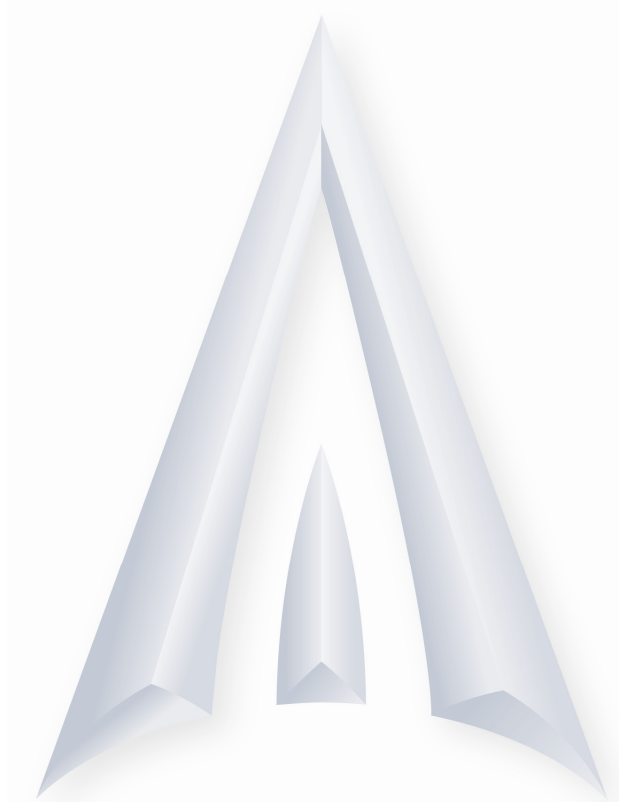


## Breck & Young Advisors, Inc. Firm Brochure (Part 2A of Form ADV)



This Brochure provides information about Breck & Young Advisors, Inc.'s investment advisory services. Breck & Young Advisors, Inc. provides investment advisory services under the marketing name, Iron Point Capital Management. If you have questions about the contents of this Brochure, contact us at 866-822-9880. This Brochure has not been reviewed or approved by the U.S. Securities & Exchange Commission, any state regulatory agency or self-regulatory organization. This Brochure provides clients with information about the advisory programs under Iron Point Capital Management and should be considered before becoming a client of any Iron Point Capital Management program.

Additional information about Iron Point Capital Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration as a registered investment advisor does not imply a certain level of skill or training.

March 30, 2012

Iron Point Capital Management

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Folsom CA 95630

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[www.ironpointcapitalmanagement.com](http://www.ironpointcapitalmanagement.com)

Breck & Young Advisors, Inc.

## Summary of Material Changes

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### Annual Update

We updated this section to discuss material changes since the last annual update in March 2011.

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### Summary of Material Changes since the Last Annual Update

Since our last annual update, we have made the following changes to our Brochure:

- 1) In November 2011, Ladenburg Thalmann Financial Services, Inc. acquired our parent company, Securities America Financial Corporation. We sent information about our new parent company in 2011 to existing clients. We revised the section on Financial Industry Affiliations and other sections of our brochure to reflect these changes. We are also now able to offer additional products and services to your advisor based on these relationships, including initial public offerings and trust and administrative services, if your advisor is affiliated with any of our affiliated entities. Additional conflicts of interest may exist concerning these relationships.
  - 2) We included ERISA covered service provider disclosure language to comply with ERISA Rule 408(b)(2).
  - 3) We updated information relating to a global settlement involving investments in Medical Capital and Provident Shale. This matter was disclosed previously in prior disclosure brochures and relates to activities involving an affiliated broker-dealer, Securities America, Inc.
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### Full Brochure Available

To receive a complete copy of our Brochure at no additional charge, please visit our website at [www.ironpointcapitalmanagement.com](http://www.ironpointcapitalmanagement.com) or contact us at: 866-822-9880.

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## **ADVISORY BUSINESS**

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### **Firm Description**

Breck & Young Advisors, Inc. (B&Y) is an investment advisor registered with the Securities and Exchange Commission since May 1996. B&Y's primary business is asset management investment services primarily using mutual funds and exchange traded funds. B&Y also provides advisor consulting and administrative recordkeeping services to third-party investment advisors. Breck & Young Advisors, Inc., acts under the marketing name of Iron Point Capital Management and/or Iron Point (IP). Iron Point Capital Management is not a separate company from, or separate affiliate of, B&Y. References to "we", "our", "us", "our firm", "B&Y", "B&Y-Iron Point", "Iron Point Capital Management", "Iron Point" or "IPCM" refer exclusively to Breck & Young Advisors, Inc. We may also offer advisory services to other broker/dealers but we do not recommend any securities to their clients or their representatives.

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### **Principal Owners**

Breck & Young Advisors, Inc. (B&Y) is wholly owned by Securities America Financial Corporation, a holding company. Securities America Financial Corporation also owns Securities America, Inc. (SAI), an affiliated broker/dealer and Securities America Advisors, Inc. (SAA), an affiliated investment advisor registered with the Securities and Exchange Commission. Securities America Financial Corporation is a wholly-owned subsidiary of Ladenburg Thalmann Financial Services, Inc. (LTFS). Ladenburg Thalmann Financial Services, Inc. provides a diverse array of financial products and services through a number of subsidiaries. Ladenburg Thalmann Financial Services, Inc. is listed on the NYSE Amex Exchange under the symbol LTS. Dr. Philip Frost and related entities, Gamma Trust, and Nevada Trust are beneficial owners of over 25% of Ladenburg Thalmann Financial Services, Inc. Ladenburg Thalmann Financial Services, Inc. has several other subsidiaries registered as investment advisors, broker/dealers, an investment company, a trust company, and insurance companies or agencies. Ladenburg Thalmann Financial Services, Inc. is a holding company primarily engaged in business through its subsidiaries.

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### **Amount of Client Assets Managed By Our Firm**

As of fiscal year ending on 12/31/2011, we managed \$179,746,721 in assets. \$179,746,721 is managed on a discretionary basis, and \$0 is managed on a non-discretionary basis.

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### **Types of Services Offered – Investment Supervisory Services, Non-Investment Supervisory Services and Other Investment Management Services**

We offer managed asset programs on a discretionary basis to:

- (1) Individuals;
- (2) Pension and profit sharing plans;
- (3) Trusts, estates, charitable organizations or;
- (4) Corporations or other business entities.

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## **Types of Services Offered – Investment Supervisory Services, Non-Investment Supervisory Services and Other Investment Management**

We define “Investment Supervisory Services” as giving you continuous advice or making investments for you based on your individual needs. We provide investment supervisory services through our Wealth Management Solutions (WMS) Portfolios/Programs.

### Types of Advisory Programs Offered – Investment Supervisory Services

#### Wealth Management Solutions Program (WMS)

Portfolios in Security Benefit Life and TIAA-CREF in our Managed Variable Annuity Program are no longer actively marketed or promoted. We no longer actively market or promote the American Funds Portfolios or Fidelity Funds programs for non-qualified accounts. Marketing and promotion of Fidelity Funds programs continues in those programs offered for employee sponsored plans and similar type plans through Fidelity Tax-Exempt Services Company.

One or more model allocations are available for you within the following investor profiles (models). Your assets are allocated according to the model selected. Selection of a model is determined by the questionnaire you complete. The Capital Income and Tactical Fixed Income models are available with the All Star Portfolios. The Capital Income model is also available under the Fidelity Funds program for 403(b) and 401(a) accounts. Other models are Conservative Growth (previously known as Capital Preservation), Balanced Growth (previously known as Balanced), Moderate Growth, Aggressive Growth and Global Stock. In determining the initial allocation to be used, you will choose from several model portfolios of no-load or load-waived mutual funds, exchange traded funds or variable annuity sub-accounts within your investor profile. Once your asset allocation has been established and the client agreement has been executed, the portfolio will be implemented using the investment strategy developed by our Investment Committee.

Accounts are managed by our firm on a discretionary basis. Please refer to the section “Investment Discretion” for more information. Our Investment Committee continuously monitors the portfolios and, when appropriate, reallocates the portfolios based on changing market conditions or other factors.

The frequency of trading may be impacted by our desire to minimize taxes and portfolio expenses. Some portfolios are specifically designed to generate less yearly taxable income and/or capital gains. These portfolios include those implemented using mutual funds and exchange traded funds as well as those that contain municipal money market and municipal bond positions. Buys, sells, redemptions, and reallocations are implemented in discretionary accounts without prior notice to you. If your individual situation changes, you should notify your investment advisor representative/solicitor who will assist you in revising the current portfolio and/or prepare a new questionnaire so that we can determine if a different model portfolio would be appropriate for your new situation. We provide quarterly reports to you, which include account position information as well as simple performance numbers. Performance numbers in the quarterly performance report are not intended to be Global Investment Performance Standards compliant.

Your securities brokerage transactions are processed through Fidelity Investments through Fidelity Institutional Wealth Services or Fidelity Tax-Exempt Services Company for 403(b) and 401(a) accounts. Your funds and securities are custodied and maintained at Fidelity Investments through Fidelity Institutional Wealth Services or Fidelity Tax-Exempt Services Company for 403(b) and 401(a) accounts. Clearing, custody or other brokerage services may be provided by National Financial Services LLC or Fidelity

Brokerage Services LLC. For clients in our Managed Variable Annuity Program, your insurance companies' custodians maintain custody of all funds and securities held in variable annuity accounts.

Generally, we do not maintain custody of your funds or securities although we may be deemed to have custody of your assets when deducting advisory fees directly from your accounts within the programs noted above. We may also be deemed to have custody for certain transmittal policies. Please refer to the section titled "Custody" for more information. Each custodian or investment provider we use for our investment management services provide statements to you at least quarterly and have been verified as a qualified custodian.

We describe our Wealth Management Solutions Portfolios/Programs in greater detail below:

### **1. Index Plus and Index Plus Tax Managed Portfolio (previously known as Managed Index Strategy Portfolios)**

Asset allocations in the Index Plus and Index Plus Tax Managed Portfolios (previously known as Managed Index Strategy Portfolios) primarily use exchange traded funds. In the case where an appropriate exchange traded fund is not available for a particular asset class, we may utilize a no-load/load-waived mutual fund in its place. The Index Plus and Index Plus Tax Managed Portfolios offer the individual investor the flexibility of investing in a managed portfolio of exchange traded funds, which are attractive because they provide liquid, low cost, tax-efficient exposure to a wide range of asset classes. Tax managed strategies are available with non-qualified accounts. The Index Plus and Index Plus Tax Managed Portfolios are typically suitable for:

- 1) High net worth individuals interested in minimizing tax liabilities,
- 2) New money or large lump sums,
- 3) Individuals wanting broad sector diversification without purchasing individual equities and
- 4) Individuals with a long-term investing time horizon.

