM 15 CUSTODY**

Investors Capital Advisory does not generally provide custodial services for client assets. However, Investors Capital Advisory directly debits client account(s) for the payment of our advisory fees. This ability causes our Firm to exercise limited custody over clients' funds and securities.

Clients will receive account statements at least quarterly from the broker-dealer, bank, or other independent qualified custodian that holds and maintains their funds and securities. Clients should carefully review the statements they receive from their account custodians. Clients should contact Investors Capital Advisory directly at 800-949-1422 if they believe that there may be an error in their statement. It is important to compare the information on these statements with any reports received from Investors Capital Advisory. Please note that there may be minor variations due to reporting dates, accounting procedures, and/or valuation methodologies.

## **ITEM 16 INVESTMENT DISCRETION**

Clients hire Investors Capital Advisory to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount and price of the security to buy or sell

Such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Clients may in writing impose limitations and restrictions on the discretionary authority used by our firm. Clients may limit our discretionary authority (for example, limiting the types of securities that can be purchased) by providing our firm with their restrictions and guidelines in writing. Such restrictions/guidelines may affect the composition and performance of the client's portfolio and/or our ability to meet the client's investment objectives. Clients may also change/amend such limitations by once again providing Investors Capital Advisory with written instructions.

Discretionary authority is limited to trading and will not extend to money movement, including the withdrawal of funds from the client's account.

## **ITEM 17 VOTING CLIENT SECURITIES**

As a matter of firm policy, Investors Capital Advisory does not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing the custodian of the assets and to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. In the event Investors Capital Advisory were to receive any proxy materials, we would forward them directly to the client.

At the client's request, Investors Capital Advisory may offer him/her general advice regarding his/her proxy voting rights.

## **ITEM 18 FINANCIAL INFORMATION**

Investors Capital Advisory does not require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Investors Capital Advisory does not take physical custody of client funds or securities or serves as trustee or signatory for client accounts. Investors Capital Advisory does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to our clients. Investors Capital Advisory has not been the subject of a bankruptcy petition at any time during the past ten years.

Therefore, Investors Capital Advisory is not required to include a financial statement with this brochure.