For information about the investment strategies employed in this program, please refer to the section titled "Methods of Analysis, Investment Strategies and Risk of Loss."

#### **Index Plus Tax Managed Portfolio**

In the Index Plus Tax Managed Portfolio, the tax efficiency objective is pursued by utilizing predominately tax efficient index based exchange traded funds along with municipal bond funds where appropriate. The Index Plus Tax Managed Portfolio allows us the ability to assist in their tax management. Selling positions with significant losses can offset portions of the capital gains incurred during portfolio rebalancing and other necessary trading with the goal of improving after-tax performance along with overall portfolio tax efficiency. Tax managed accounts are individually monitored to evaluate potential tax management trading. Exchange traded fund positions with significant losses may be sold and replaced with a similar exchange traded fund or mutual fund in order to maintain optimal portfolio exposure. This feature results in a more customized portfolio as positions may be sold over time and replaced with others. Portfolios within the same model allocation may be holding different exchange traded funds at any given point in time as results of the circumstances of trades placed and positions replaced during tax loss harvesting. However, despite some differences in actual positions held, overall portfolio asset allocation exposure is maintained across the accounts per the investment model strategy's asset class/style exposure. Please note: We do not provide tax advice.



For the Index Plus and Index Plus Tax Managed Portfolio (previously known as Managed Index Strategy Portfolios), asset allocations in these programs primarily use exchange traded funds or exchange traded notes. Actively managed mutual funds will also be used in the cases where an appropriate exchange traded fund is not available for a particular asset class, or where we believe the use of an active manager can provide either a risk or return benefit. These programs offer the individual investor the opportunity to invest in a strategically allocated portfolio of exchange traded funds or exchange traded notes, which are attractive because they provide liquid, low cost, tax-efficient exposure to a wide range of asset classes. Tax managed strategies are available with non-qualified accounts under the Index Plus Tax Managed Portfolio.

Refer to the Wrap Fee Brochure for the Index Plus and Index Plus Tax Managed Portfolios for additional detailed information. For information about the investment strategies employed in this program, please refer to the section titled "Methods of Analysis, Investment Strategies and Risk of Loss."

## 2. Fidelity Funds Portfolios

Our firm primarily uses Fidelity mutual funds and exchange traded funds for our model portfolios in the Fidelity Funds Portfolios. This program is suitable for clients with a qualified and non-qualified account as well as for a participant in 403(b) programs in which Fidelity Investments is a payroll deduction option provided by the employer.

For information about the investment strategies employed in this program, please refer to the section titled "Methods of Analysis, Investment Strategies and Risk of Loss."

## 3. American Funds Portfolios

The American Funds Portfolios consist of class F shares of funds and exchange traded funds from the American Fund family. Where there is not an appropriate class F share available for a particular asset class, we may add a no-load/load-waived mutual fund from another fund family. The annual internal fund expenses may be higher or lower on the no-load/load-waived mutual funds, in aggregate, compared to the Class F shares.

For information about the investment strategies employed in this program, please refer to the section titled "Methods of Analysis, Investment Strategies and Risk of Loss."

## 4. All Star Funds Portfolios

The majority of the mutual funds and exchange traded funds used in these portfolios are available for purchase or sale with no transaction fees through the registered investment advisor's platform of Fidelity Institutional Wealth Services. Our Investment Committee may use transaction fee funds on an as-needed basis. The goal is to use "best of class" funds as determined by our Investment Committee, based on a variety of factors in particular asset classes including transaction costs without the limitation of using funds from just one fund family. Our Investment Committee analyzes available funds to determine the most appropriate selection for each asset class.

For information about the investment strategies employed in this program, please refer to the section titled "Methods of Analysis, Investment Strategies and Risk of Loss."

## 5. Tactical Alternative Strategy Portfolios

The goal in the Tactical Alternative Strategy Portfolios is the diversification of a mutual fund portfolio across different asset classes with an emphasis on low correlating investments with the objective of achieving a

positive rate of return over time while minimizing market volatility and exchange traded funds. Alternative mutual fund investments are selected in areas such as commodity, currency, leveraged, inverse or hedge based, market neutral, global macro, real estate based instruments, commodities related instruments and managed futures. Index funds will also be utilized for a portion of the portfolio in areas of the equity or bond markets, and will be complemented by an active tactical component. There are three models to choose from, depending on the risk and return requirements. These three models are Alpha I for the conservative investor, Alpha II for the moderate risk investor and Alpha III for the moderately aggressive investor.

For information about the investment strategies employed in this program, please refer to the section titled "Methods of Analysis, Investment Strategies and Risk of Loss."

#### 6. Managed Variable Annuity Program

We have entered into agreements with insurance companies that allow for the management and valuation of your variable annuity accounts within this program. For clients in our Managed Variable Annuity Program, your insurance companies' custodians maintain custody of all funds and securities held in variable annuity accounts.

Model allocations are strategically developed utilizing the sub-accounts available within some variable annuity products. We may limit the product offerings at insurance companies on which investment management services are available. The limitations may be due to variable annuity sub-account options, annuity riders added to contracts or other factors. Total portfolio expenses may be higher than other mutual fund or managed index portfolios based on the product, mortality and expenses and additional riders that may be added to the policy.

For information about the investment strategies employed in this program, please refer to the section titled "Methods of Analysis, Investment Strategies and Risk of Loss."

#### 7. Custom Program

Our Custom Program is offered to high net-worth clients, including endowments and foundations. You would complete an investment questionnaire whereby the account is designed, implemented and managed using an asset allocation plan that is consistent with your investment objectives, investment time horizon, risk profile, guidelines and constraints as outlined in the Investment Policy Statement. You may impose reasonable restrictions on the management of your account. Asset diversification will be utilized using mutual funds, equities, bonds, unit investment trusts and exchange traded funds. Allocations are reviewed periodically by our Investment Committee. Rebalancing and tactical changes may be executed by our Investment Committee at any time.

For information about the investment strategies employed in this program, please refer to the section titled "Methods of Analysis, Investment Strategies and Risk of Loss."

Trading costs for the All Star, Fidelity, American Funds and Tactical Alternative portfolios, if any, will be paid by our firm. All short-term redemption fees will be paid by you, in addition to the advisory fees as mentioned in your Agreement. It is our policy to minimize short-term redemption fees whenever possible. You are also responsible for charges associated with administrative requests, such as wire requests.

## **Other Services Provided by Our Firm - Non-Investment Supervisory Services and Other Investment Management Services**

### Allocation Consulting Services

We may be retained by other registered investment advisors as a third-party money manager (Strategist) to design and manage model portfolios for your assets. Those registered investment advisors may require that we follow certain parameters when building and managing portfolio models. The registered investment advisors will implement the model to your account by acquiring mutual fund shares and exchange traded funds that are represented in the model portfolios that have been selected by you. Your portfolio will be similar to portfolios of other clients that have similar investment objectives and select the same model portfolios. This service is only available to those clients who choose us as a Strategist. Investment advisor representatives of other registered investment advisors acting as solicitors will assist their client to choose an appropriate investment strategy and Strategist. Each portfolio is designed to meet a particular investment profile which helps meet the investment goals of the particular investment profile chosen.

In our capacity as a Strategist, we are responsible for managing the models by using exchange traded funds and mutual funds and providing the registered investment advisor the signals to trade the portfolios. Where there is a change in any model, the registered investment advisor, not our firm, has the authority to conduct trading activity as necessary to change or rebalance your portfolio, and replicate those changes linked to the model accounts as instructed by you. Whenever we are providing services as a Strategist, we do not have an advisory relationship with you.

Minimum deposits and maximum annual asset fees for client accounts in these programs are specified through the registered investment advisor's Form ADV Part 2.

Through Securities America Advisors, Inc. (SAA), we are available as a Strategist under their Managed Opportunities Program (Managed Opportunities). SAA is an affiliate of our firm and owned by Securities America Financial Corporation. You should refer to SAA's Form ADV Part 2 for more detailed information.

Through Envestnet Asset Management, Inc. our firm is available as a Strategist. Envestnet Asset Management, Inc. and our firm are separate, non-affiliated entities. Individuals participating in this program should refer to the registered investment advisor's Form ADV Part 2 for more detailed information.

Through Pentegra Services, Inc., (Pentegra), our firm is available as a Strategist on Pentegra's Platform. Pentegra provides employee benefit services, including but not limited to plan sponsor and participant support and online account management in a bundled retirement plan and e-commerce solutions to individuals participating in certain retirement savings plans, including 403(b) plans. Pentegra maintains a mutual fund platform through which mutual funds are made available to plan participants for investment in those 403b plan accounts.

Our firm and Pentegra are separate, non-affiliated entities. Individuals participating in this program should refer to the registered investment advisor's Form ADV Part 2 for more detailed information.

Through FTJ Fund Choice LLC's (FTJ) Asset Allocation Program, FTJ retains third-party non-affiliated money managers (Strategists) to design and manage model portfolios for your assets. FTJ is a fee-based mutual fund platform offering no load fund families and load-waived A shares covering all major asset classes. Clients and their registered investment advisors will select mutual funds that align their investment objectives and risk tolerance levels. FTJ requires that these Strategists follow certain parameters when building and managing these models. FTJ will implement the model to your account by acquiring mutual fund shares that are represented in the model portfolios selected by you.

FTJ and our firm are separate, non-affiliated entities. Individuals participating in this program should refer to the registered investment advisor's Form ADV Part 2 for more detailed information.

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### **Investment Reporting/Recordkeeping and Other Administrative Services Provided to Other Registered Investment Advisors**

We provide investment reporting, recordkeeping and other administrative services to other registered investment advisor and their associated persons for use in the management of their client's account assets. Reviews are conducted by your investment advisor representative/solicitor or registered investment advisor. You should review the registered investment advisor's Form ADV Part 2 to learn how the review process is conducted by their registered investment advisor and their associated persons. The registered investment advisor and their associated persons are responsible for selecting and monitoring your portfolios. Trades may be implemented in discretionary accounts without prior notice to you. Should your individual situation change, you should notify your registered investment advisor or your investment advisor representative/solicitor who will assist you in revising the current portfolio and/or prepare a new questionnaire so that your investment advisor representative/solicitor can determine if a different model portfolio would be appropriate for your new situation.

The portfolios in these programs administered by us but managed by your investment advisor representative/solicitor or registered investment advisor may be set up and maintained at one or more of the following broker/dealers or custodians: National Financial Services LLC, or Fidelity Brokerage Services LLC through Fidelity Institutional Wealth Services or Fidelity Tax-Exempt Services Company. Please refer to Fidelity for more information.

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### **Advisory Services Agreement**

Advice may be provided on investments such as the following:

- Equity securities (exchange-listed securities, securities traded over the counter and foreign issues)
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Investment company securities (mutual funds including alternative mutual funds)
- Variable products (variable annuities, variable life insurance)
- U.S. government securities
- Exchange traded funds (ETFs)

We may use, when appropriate, exchange traded funds. Exchange traded funds are investment companies that are legally classified as open-end companies or unit investment trusts ("UITs"). The goal of exchange traded funds is to achieve the same return as specific market indices and will primarily invest in the securities of companies that are included in a selected market index. Exchange traded funds are traded on stock exchanges and are bought and sold at any time of the day. Exchange traded funds tend to be more tax efficient than traditional mutual funds and typically have a lower operating and transaction costs compared to traditional mutual funds. Our firm may also invest in alternative mutual funds that are commodity, currency, leveraged, inverse or hedge based.

Assets in our programs are invested primarily in no-load or load-waived mutual funds and exchange traded funds, usually through clearing firms or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Clearing firms may charge a transaction fee for the purchase or sale of some funds. Stocks and bonds may be bought or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades.

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### **Termination of Agreement (in our programs)**

The Investment Advisory Services Agreement between you and our firm may be canceled at any time, for any reason, by either of us. Services provided under the Agreement will continue until either you or we give written notice of termination to the other party or up to and through the day the assets leave our firm. Fees accrue to the date written notice is received or up to and through the day the assets leave our firm.

Upon termination, typically, all account holdings will not be liquidated to cash, unless otherwise instructed by the client or solicitor. Upon termination of the Agreement, you will be responsible for and you will be billed for fees on the prorated portion of the current quarter for which the agreement was in effect if the fee billing in the account is billed in arrears. If the fee billing is monthly or quarterly in advance, any prepaid, unearned fees will be calculated and promptly refunded based upon number of days remaining in the current period (month or quarterly) after the termination date. Household accounts may be combined for fee computational purposes. The custodian, fund sponsors or insurance companies may charge additional termination fees. If an account is terminated and advisory fees are due or owed for advisory services, our firm may seek to collect those fees from any other account with like registration that you maintain with our firm for which we are providing investment advisory services. For variable annuities, the management of the account is removed but the annuity remains intact. Upon the death of the last surviving account owner, we will continue to manage the account until we receive written notice to discontinue management to the account.

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### **Wrap Fee Programs**

Generally, we consider the Index Plus and Index Plus Tax Managed Portfolios to be wrap fee programs through which investment advisory services and execution of your transactions are provided for specified fees that are not based directly upon transactions in your account. Our firm and our Investment Committee do not manage wrap fee accounts differently from other programs. We receive a portion of the wrap fee for our services in the form an advisory fee. Please refer to the section titled "Fees and Compensation" For additional information regarding fees assessed in our wrap programs. Please refer to each program's Wrap Fee Brochure for additional information.

## Covered Service Provider Disclosures for ERISA Plans:

To the extent we serve as a covered service provider to ERISA plans, we will comply with the U.S. Department of Labor regulations on fee disclosures, effective July 1, 2012 (or other such date as provided by the Department). When and where required by law, we will disclose (i) direct compensation received from ERISA clients; (ii) indirect compensation received from third parties; and (iii) transaction-based compensation (e.g. commissions) or other similar compensation shared with related parties servicing the ERISA plan. These fee disclosures will be made reasonably in advance of entering into, renewing, or extending the advisory service agreement with the ERISA client.

In some instances, we may be providing certain services to the plan in a fiduciary capacity while providing other services that are not fiduciary in nature. Our Advisory Agreement executed between our firm and the Plan will have specifically stated whether or not, or in the provision of which services, the Advisor is acting in a fiduciary capacity. When and where required by regulation, our agreements disclose the scope of services that are being provided to the Plan.

## FEES AND COMPENSATION

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### Our Program Fees and Expenses

#### Program Fees and Expenses for Our Wealth Management Solutions Portfolios

Advisory fees charged in our programs are separate and distinct from fees and expenses charged by mutual fund companies, exchange traded funds, and variable annuities that may be recommended to you by your investment advisor representative/solicitor. A description of these fees and expenses are available in each mutual fund and variable annuity prospectus. The fees will generally include a management fee, other fund expenses, mortality and expenses and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge. The ongoing advisory fee for investment management services may cost you more than if the assets were held in a traditional brokerage account with a broker/dealer. In a brokerage account, you are charged a commission for each transaction and your servicing agent has no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold strategy for the account or do not wish to buy ongoing investment advice or management services, you should consider opening a brokerage account with a broker or dealer rather than an advisory account.

Advisory fees charged in our programs may be more than the cost of purchasing the same services separately. You may be able to obtain similar services for a lesser fee from another investment advisor firm. The advisory fees charged vary among our programs. You may invest in mutual funds, exchange traded funds or variable annuities directly, without the services of our firm. In that case, you would not receive the services provided by us which are designed, among other things, to assist in determining which portfolio of mutual funds or other securities are most appropriate to your financial condition and objectives. Accordingly, you should review both the fees charged by the funds or variable annuity and the advisory fees charged in our programs to fully understand the total amount of fees to be paid and evaluate the advisory service being provided.

Individuals in a Strategist program (in which our firm and other registered investment advisors may serve as a Strategist) should be aware that services similar or comparable to those provided to a client in our Wealth Management Solutions Portfolios may be available to you at a lower aggregate cost elsewhere. While our compensation pursuant to a Strategist program may be lower than compensation we receive in our Wealth Management Solutions Portfolios, the overall cost of a Strategist program may be higher than an individual would otherwise experience by participating in another program.

Our firm also may invest a portion of your assets in mutual funds, exchange traded funds or variable annuities and charge an investment management fee on your assets invested in these securities. Therefore, you may pay two levels of fees for the management of your assets, one directly to our firm and one indirectly to the managers of the mutual funds, exchange traded funds or variable annuities held in their portfolios. You could generally avoid the second layer of fees by making your own decisions regarding the mutual fund, exchange traded fund or variable annuity investment. However, in that case, you would not receive the investment management services provided by our firm.

Our fees are referenced below:

The maximum annualized management fee you will pay for an investment advisory relationship established with us after October 18, 2010 is 1.75%.

Our fees may be negotiated and may vary depending on account size and other factors. Fees are charged quarterly in arrears based on the quarter end value of the accounts; or, may be charged monthly or quarterly in advance based on the period end value of the account (monthly or quarterly). Advisory fees are pro-rated for the period for accounts opened or closed during the calendar quarter or month. There may be contracts with a higher annual fee than published above.

We retain a portion of the annualized management fee for administrative and support services. These fees represent part of the fees (as noted above) established pursuant to the Investment Advisory Services Agreement. Solicitors are not paid nor do they share in any portion of the administrative and support services fees.

For the Fidelity, All Star, American Funds, Tactical Alternative, Managed Variable Annuity Program, Index Plus and Index Plus Tax Managed Portfolios, we retain a portion of the fees up to the following percentage:

- First \$250,000 0.60%
- Next \$250,000 - \$499,999 0.45%
- Next \$500,000 - \$999,999 0.35%
- Next \$1,000,000 - \$2,499,999 0.25%
- Above \$2,500,000 negotiated

Note: Our fee for our Custom Program is negotiable.

A solicitor is paid a portion of the investment advisory fees received by our firm from you. The compensation for these services is paid completely by our firm from the investment advisory fees earned. The advisory fee paid does not increase as a result of our firm's payment to a solicitor. Services provided by the solicitor may include, among other things, assisting in completion of the questionnaire, determining an appropriate investment strategy, periodic contacts with you about investment performance or other

information as may be requested or required to assist in understanding our services or updating your information on our behalf.

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### **Fees and Expenses for Services Provided to Other Registered Investment Advisors - Allocation Consulting Services**

For our allocation consulting services, the fee ranges up to .30% annually.

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### **Fees and Expenses for Investment Reporting/Recordkeeping and other Administrative Services Provided to Other Registered Investment Programs**

Compensation for our reporting and administrative services will be up to .60% per annum. Fees are charged quarterly in arrears based on the quarter end value of the accounts; or, may be charged monthly or quarterly in advance based on the period end value (monthly or quarterly) of the accounts. Fees are pro-rated for the period for accounts opened or closed during the calendar quarter. In addition to the fees that we charge, you will also bear the fees and expenses charged by their registered investment advisor and its associated persons.

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### **Additional/Other Fees and Charges**

Additional fees may be charged by Fidelity, the insurance company, or the 401(k) or 403(b) provider. We do not share in those fees. Fees charged by these other parties include operating expenses and other fees that are ultimately borne by you. In addition, mutual funds and variable annuities may charge contingent deferred sales charges on withdrawals. We are not responsible for any contingent deferred sales charges incurred through the management of your portfolio. You should carefully review the relevant prospectuses and review the custody agreement for the custodial fees and other service charges.

Some custodians or broker/dealers for the account in our managed programs may charge maintenance or transactions fees that are separate and distinct from the investment advisory fees charged for our advisory services. Fidelity and other fund companies whose products we use in our management programs on the Fidelity Institutional Wealth Services platform may impose short-term redemption fees of up to 2.0% on the principal balance on certain of their funds if sold within one to six months of original purchase. Some Fidelity mutual funds may also have a minimal annual maintenance fee for positions of less than a certain total dollar amount. In Fidelity Tax-Exempt Services Company accounts, you may be charged an annual plan level fee of up to \$36, depending on the employer sponsor of the plan from which their contributions are or were received.

We may buy Barclays iShares exchange traded funds, or other no transaction fee exchange traded fund that may be available, through Fidelity. Typically, these buys will be made to take advantage of short-term opportunities in the market without incurring any short-term trading violations or fees that are associated with mutual funds on the platforms. Fidelity offers a select list of these exchange traded funds that are available with no transaction charges or redemption fees on their platform, which due to the cost savings may be an incentive for us to use exchange traded funds in lieu of certain mutual funds.



Participation in the Index Plus and Index Plus Tax Managed Portfolios may cost you more or less than investing directly in exchange traded funds without the assistance of our firm depending on the fees negotiated between you and the solicitor or our firm and depending on the trading activity in your account.

Trading costs for the All Star, Fidelity, American Funds and Tactical Alternative portfolios, if any, will be paid by our firm. All short-term redemption fees will be paid by you, in addition to the advisory fees as mentioned in your Agreement. It is our policy to minimize short-term redemption fees whenever possible. You are also responsible for charges associated with administrative requests, such as wire requests. Our Investment Committee will utilize no-transaction fee funds as much as possible, but the no -transaction fee status of the fund is not the only criteria used by our Investment Committee when determining which funds to recommend. Our Investment Committee may also consider each individual fund's internal, administration and management expenses. Fidelity keeps all 12b-1 fees. You will receive confirmation directly from the custodian on all trading expenses.

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There is a \$200 administrative model transfer fee for each model or portfolio change on a rolling calendar year. The first model change, which includes the initial model allocation, will not be charged any additional fees.

Some solicitors, through either the our firm's affiliates, SAI and SAA, or through other non-affiliated broker/dealers and registered investment advisors may also sell securities, insurance products, and other financial planning and investment services, in their separate capacities as registered representatives and investment advisor representatives. Solicitors may select or recommend funds to their clients that are similarly recommended by us. These funds may include an annual distribution charge, referred to as 12(b)-1 fees. Registered Representatives and investment advisor representatives through affiliated or other non-affiliated broker/dealers and registered investment advisors may receive a portion of the 12(b)-1 fee from some investment companies whose positions are held in your account. These 12(b)-1 fees come from fund assets and thus, indirectly from your assets. The receipt of these fees could represent an incentive for firms in general to recommend funds with 12(b)-1 fees or higher 12(b)-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest. We do not have a financial incentive if we selects mutual funds that pay 12(b)-1 fees since Fidelity retains all 12(b)-1 charges. Furthermore, these fees and commissions, if applicable, are not shared with us.

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## **Contributions/Withdrawals**

Advisory fees will be adjusted proportionately based on the value of cash or securities either added to or withdrawn from the account between billing periods. The additional investments will be invested into the portfolio at the direction of the Investment Committee, no later than the next rebalancing of your account.

Participation in Initial Public Offerings, secondary and other follow-on offerings

Clients may purchase securities through broker-dealers in initial public offerings, secondary offerings and special purpose acquisition company transactions. An affiliate of our firm may act as an underwriter or manager for such offerings, and as such, will receive compensation equal to either all or a portion of "gross spread" (the difference between the price the client pays for the security and the price at which it purchased the securities). Our firm may also receive a portion of the gross spread as a member of the selling syndicate. The advisory fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement.

Our firm may share a portion of payments received from a mutual fund and/or private placement with your investment advisor representative/solicitor or in connection with an initial public offering, a secondary offering, or other follow-on offering, if an investment advisor representative/solicitor of SAI or another affiliated broker-dealer. Your investment advisor representative/solicitor may also receive compensation, such as 12(b)-1 or services fees, in connection with the sale of funds. Therefore, your investment advisor representative/solicitor has an incentive to recommend implementing the recommendations made through the consulting services through our firm. This conflict of interest is heightened when your investment advisor representative/solicitor recommends securities where our firm is a member of the selling syndicate because your investment advisor representative/solicitor typically receives more compensation in connection with these securities than in connection with other types of securities. Your investment advisor representative/solicitor may also have a heightened conflict of interest when recommending, funds that pay compensation, because your investment advisor representative/solicitor may receive a portion of that compensation. Your investment advisor representative/solicitor may favor certain clients when offering initial public offerings, secondary offerings and other follow-on offerings. Trade allocation will be determined on a basis that is fair, reasonable and equitable to those selected clients and that meets the clients' investment objectives. When an order is only partially filled, the security will be allocated to accounts pro-rata to the allocation of the original order quantities. Commission and transaction costs will be allocated to each account pro-rata.

With respect to initial public offerings, secondary offerings and other follow-on offerings, an allocation pro-rata to the original order quantity will be applied where demand exceeds supply. Where it is not possible to apply this policy in any particular trade, every effort will be made to allocate the next investment opportunities so that clients participating in the offerings over time, irrespective of account size, receive equitable treatment in the filling of orders.

## **PERFORMANCE BASED FEES**

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### **Sharing of Capital Gains**

We do not accept performance-based fees for our investment advisory services.

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### **Side-by-Side Management**

We do not provide side-by-side management of mutual funds, variable annuities, exchange traded funds, and other assets.

## **TYPES OF CLIENTS**

We generally provide investment advice to:

- 1) Individuals;
- 2) Pension and profit sharing plans;

- 3) Trusts, estates, charitable organizations or;
- 4) Corporations or other business entities.

Prior to implementing a particular program, we must be in receipt of all required paperwork, including account application, agreements and Solicitor's Disclosure Documents, as applicable.

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## **Account Minimums**

Minimums to establish and maintain an account are listed below. Exceptions may be granted at our discretion.

- \$100,000 Index Plus and Index Plus Tax Managed Portfolios
- \$1,000,000 Wealth Management Solutions Custom Portfolios
- All other portfolios have an account minimum of \$50,000

Except for the Index Plus and Index Plus Tax Managed Portfolios and the Custom Program, accounts valued at \$30,000 or more will be accepted if the total aggregate household account value exceeds \$300,000. Accounts under the stated minimum may be accepted on an individual basis at our discretion.

We review account minimums periodically and they are subject to change. We may close an account whose value falls below the minimum upon written notice to you.

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

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### **Methods of Analysis and Investment Strategies**

Security analysis methods may include (1) fundamental analysis and (2) technical analysis. The main sources of information includes (1) financial newspapers and magazines (2) research materials prepared by others (3) Corporate rating services, (4) annual reports, prospectuses, filings with the Securities and Exchange Commission, and (5) proprietary research.

Strategies include (1) long-term buys (securities held at least one year) (2) short-term buys (securities sold within a year) and (3) trading (securities sold within 30 days).

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### **Investment Strategies**

We use a modified strategic asset allocation approach to manage our discretionary portfolios in our programs. Our portfolios are primarily designed using Modern Portfolio Theory in order to target an appropriate return for a given level of risk. There is also some tactical asset allocation undertaken within a certain permissible range in response to our firm's judgment on future economic trends and conditions. Securities in our model portfolios represent different asset classes including, but not limited to: money market or cash equivalents, bonds, large company stocks, small company stocks, international stocks, industry/sector holding positions and alternative investment instruments among others. We may use

computer-based or qualitative strategic or tactical asset allocation programs and various mutual fund rating services to aid in the allocation decisions for the assets in the programs. We do not separately charge for any of these services or programs.

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## **Risk of Loss**

Investment portfolios, programs, models, asset allocations or strategies entail the risk of loss; and values and returns will fluctuate over time. While we seek to limit any losses, there have been periods of loss in the past and there will likely be others in the future. Our firm and our Investment Committee emphasize that investment returns, particularly over shorter time periods, are highly dependent on trends in the various investments markets. Thus, our investment management services are generally suitable only for long-term investment objectives or strategies, rather than for short-term trading purposes. Diversification does not guarantee a profit or protect you against loss and there is no guarantee that your investment objectives will be achieved. This program is not FDIC insured and may lose value. All investment programs have certain risks that are borne by you. Our investment approach constantly keeps the risk of loss in mind. You face the following investment risks:

- **Interest-rate Risk**: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk**: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk**: The risk is that the rate of inflation will exceed the rate of return on an investment.
- **Currency Risk**: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk**: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk**: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They generally carry a higher risk of profitability than an electric company, which may generate much of its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk**: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk**: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

You should understand that there are risks inherent in all financial decisions and transactions and that there is no guarantee that your investment objectives will be achieved. We make no promises, representations, warranties or guarantees that any of our services will result in a profit to you. We do not guarantee the future performance or any specific level of performance, the success of any investment decision or strategy that our firm and any of our affiliated entities may use or the success of our overall management. You should understand that investment decisions made for you by our firm are subject to various market, currency, economic, political and business risks and that those investment decisions will not always be profitable. You should understand that we will not be liable for any loss incurred with respect to your account, except where such loss directly results from such party's negligence or malfeasance. Nothing in this section is intended to be a waiver of any right of action you may have under applicable securities laws or your rights in the event we or our supervised persons breach any fiduciary duty owed to you.

## **DISCIPLINARY INFORMATION**

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### **Regulatory and Legal Events**

The Company and its subsidiaries are involved in the normal course of business in legal, regulatory and arbitration proceedings, including class actions, concerning matters arising in connection with the conduct of its activities. There are no regulatory or legal events that are material to our advisory business. The disclosure below relates to an affiliate of BYA.

In July 2009, two issuers of private placement interests (Medical Capital Holdings, Inc./Medical Capital Corporation and affiliated corporations and Provident Shale Royalties, LLC and affiliated corporations) sold by the Company's subsidiary Securities America, Inc. ("SAI") were the subject of SEC actions (brought against those entities and individuals associated with them), which has resulted in the filing of several putative class action lawsuits naming both SAI and Ameriprise, as well as related regulatory inquiries. Approximately \$400 million of Medical Capital and Provident Shale investments made by SAI clients are outstanding and currently in default. On January 26, 2010, the Commonwealth of Massachusetts filed an Administrative Complaint against SAI. On May 23, 2011, SAI reached a settlement with Massachusetts which required SAI to pay \$2.8 million to Massachusetts investors plus potential additional amounts in the future. The settlement does not include any fines against Securities America, and contained no acknowledgement of wrongdoing. A significant volume of FINRA arbitrations have been brought against SAI. All but 16 have been settled, and there has been one adverse ruling, with the remaining cases scheduled throughout 2012. The putative class actions and arbitrations generally allege violations of state and/or federal securities laws in connection with SAI's sales of these private placement interests. These actions were commenced in September 2009 and thereafter. The Medical Capital-related class actions were centralized and moved to the Central District of California by order of the United States Judicial Panel on Multidistrict Litigation under the caption "In re: Medical Capital Securities Litigation." The Provident Shale-related class actions were consolidated in Texas federal court. On June 22, 2010, the Liquidating Trustee of the Provident Liquidating Trust filed an adversary action ("Liquidating Trustee Action") in the Provident bankruptcy proceeding naming SAI on behalf of both the Provident Liquidating Trust and a number of individual Provident investors who are alleged to have assigned their claims. The Liquidating Trustee Action generally alleged the same types of claims as are alleged in the Provident class actions as well as a claim under the Bankruptcy Code. The Liquidating Trustee Action has been moved from bankruptcy court to the Texas federal court with the other Provident class actions. On January 24, 2011 the Medical Capital Class Action was temporarily transferred to the Northern District of Texas, where the

Provident class action is pending, so that coordinated settlement negotiations could be conducted under that single Court's supervision. On February 17, 2011, the named plaintiffs to the class actions filed with the Court a Settlement Agreement and Motion for Preliminary Approval of Class Action Settlement, seeking the court's approval of agreed-upon settlement terms. On March 18, 2011, the judge denied the Motion for Preliminary Approval. Following a mediation held in Chicago on March 25, 2011, SAI reached a global settlement covering the majority of the pending FINRA arbitrations and a separate settlement of all class action claims related to the Medical Capital and Provident Royalties matters. The combined settlements provide a total of \$150 million to investors - \$70 million for arbitration claims and \$80 million for the class action claims. The court granted preliminary approval of the class action settlement on May 5, 2011. On July 27th, 2011 the court in the Medical Capital/Provident Royalties class action settlement announced that final approval has been given to the class action settlement agreement. That decision was not appealed and is now the final judgment of the court. Securities America paid the settlement amounts; the arbitration claimants have received their payments, and the class action claimants are expected to receive their payments from their class counsel and the claims administrator by year end.

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

Information about our firm's key officers and principals can be found in the Part 1A of our Form ADV. We require that members of our Investment Committee have a college degree and prior experience in securities analysis.

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## **FINANCIAL INDUSTRY ACTIVITIES**

BYA-Iron Point conducts activities with some of our affiliates who are "related persons" as defined on the Securities and Exchange Commission's Form ADV. These activities may be material to our investment advisory business or our advisory clients. Our firm is owned by is owned by Securities America Financial Corporation. Securities America Financial Corporation is the holding company for Securities America Advisors, Inc. (SAA), an SEC registered investment advisor and Securities America, Inc. (SAI) member of FINRA and SIPC. SAA, SAI and their holding company, Securities America Financial Corporation are wholly-owned subsidiaries of Ladenburg Thalmann Financial Services, Inc.

Ladenburg Thalmann Asset Management (LTAM), Investacorp Advisory Services, Inc. and Triad Advisors, Inc. are SEC registered investment advisers and are wholly owned subsidiaries of Ladenburg Thalmann Financial Services, Inc. Ladenburg Thalmann Asset Management, Inc. (LTAM) owns 50% of Ladenburg Thalmann Fund Management, LLC (LTFM), which is a registered investment advisor. Ladenburg Thalmann Fund Management, LLC (LTFM) is an adviser to an open-end registered investment company, the Boyar Value Fund, Inc. This fund is an open-end diversified management investment company. SAI, our broker-dealer affiliate may distribute this fund along with the funds of other investment companies. Your representative may recommend that clients invest in the Boyar Value Fund or in the Ladenburg Thalmann Alternative Strategies Fund, for which LTAM acts as investment adviser and SAI acts as distributor. Ladenburg Thalmann Alternative Inc. is the manager of Ladenburg Opportunity Fund I, LLC, a hedge fund. LTAM Titan Fund, LLC is a fund of funds hedge fund. LTAM Titan Fund, LLC is a fund of funds hedge fund, its sole managing member is LTAM. Recommendations made to purchase these investments create a conflict of interest because LTAM and SAFC generally receive more compensation in connection with the purchase of these funds than they do in connection with the purchase of other funds. In addition, these

funds pay fees in connection with services or distribution, such as 12b-1 fees. We are also affiliated with Ladenburg Thalmann & Co. Inc (LTCO), Investacorp, Inc., and Triad Advisors, Inc., which are registered full service broker-dealers. These additional engagements have the potential to, but, may not necessarily result in additional assets or additional revenue to our firm or an affiliate.

Our firm sub-advises its portfolio allocation services through SAA's Managed Opportunities and other programs offered through other registered investment advisors. As a Strategist under Managed Opportunities, we may receive certain support services from SAA that other Strategists may not have received. SAA may receive certain support services from our firm's investment staff, through a shared services arrangement. Clients should refer to SAA's Form ADV Part 2 for more detailed information on Managed Opportunities and other SAA asset allocation services, where applicable.

Certain of the principal executive officers serve in roles outside of our firm. The amount of time spent on behalf of the other companies varies; however, the officers are committed to devoting sufficient amount of time and attention to the supervision and oversight of our firm's investment advisory activities.

The principal executive officers and other supervised persons may be separately licensed as registered representatives and registered principals of SAI and/or agents or brokers of various insurance companies. As such, these individuals are able to effect securities transactions and may receive separate, yet customary compensation for effecting any securities transactions. These individuals may spend the majority of their time involved in all or a portion of these activities.

Your investment advisor representative/solicitor may also recommend that clients invest in securities issued in an initial public and secondary offering ("new issue") transactions for which Ladenburg Thalmann & Company, an affiliated broker-dealer, acts as a manager, an underwriter and/or a member of the selling group or SAA or SAI acts as a member of the selling group. Our firm has a conflict of interest in recommending these securities for several reasons. First, our affiliated broker-dealer, Ladenburg Thalmann & Company, receives all or a portion of the gross spread – the difference between the price that the client pays for the security and the price that Ladenburg Thalmann & Company purchases the security for -- in connection with such sales. This gross spread is generally 7%, but may be higher or lower in connection with certain offerings. If our firm is a member of the selling group, we also receive a portion of the gross spread. Your investment advisor representative/solicitor generally receives a portion of this compensation in his or her capacity as a registered representative for Securities America, Inc. In addition, LTCO has a substantial interest—both financial and with respect to its reputation—in assuring that the offering is successful by having a large number of the securities purchased. Finally, in connection with certain offerings, LTCO has an obligation to purchase and resell a certain number of securities. Thus, because of our affiliation with LTCO, we have incentives to recommend these investments in these offerings for these reasons, rather than based on a client's needs. To address these conflicts, we have policies and procedures in place to make sure that securities in initial public offerings are recommended only to clients for whom they are suitable given the client's investment objectives and assets. In addition, clients are generally given transaction specific disclosure prior to the client's decision to invest in such securities.

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## **Other Affiliations**

Securities America Financial Corporation (SAFC), the holding company that owns our firm, is a wholly-owned subsidiary of Ladenburg Thalmann Financial Services, Inc. Ladenburg Thalmann Financial Services, Inc. provides a diverse array of financial products and services through a number of subsidiaries. Some of the executive officers act as officers to these entities and may be dually registered. Employees registered with us may also be registered as registered representatives of SAI, our affiliated broker/dealer. Due to the interrelationship of these entities, conflicts of interest may arise that are not readily apparent to the client. Securities America Financial Corporation, through our firm, our affiliates, SAA and SAI, and Ladenburg Thalmann Financial Services, Inc., in the course of its business operations, may engage in marketing reallocation or sponsorship arrangements with third parties, sub-advisors, and brokerage firms to promote the distribution of investment products, including, but not limited to variable annuity and insurance products, mutual funds, managed accounts and customized portfolios. These additional engagements have the potential to, but, may not necessarily result in additional assets under management with our firm.

In the programs managed by registered investment advisors and administered by our firm, your investment advisor representative/ solicitor s may be registered as investment advisor representatives with SAA and registered representatives with SAI or registered as investment advisor representatives/registered representatives with an independent investment advisory firm and/or broker/dealer. These registered investment advisors and their associated persons offer their services utilizing the Fidelity Institutional Wealth Services or Fidelity Tax-Exempt Services Company platform for record keeping purposes including quarterly reporting. Our Investment Committee does not offer any investment advice to these registered investment advisors, investment advisor representative/solicitors or their clients.

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### **Recommendation or Selection of Other Investment Advisers To Our Clients and Compensation Received**

We do not refer registered investment advisors or investment advisor representatives/solicitors to clients and selection of a registered investment advisor or investment advisor representative/solicitor is solely your responsibility.

### **Board of Directors**

The Board of Directors for Securities America serves as board members for several of our affiliated companies. There may be a perceived conflict of interest. You should be aware that the Board of Directors does not make decisions for our firm without following the process set forth in our firm's by-laws.

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

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#### **Our Approach to Conflicts of Interest**

Conflicts of interest that may arise in the course of providing investment management services are described throughout this brochure, as are some of our policies and procedures designed to address specific conflicts of interest, such as our Code of Ethics and personal trading practices.

We have a compliance program in place that is intended to identify, mitigate and, in some instances, prevent actual and potential conflicts of interest, ensure compliance with legal and regulatory requirements and ensure compliance with investment guidelines and restrictions. Our compliance program includes



written policies and procedures that we believe are reasonably designed to prevent violations of applicable laws and regulations.

We maintain various committees, which provide oversight and review of compliance across functional boundaries including several operating committees, whose membership is comprised of personnel from the impacted business area(s). Those committees receive input from compliance and legal as appropriate to help ensure compliance with some of these policies and procedures. Some of the key committees (or subcommittees) supporting our compliance program efforts include those committees (or subcommittees) responsible for trading, including best execution and selecting investments.

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## **Code of Ethics**

We have established a Code of Ethics to comply with the requirements of Section 204A-1 of the *Investment Advisers Act of 1940* reflecting our fiduciary obligations and those of our supervised persons and requiring compliance with federal securities laws. Our Code of Ethics covers all individuals who are classified as “supervised persons.” Our employees, officers and directors are classified as supervised persons. We require our supervised persons to consistently act in their clients’ best interests in all advisory activities. We impose certain requirements on our supervised persons to ensure that they meet the firm’s fiduciary responsibilities to their clients. The standard of conduct required is higher than that ordinarily required and encountered in commercial business and includes compliance with applicable federal securities laws and regulations and with the Code of Ethics. Under the Code of Ethics, supervised persons are required to report their personal securities holdings and transactions, may be required to pre-clear certain investments such as limited offerings or may be restricted with respect to the timing of certain investments or prohibited from making certain investments. All supervised persons are required to conduct all personal trades through designated broker/dealers unless an exception has been granted. Supervised persons are required to acknowledge their understanding of the Code of Ethics upon affiliation and on an annual basis. We may from time to time adopt or change policies or procedures or otherwise take action to address particular situations. Our supervised persons are responsible for reporting any violations of the Code to the Chief Compliance Officer or designee.

This response is only intended to provide you with a summary description of our Code of Ethics. If you wish to review our Code of Ethics in its entirety, a copy may be obtained by calling us at 866-822-9880 or writing to B&Y-Iron Point at 1110 Iron Point Road, Suite 100, Folsom, CA 95630.

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## **Participation or Interest in Client Transactions**

We or our supervised persons may buy or sell for personal or related accounts the same or similar securities that are purchased or sold for our advisory clients.

We may receive both advisory fees and broker/dealer commissions for the sale of securities placed under our management. The receipt of compensation from a variety of sources may be considered to be a conflict of interest. We encourage you to review this ADV closely and discuss any conflicts of interest with your investment advisor representative/ solicitor.

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## **Policy Regarding Engaging in Agency Cross Transactions in Advisory Accounts**

It is our policy to prohibit supervised persons from engaging in agency cross transactions where we act as brokers for both the buy and sell of a single security between two different clients for which the firm receives compensation in the form of an agency commission or principal mark-up for the trades. Should we adopt a different policy in this area, we will observe all rules and regulations in accordance with the disclosure and consent requirements of Section 206(3) of the Advisers Act. Additionally, we are aware that such transactions can only occur if we can ensure that we meet our duty of best execution for the client.

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### **Policy Regarding Engaging in Principal Trading Involving Advisory Accounts**

We do not permit principal transactions to be effected in advisory accounts. SAI, our affiliated broker/dealer does not make a market in securities. SAI, our affiliated broker/dealer may engage in riskless principal transactions for certain fixed income securities. A riskless principal transaction is a trade in which a broker or dealer, receives an order to buy or sell a security and purchases the security in a simultaneous offsetting transaction. We do not believe there are potential conflicts of interest based on SAI's practice involving riskless principal transactions in fixed income securities as we do not buy or sell fixed income securities through our affiliated broker/dealer.

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### **Personal Trading**

We and our supervised persons may recommend securities to you, or buy or sell securities or hold a position in securities identical to the securities recommended to you, at or about the same time that the advisor or a related person buys or sells the same securities for their own or a related person's account. It is our policy that no supervised person will put his or her interest before your interests. We and our supervised persons may not trade ahead of any client or trade in a way that would cause the supervised person to obtain a better price than the price a client would obtain.

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### **Pre-Clearance and Restricted Securities**

Due to our affiliation with other investment companies, investment advisors and broker/dealers, we maintain a Restricted and Pre-Clearance Equity List, which may limit our ability and our Investment Committee's ability to transact in certain equities on your behalf in our programs. Our firm and our Investment Committee may not be able to place certain transactions or may experience delays in submitting certain transactions on your behalf based on any pre-clearance or pre-approval requirements implemented by the firm. You may receive a worse price than what you might receive if you placed through another registered investment advisor not affiliated with our firm and not subject to any trading restrictions. These trading restrictions are subject to change without notice.

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### **Our Insider Trading Policy**

Our firm and our supervised persons may, from time to time, come into possession of material nonpublic information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, our firm and our supervised persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such

other person is a client. Accordingly, should we or our supervised persons come into possession of material nonpublic information with respect to any company, we and they are prohibited from communicating such information to, or using such information for the benefit of, our respective clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, our clients when following policies and procedures designed to comply with law. In addition, our firm and our supervised persons are prohibited from trading on non-public information.

Our firm and our affiliated entities have adopted an “Insider Trading Policy” in accordance with Section 204A of the Advisers Act which establishes procedures to prevent the misuse of material nonpublic information by our firm and our supervised persons. If our supervised person maintains an outside account, they must make arrangements with that outside firm or broker/dealer to send quarterly statements on our behalf to SAI, our affiliated broker/dealer. Supervised persons must complete an annual certification concerning their personal securities activities and provide such additional information about personal trading activities as may be required under the Insider Trading Policy and the Code of Ethics. Supervised persons who violate this policy may be subject to sanctions imposed by our firm.

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### **Our Policy Governing Contributions to State and Local Elected Officials and Candidates**

We require that our covered associates seeking to make a political contribution to a state or local candidate pre-clear their political contributions through the firm. We do not require our covered associates to pre-clear contributions to candidates running for federal office, unless the candidate is currently a state or local government official running for federal office. Depending on the state or local pay-to-play rules, our firm and our covered associates may be subject to local and state pay-to-play rules in addition to federal securities rules and regulations.

## **BROKERAGE PRACTICES**

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### **Best Execution**

We do not receive research or other products or services other execution from a broker/dealer or third-party for client securities transactions.

Clearing, custody or other brokerage services are made available through National Financial Services, LLC or Fidelity Brokerage Services, LLC. In the Custom Allocation Program, brokerage services are made through Fidelity Institutional Wealth Services and Fidelity Tax-Exempt Services Company, affiliated companies of National Financial Services, LLC. We have an agreement with the clearing firm to manage your account. In exchange, these firms provide clearing, execution and execution services for transactions that are executed for our customers. We have also entered into agreements with various insurance companies that allow for the management and valuation of client's variable annuity accounts within the programs described above. Please refer to the “Managed Variable Annuity Program” section for more information. The insurance company custodians maintain custody of your funds or securities. Outside custodians maintain custody of all funds and securities. We do not act as a custodian for any account. Generally, we do not maintain custody of your funds or securities. Because some of the programs described in this document allow for the direct deduction of advisory fees from your accounts, we may be deemed to have limited custody of client assets. We may be deemed to have limited custody for certain transmittal policies. For example, by giving you the ability to transfer funds between accounts you own that are titled in

the same name; or if you specifically request it, transferring between accounts you own that are titled in different names, we may be deemed to have custody. Additionally, by giving you the ability to have funds from your account to your address of record or, if you specifically request it, to some other address, we may be deemed to have limited custody of your assets. In each of these cases, we may be deemed to have limited custody.

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## Selecting Brokerage Firms

We will process brokerage security transactions through Fidelity Institutional Wealth Services or Fidelity Tax-Exempt Services Company so long as we determine that executing transactions through Fidelity fulfills our duty of best execution. Please refer to the section titled “Best Execution” for information as to factors considered by our firm when selecting a broker/dealer.

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## Best Execution

We will process brokerage security transactions through Fidelity so long as we determine that executing the transactions through Fidelity fulfills our duty of best execution. We consider the following factors when selecting a broker/dealer and determining the reasonableness of commissions:

- A dedicated service team;
- Back office services;
- Technology provided including electronic downloads of trades, balances, transactions, and positions using Fidelity’s portfolio management software;
- Access to an electronic interface with Fidelity;
- Electronic download of duplicate statements and confirmations;
- Pricing of services offered; and
- The ability to deduct fees directly from client accounts.

Our firm or an affiliate on our behalf conducts trade reviews in order to determine that the duty of best execution is being met by its trade execution and clearing firms.

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## Soft Dollars

Investment advisors may direct portfolio brokerage commissions to a particular broker/dealer in return for services and research used in making investment decisions in client accounts. The commissions used to acquire these services and research is known as “soft dollars.” Section 28(e) of the *Securities Exchange Act of 1934* provides a “safe harbor” that allows an investment advisor to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid was reasonable in relation to the brokerage and research services provided.

Although we do not allow directed brokerage, we may still receive products and services from other program sponsors and product issuers. These products and services may be used for both research and non-research purposes and allows us to supplement, at no cost, own research and analysis activities. These products and services can include, but are not limited to:

- Reports, publications and data on matters such as the economy, industries, sectors and individual companies or issuers, statistical information, account and law interpretations, political analyses, legal developments affecting portfolio securities, technical market actions, credit analyses, risk management and analyses of corporate responsibility issues;
- On-line news services and financial and market database services;
- Information management systems integrating quotation and trading, performance management, accounting, recordkeeping and document retrieval and other administrative matters;
- Meetings, seminars, workshops and conferences with representatives of issuers, program sponsors and/or other analysts and specialists;

Research obtained with soft dollars is not necessarily used for the specific account that generated the soft dollars. We do not attempt to allocate the relative costs or benefits of research among clients because we believe that, in the aggregate, the research we receives benefits our clients and assists us in fulfilling our overall duty to you.

These arrangements may be deemed to create a conflict of interest if our firm would have to pay for some or all of the research and/or services with “hard dollars” if we were unable to obtain the research and services in exchange for commissions in connection with client transactions. Your trades will always be implemented based on your goals and objectives and not on any research, products or other incentives available. We encourage you to review this ADV closely and discuss any conflicts of interest with your investment advisor representative/solicitor.

## **BROKERAGE FOR CLIENT REFERRALS**

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### **Directed Brokerage**

We pay a set commission rate on trades for securities traded with a commission. We do not negotiate commission on a trade-by-trade basis or directed brokerage basis.

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### **Order Aggregation**

We may aggregate client transactions or allocate orders to facilitate best execution, to reduce brokerage costs and/or commissions and to provide fair and equitable prices among client accounts whenever possible. When we perform a block trade for your account, usually, you will receive a pro rata allocation. The types and volumes of securities traded for client accounts do not lend themselves to aggregation or blocking of trades when mutual funds are traded. Our firm and our supervised persons will allocate trades to advisory clients in a fair and equitable manner that will be applied consistently to all clients. Personal accounts of representatives, associated persons and family members will not be treated more favorably than any other client account. You should be aware that if an order is not aggregated, you may or may not pay higher brokerage costs.

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## **Handling Trade Errors Made By Our Supervised Firms or Our Firm**

If our firm or our supervised persons make a trade error in your account, the trade error will be corrected and your account will be restored to where it would have been had the trade error not occurred. Any profit or loss from the trade correction will be retained by us and/or Fidelity and not the client.

## **REVIEW OF ACCOUNTS**

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### **Frequency of Account Reviews**

We review our managed accounts on a regular basis to monitor daily transactions for investment of additional deposits and for effects of market movements. We conduct quarterly reviews to determine if it is necessary to reallocate or rebalance accounts for tactical or strategic reasons. More frequent reviews may be conducted on an as needed basis. Reviews may also be done at your request, investment advisor representative/solicitor or if merited by a change in your investment objectives. Members of the Investment Committee, Jeffrey Spitzmiller, Chief Investment Officer and James Worden and Amar Chauhan, Portfolio Counselors, conduct these reviews.

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### **Review Triggers**

Factors triggering an account review may include material market, economic or political events, performance of the account in general, or requests by a client or investment advisor representative/solicitor to review a model.

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### **Account Statements**

You will receive account statements from investment companies, insurance companies, clearing firms, account custodians or other qualified custodians at least quarterly. You may also receive monthly account statements from investment sponsors, insurance companies clearing firms, account custodians or other qualified custodians monthly, if there is any activity in your account. We have verified that each custodian or investment provider we use for our investment management services is a qualified custodian and provides statements to clients directly at their address of record at least quarterly. We encourage you to carefully review your account statement(s).

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### **Performance Reports**

We provide performance reports to you on accounts we manage quarterly. These quarterly reports include a summary of investment activity, including withdrawals, deposits, and miscellaneous charges, advisory fee details and investment committee commentary. We may also provide periodic commentary, market outlook or other newsletter on an as needed basis.

We urge you to compare the account statements received directly from the custodian to the performance reports provided by us with account statements you receive from Fidelity Institutional Wealth Services and

Fidelity Tax-Exempt Services Company. Inquiries or concerns regarding your account, including performance reports, should be directed to us at 866-822-9880.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

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### **Client Referrals**

Within our programs, we enter into agreements with solicitors (referring parties) to refer clients to us. We may compensate, either directly or indirectly, any person (defined as a natural person or a company) for client referrals. The referral agreements between our firm and the referring parties are designed to comply with Securities and Exchange Commission regulations as set out in 17 CFR Section 275.206(4)-3. We market our advisory services through solicitors who have no advisory capacity in connection with our services. If a referred client enters into an investment advisory agreement with our firm and a cash referral is paid to the referring party, the fee will be paid as a percentage of your advisory fees payable by you to our firm for so long as you remain a referral client of the solicitor. Written disclosure regarding the referral fees will be provided to you prior to or at the time of entering into our investment advisory agreement. We will maintain these agreements and observe all applicable federal and/or state laws will be observed. Your investment advisor representative/solicitor may agree to reduce their referral fee and any such reduction may be passed on to the particular client in the form of a lower fee.

The compensation to be paid in connection with these investment advisory services is subject to negotiation between our firm, you, and your investment advisor representative/solicitor. The referral agreements between any referring party and our firm do not result in any charges to you in addition to the normal level of advisory fees charged. Upon termination of the solicitor, we will continue to manage your portfolio and charge you management fees, unless you direct us to in writing to terminate management of your account. Your solicitor will provide you with a copy of our Form ADV Part 2 which describes our advisory services and the Solicitor's Disclosure Document which discloses the terms of the compensation arrangement between our firm and your solicitor. Both documents will be provided to you at the time you enter into an investment advisory contract with us.

There may be a conflict of interest when an affiliated solicitor recommends the services of any of our programs because the solicitor may receive the potential benefit of a higher portion of the overall advisory fee charged than if otherwise recommending other advisory programs available. Solicitors that are registered representatives of other broker/dealers, including SAI, our affiliated broker/dealer may receive a broker/dealer commission in addition to a percentage of the advisory fee when you buy a new variable annuity policy or mutual fund and requests to add our management to the policy or fund. No commissions are paid to our firm in the managed account programs utilizing the Fidelity Institutional Wealth Services or Fidelity Tax-Exempt Services Company platforms. Advisory fees for investment management services may be more than the cost of purchasing the same services separately. You may be able to obtain similar services for a less fee from other advisors. The advisory fees charged may vary among investment management services provided by our firm. You may buy the same investment product from another unaffiliated registered investment advisor firm or could implement securities transactions without the services provided by our firm. In that case, you would not receive the services provided by us.

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### **Other Compensation**

Our firm, our officers, directors and our supervised persons may from time to time be invited to attend seminars, meetings and training sessions provided by, and receive reimbursements for marketing and distribution allowances, due diligence fees and travel expenses from, other investment managers, custodians and data service providers, having a direct relationship with the client accounts, wherein the costs associated with the attendance by our firm are borne by the party extending the invitation. Receipt of these travel expenses are not predicated upon specific sales quotas. Other compensation may also be received, based on deposits and/or assets under management, directly from third-party asset manager programs sponsors for the costs of marketing, distribution, business and client development, education enhancement and/or due diligence reviews incurred by our firm, directors, officers, and other supervised persons relating to the promotion or sale of our products or services.

Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by other investment managers, custodians and data service providers. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which investment managers, custodians and data service providers may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the reimbursements are typically made by those other investment managers, custodians and data service providers through whom our firm has an existing relationship or those sponsors seeking a relationship with our firm.

We invest a portion of our revenues in the form of allowances to certain participating financial professionals that utilize or may utilize its program in the future. Certain financial professionals may receive a business development allowance for reimbursement for qualified marketing/practice development expenses incurred by the investment advisor representative/solicitor. While not predicated upon specific sales quotas, these amounts may depend on the amount of the investment advisor representative/solicitor's client assets managed within our programs and portfolios. This arrangement may be entered into by our firm and the investment advisor representative/solicitor on an individually negotiated basis. Our firm also provides opportunities for certain financial professionals participating in our programs and portfolios to receive fee reductions, allowances, and/or additional services based on client assets invested through its program. These arrangements are entered into between our firm and the investment advisor representative/solicitor on an individually negotiated basis. A registered investment advisor may agree to provide our firm with introductions to and information concerning its advisory representatives, provides their representatives with information concerning our firm's program and products, and permits our firm to participate in the registered investment advisors meetings and workshops. In addition to the fee reductions and/or allowances granted the registered investment advisor and/or their associated persons by our firm, we may agree to provide the registered investment advisor and their associated persons with organizational consulting, education, training and marketing support.

We may sponsor annual conferences for registered investment advisors and their associated persons designed to facilitate and promote the success of its program and the registered investment advisors. We may also bear the cost of airfare, hotel, lodging, meals, and other travel related expenses for certain financial professionals to attend our annual conference or to conduct due diligence visits to our offices. In addition, we may, from time to time, contribute to the costs incurred by participating financial professionals in connection with conferences or other client events conducted by the registered investment advisors and their associated persons.

Our affiliated broker/dealer, SAI created its Premier Funds program for mutual funds and variable product sponsors. These sponsors are selected to participate based on several criteria including brand recognition, product breadth, investment performance and training and wholesaling support. In exchange for certain



benefits, such as broader access to SAI's registered representatives, product sponsors in the Premier Funds program are required to pay SAI for participation in the program by sharing with SAI a portion of the revenue generated from the sales of their products. No portion of any compensation received under this program is passed through to the SAI representative. Certain product sponsors also provide for the payment of a marketing allowance to SAI, which may be based upon a percentage of the amount of the sponsor's product bought by clients. For the most current list of Premier Fund families, please visit [www.securitiesamerica.com](http://www.securitiesamerica.com) under Investors/Investor information.

Our affiliated broker-dealer, SAI, created the Premier Partner program for investment advisors collectively offering a diversified array of money management services and programs. Investment advisors are selected to participate based on several criteria including, investment strategy, investment performance, transaction reporting capabilities and training and wholesaling support. In exchange for certain benefits, such as broader access to SAI registered representatives, investment advisors in the Premier Partner program are required to pay SAI for participating in the program by sharing with SAA a portion of the revenue generated from the sale of their services. No portion of any compensation received under this program is passed through to the SAI representative. For the most current list of Premier Partner Program participants, please visit [www.securitiesamerica.com](http://www.securitiesamerica.com) under Investors/Investor information.

Our affiliated broker-dealer, SAI, created the Income Distribution Partner program for certain third party money managers, variable products, mutual fund and fixed insurance product sponsors. These Product Sponsors are selected to participate based on several criteria including brand recognition, product breadth, investment performance, training and wholesaling support. In exchange for certain benefits, such as broader access to SAI Representatives, sponsors participating in the Income Distribution Partners program are required to pay SAI for participation in the program by sharing with SAI a portion of the revenue generated from the sales of their products. SAI representatives must complete formal Income Distribution Training to have access to the SAI income distribution planning desk. The SAI income distribution planning desk is available to develop distribution plans for clients of those representatives who have completed the formal training. The income distribution plans use suitable products available from both the Income Distribution Sponsor Partners and products on the Securities America Approved Product list. Advisors using the planning services are not required to use the products included in the proposal and do not receive a greater or lesser commission for utilizing these products. The marketing educational and distribution activities paid for with revenue sharing, however, could lead our representatives to focus more on those products that make revenue sharing payments to SAI, as opposed to sponsors that do not make such payments. No portion of any compensation received under this program is passed through to the SAI representative. For the most current list of Income Distribution Partner program participants, please ask your representative or visit [www.securitiesamerica.com](http://www.securitiesamerica.com) under Investors/Investor Information.

We do not share in any 12(b)-1 revenue or commissions generated from the Premier Funds. We may, in the course of analyzing its fund selection, select one or more of SAI's Premier Funds for their portfolios. We do not refer to the Premier list of fund families as a determinant factor in their fund selection for the portfolios. We do not gain any financial benefit by selecting any Premier Funds for the firm's portfolios in our Wealth Management Solutions Programs. Our affiliated entities, SAI and SAA benefit when funds selected for Managed Opportunities are under the Premier Funds Program. In addition, we may from time to time reimburse financial professionals associated with our affiliated entities, SAI or SAA for certain marketing and administrative expenses incurred to put on events such as seminars and client meetings that may promote our advisory services.

If your investment advisor representative/solicitor is registered in a separate capacity as a registered representative of SAI, our affiliated broker/dealer, he or she may be incented to join and remain affiliated with Securities America through certain compensation arrangements which could include bonuses, enhanced pay-outs, forgivable loans and/or business transition loans. The receipt of such compensation may be considered to be a conflict of interest. We encourage you to review your investment advisor representative/solicitor firm's Form ADV closely and discuss any potential conflicts of interest with your representative.

Our firm also has access to a web site, dedicated for investment advisor use that is provided and maintained by Fidelity Institutional Wealth Services. Fidelity Institutional Wealth Services makes available at a discount various products and services from unrelated outside vendors.

## **CUSTODY**

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### **Custody for Our Programs**

Generally, we do not maintain custody of your funds or securities other than the direct deduction of advisory fees from your accounts within the programs described in the "Advisory Business" section above. However, SAI, our affiliated broker/dealer may serve as an introducing broker/dealer and collect physical stock certificates or engage in certain asset transmittal practices such that we may be deemed to have custody of such assets. Additionally, based on asset transmittal practices, we may be deemed to have custody of such assets. For example, by giving you the ability to transfer funds between accounts you own that are titled in the same name; or if you specifically request it, transferring funds between accounts you own that are titled in different names, we may be deemed to have limited custody of your assets. Based on our asset transmittal policies, we must undergo an independent verification of client assets under our control. Additionally, to the extent we or a related person accepts physical stock certificates in any given year; we will obtain from SAI a written internal control report provided by a qualified independent public accountant for the period in question. The internal control report is intended to show that our affiliates have established appropriate custodial controls with respect to client assets under custody.

Generally, Fidelity Institutional Wealth Services or Fidelity Tax-Exempt Services Company an insurance company or other custodians maintain custody of your funds or securities. Those assets held at National Financial Services LLC, and/or Fidelity Brokerage Services LLC through Fidelity Institutional Wealth Services and Fidelity Tax-Exempt Services Company are maintained in a separate account based on the street name and/or account registration type. You may also contact Fidelity at 800-544-6666 or write them at [www.fidelity.com](http://www.fidelity.com) if you have questions about the statements you receive or wish to establish an online access with Fidelity. Fidelity's address is: Fidelity Investments PO Box 770001, Cincinnati, OH 45277-0003.

Assets are held in the fund custodian or platform where our firm maintains limited discretionary trading authority to implement our Wealth Management Solutions Programs.

## INVESTMENT DISCRETION

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### Limited Discretionary Trading Authority

Clients wishing to use our investment advisory services sign an Investment Advisory Services Agreement, which gives us limited investment discretionary trading authority. By granting this authority, we have the authority to determine, without obtaining your specific consent, the securities and amount to be bought and sold and when to buy or sell these securities. Upon receipt of your signed Investment Advisory Services Agreement, we will commence engaging in discretionary trading transactions. Limited discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy you have approved in writing. Any limitations on this discretionary authority shall be included in the Investment Advisory Services Agreement. You may change/amend these limitations in writing as required.

From the client questionnaire, you, with your investment advisor representative/solicitor, select the appropriate model based on your current financial status, future goals, attitudes toward risk, and investing time horizon. You have the right to impose reasonable restrictions on the management of the account. These restrictions must be in writing, and if unreasonable, we will notify you in writing. Failure to modify the restriction by the client may disallow the opening or continuing management of the account.

You will be required to use Fidelity Institutional Wealth Services to participate in the Fidelity Funds Portfolio (for non-qualified assets only), Index Plus and Index Plus Tax Managed Portfolios, American Funds F shares, Custom Allocation Program, All Star, and Custom Programs and Fidelity Tax-Exempt Services Company to participate in the Fidelity Funds Portfolio for 403(b) accounts. Any commissions and transaction fees for the Fidelity Investments program are below full service brokerage charges. We do not receive any portion of these commissions and fees.

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### Miscellaneous

We do not render any advice or take any action on your behalf with respect to securities or other investments held in the account that become subject to legal proceeding, including bankruptcies. We shall not take any action or render any advice with respect to the voting of proxies, nor retain the right or obligation regarding voting action relating to any securities held in the account, except to the extent otherwise required by law. We do not render tax or legal advice.

The advisory fees deducted from a variable annuity account are taxable to you upon withdrawal from non-qualified accounts. In addition, if you under age 59 ½ and the account is a non-qualified account, any withdrawals, including withdrawals for advisory fees, are subject to a 10% federal tax penalty. Other fees, including mortality and expense fees, fund fees and surrender charges, may be charged by the insurance company. Refer to the variable annuity prospectus for more detailed information.

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### Voting Client Securities

#### Proxy Votes

We do not vote, or give advice about how to vote, proxies for securities held in your accounts. If the account is for a pension or other employee benefit governed by *Employee Retirement Income Security Act*

of 1974 (ERISA), the right to vote proxies are expressly reserved for the plan's trustees or other plan fiduciary and not our firm.

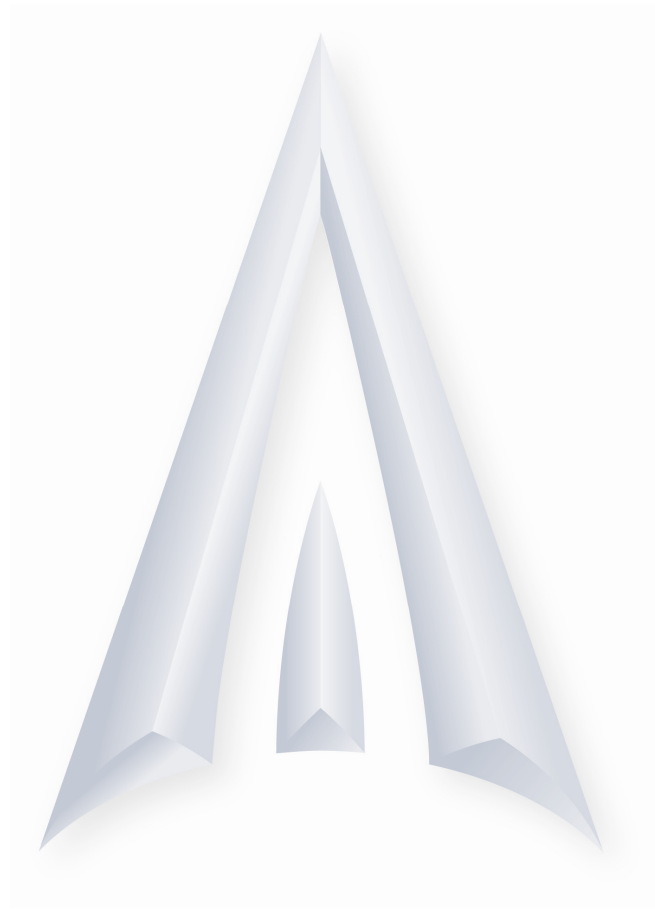
## **FINANCIAL INFORMATION**

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### **Financial Condition**

We do not have any financial impairment that will preclude the firm from meeting our contractual commitments to you. We do not serve as a custodian for your funds or securities. At no time will advisory fees of more than \$1200 be charged six or more months in advance by our firm.

## Brecek & Young Advisors, Inc. Brochure Supplement (Part 2B of Form ADV)



This brochure supplement provides information about our Investment Committee, individuals who provide investment advice on behalf of the firm, which supplements the brochure for Brecek & Young Advisors, Inc. Please contact our office if you did not receive our brochure or if you have any questions about the contents of this supplement. This Supplement has not been reviewed or approved by the U.S. Securities & Exchange Commission, any state regulatory agency or self-regulatory organization.

Additional information about our Investment Committee members is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

September 6, 2011

Iron Point Capital Management

1110 Iron Point Road, Suite 100, Folsom CA  
95630

Phone: 866-822-9880 Fax: 916-932-4140

[www.ironpointcapitalmanagement.com](http://www.ironpointcapitalmanagement.com)

## Brochure Supplement (Part 2B of Form ADV)

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**Jeffrey Spitzmiller, CFA, CFS**

**Year of Birth:** 1971

### Educational Background and Business Experience

#### Educational Background:

Miami University, Oxford, OH, BS in Business (Finance), 1994

Boston University, Boston, MA, MS in Banking & Financial Services, 2007

#### Business /Employment Experience (for past five years):

Breck & Young Advisors, Inc., Chief Investment Officer, 6/07 to Present

Breck & Young Advisors, Inc., Chief Investment Strategist, 7/03 to 6/07

### Professional Designations Held

Jeff Spitzmiller holds the following certifications, designations and/or credentials:

#### Chartered Financial Analyst (CFA): To be a CFA Charterholder, one must:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successfully complete all three exam levels of the CFA Program.
- Have 48 Months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement and any additional documentation requested by CFA Institute.

#### Certified Fund Specialist (CFS): To be a CFS, one must:

- Hold a bachelor's degree from an accredited institution or have at least 2,000 hours or more work experience in the financial services industry.
- Successfully complete all three examinations and successfully complete a written case study.

### Disciplinary History

None.

### Other Business Activities

None.

#### Additional Compensation

Portfolio manager compensation is typically comprised of a base salary, an annual bonus and in some cases, deferred compensation the value of which is measured by reference to the performance of specified accounts. The equity incentive awards and deferred compensation vest over time contingent on continuing employment with Iron Point Capital Management. Portfolio Manager compensation may also include retention bonuses that require continued employment through a specified date. A portfolio manager's bonus is variable and generally is based on (1) an evaluation of the portfolio manager's investment performance, (2) the results of a peer and/or management review of the portfolio manager, which takes into account skills and attributes such as team participation, investment process, communication and professionalism and (3) firm performance, revenues and profitability.

#### Supervision

The Investment Committee formulates its own investment advice and continuously monitors the portfolios and, when appropriate, reallocates the portfolios based on changing market conditions and/or other factors. The supervisor provides ongoing training and support to the Investment Committee members and answers questions he/she might have about investment methodology or providing investment advice to clients. The supervisor or a designee reviews the Investment Committee member's activities through Iron Point Capital Management's client relationship management system, business submission reviews, email monitoring, and correspondence reviews. The person responsible for supervising Jeff Spitzmiller's advisory activities is Dennis King, Senior Vice President Business Development can be reached at 800-747-6111.

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#### **James Worden**

**Year of Birth:** 1973

#### Educational Background and Business Experience

Educational background:

Brigham Young University- Hawaii, BS, International Business Management, 1998

Business/Employment Experience (for past five years):

Breck & Young Advisors, Inc., Portfolio Counselor, 6/07 to Present

Breck & Young Advisors, Inc., Investment Analyst, 7/03 to 6/07

#### Disciplinary History

None.

#### Other Business Activities

None.

## Additional Compensation

Portfolio manager compensation is typically comprised of a base salary, an annual bonus and in some cases, deferred compensation the value of which is measured by reference to the performance of specified accounts. The equity incentive awards and deferred compensation vest over time contingent on continuing employment with Iron Point Capital Management. Portfolio Manager compensation may also include retention bonuses that require continued employment through a specified date. A portfolio manager's bonus is variable and generally is based on (1) an evaluation of the portfolio manager's investment performance, (2) the results of a peer and/or management review of the portfolio manager, which takes into account skills and attributes such as team participation, investment process, communication and professionalism and (3) firm performance, revenues and profitability.

## Supervision

The Investment Committee formulates its own investment advice and continuously monitors the portfolios and, when appropriate, reallocates the portfolios based on changing market conditions and/or other factors. The supervisor provides ongoing training and support to the Investment Committee members and answers questions he/she might have about investment methodology or providing investment advice to clients. The supervisor or a designee reviews the Investment Committee member's activities through Iron Point Capital Management's client relationship management system, business submission reviews, email monitoring, and correspondence reviews. The person responsible for supervising the financial advisor's advisory activities, Jeffrey Spitzmiller, Chief Investment Officer can be reached at 866-822-9880.

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## **Amardeep Chauhan**

**Year of Birth:** 1972

## Educational Background and Business Experience

Educational background:

University of Missouri-Columbia, MO, BS, Biological Sciences, 1994

University of Missouri-Columbia, MO, MBA, Finance, 1996

## Business/Employment Experience (for past five years):

Breck & Young Advisors, Inc., Portfolio Counselor, 7/07 to Present

Breck & Young Advisors, Inc., Trading Manager, 7/07 to 1/10

Breck & Young Advisors, Inc., Investment Analyst, 3/04 to 7/07

## Disciplinary History

None.

## Other Business Activities

None.



### Additional Compensation

Portfolio manager compensation is typically comprised of a base salary, an annual bonus and in some cases, deferred compensation the value of which is measured by reference to the performance of specified accounts. The equity incentive awards and deferred compensation vest over time contingent on continuing employment with Iron Point Capital Management. Portfolio Manager compensation may also include retention bonuses that require continued employment through a specified date. A portfolio manager's bonus is variable and generally is based on (1) an evaluation of the portfolio manager's investment performance, (2) the results of a peer and/or management review of the portfolio manager, which takes into account skills and attributes such as team participation, investment process, communication and professionalism and (3) firm performance, revenues and profitability.

### Supervision

The Investment Committee formulates its own investment advice and continuously monitors the portfolios and, when appropriate, reallocates the portfolios based on changing market conditions and/or other factors. The supervisor provides ongoing training and support to the Investment Committee members and answers questions he/she might have about investment methodology or providing investment advice to clients. The supervisor or a designee reviews the Investment Committee member's activities through Iron Point Capital Management's client relationship management system, business submission reviews, email monitoring, and correspondence reviews. The person responsible for supervising the financial advisor's advisory activities, Jeffrey Spitzmiller, Chief Investment Officer can be reached at 866-822-9880.