

**Part 2A, Appendix 2**

***Item 1 - Cover Page***

**B.C. ZIEGLER AND COMPANY**  
FORM ADV – PART 2A APPENDIX 2 INFORMATION  
March 30, 2012

B.C. Ziegler and Company  
200 South Wacker Drive, Suite 2000  
Chicago, IL 60606  
Phone (312) 263-0110 Fax (312) 596-1694

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

**This Wrap Fee Program Brochure provides information about Ziegler Advisor Directed Account as well as the related qualifications and business practices of B.C. Ziegler and Company (“BCZ”). If you have any questions about the contents of this Brochure, please contact us at (312) 263-0110. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about BCZ, including a copy of its Form ADV Part 1, is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

*Item 2 - Material Changes To This Wrap Fee Brochure Since Its Last Annual Update*

The SEC adopted “Amendments to Form ADV” in July 2010, which amended the disclosure document that we provide to clients as required by SEC Rules. This firm brochure, dated March 30, 2012, is our disclosure document prepared according to the SEC’s new requirements and rules. Our initial filing of this brochure was on March 31, 2011.

This item serves to provide our clients with a summary of new and/or updated information since the initial filing. Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business’ fiscal year. Furthermore, we will provide you with other interim disclosures about material changes, as necessary.

Material changes made since our initial filing of this brochure include:

- Deletion of all references to third party managers. Third-party managers are no longer used and representatives of BCZ provide all advice.
- Deletion of reference in Item 4 to a custodian other than Pershing. Pershing is the only custodian used by Ziegler Advisor Directed Accounts.
- Update of assets under management as of December 31, 2011 which now include non-discretionary assets under management.
- A non-discretionary wrap fee program brochure, Appendix 3, has been created.

**Item 3**

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#### *Item 4 - Service, Fees and Compensation*

Besides being a firm specializing in providing investment advisory services, BCZ is also a broker-dealer, Member FINRA/SIPC, BCZ began its business in September 1983. The firm provides consulting and discretionary and non-discretionary investment management “wrap” and “non-wrap fee” services to a wide variety of clients. BCZ is wholly-owned by The Ziegler Companies, Inc., a holding company. The Ziegler Companies, Inc. is owned by various shareholders of which Peter Rittenhouse Kellogg owns 25% or more. BCZ does not control any other firm. A description of BCZ’s investment management services provided on a “wrap-fee” basis follows. A “wrap fee” is a combined asset-based fee which covers both BCZ’s fee for advisory services and the commissions on certain transactions.

Other advisory services provided by BCZ, including investment management non-wrap, and consulting services, are described in BCZ’s ADV Part 2A Brochure, other BCZ investment management wrap fee programs can be found in BCZ’s ADV Part 2A, Appendix 1 and Appendix 3 Brochures.

As of the date of this Appendix, BCZ has assets under discretionary management of \$317,222,128 and non-discretionary assets under management of \$137,909.

##### *A. Investment Management Services*

The Ziegler Advisor Directed Account is a discretionary investment management program that provides clients with the opportunity to have their portfolio investments separately managed by one or more portfolio managers at BCZ. Services include quarterly account performance reports and administrative services. Prospective clients include natural persons, corporations, partnerships, trusts, estates, foundations, qualified employee benefit plans, individual retirement accounts and arrangements and other entities. The combined services “wrap” fee charged for services includes BCZ’s advisory fee and the commissions on certain transactions. A minimum account size is imposed for management services although under certain circumstances the minimum size may be waived.

BCZ uses an investor risk profile questionnaire to assist clients in identifying their investment criteria. Clients generally identify with one of several investor “profiles.” The profiles are designed to pinpoint the client’s investment risk tolerance. After a client has identified investment objectives and restrictions, BCZ then provides investment management services based upon that information.

For certain client relationships, BCZ has discretionary authority from the client to invest client’s securities, cash and/or other assets held in client’s account (“**Account**”) through Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, (“**Pershing**”), the Account’s custodian. At all times BCZ shall have due regard for the restrictions as client may impose by written notice to BCZ. Investments may be made in securities of any kind, including but not limited to, mutual funds, exchange traded funds, stocks, bonds and other securities. All or a portion of the Account may be held in cash or cash equivalents. Client agrees to inform BCZ in writing of any material change in client’s circumstances which might affect the manner in which client’s assets should be invested and to provide BCZ with other information as it reasonably requests. BCZ provides, or arranges for the account’s custodian to provide, client (or client’s designated agent) with a quarterly statement detailing account positions.

In the event a client is not satisfied with investment performance, not satisfied with services for any other reason, or if the client’s investment criteria changes, BCZ is available to consult with the client to determine the basis of the client’s needs. Then BCZ will present other strategies it believes are consistent with the client’s objectives. Clients are free to meet with their BCZ Investment Advisor Representative (“IAR”) at any time.

### Other Considerations

As indicated above, transactions for certain Client's account are effected through Pershing. This may result in Ziegler not being in the best position to select broker/dealers on the basis of best execution, or commingle or "batch" orders with orders for the same securities for other accounts managed by Ziegler for best execution. By directing transactions to a specific brokerage firm that is also acting as custodian, it may also result in Ziegler not receiving the most favorable net prices on transactions. If it becomes apparent that a custodian is unable to obtain best execution, Ziegler may direct that custodian to another market place or broker-dealer to obtain best execution. Should that occur, the custodian will determine, in its sole discretion, if it will take the direction.

### Management Service Fees

BCZ fees are set out in the following table and cover the fees for management services, as applicable, of BCZ and transaction brokerage charges (other than those expressly excluded by the Services Agreement, including mark-ups and mark-downs, spreads by market makers, commission charges of broker-dealers other than BCZ, and commissions on transactions ordered by the client or occurring after BCZ receives notice of Service Agreement termination):

<u>Account Value</u>	<u>Equity/ Balanced</u>	<u>Fixed Income</u>	<u>Mutual Funds</u>
\$0-\$250K	3.00%	1.35%	1.40%
\$250K - \$500K	2.50%	1.25%	1.35%
\$500K - \$1M	2.25%	1.15%	1.10%
\$1M - \$2M	2.00%	1.05%	0.90%
\$2M - \$5M	1.95%	1.00%	0.80%
Over \$5M	1.50%	0.90%	0.70%

Fees are negotiable and are calculated every calendar quarter based upon the market value of the client's account on the last day of the previous quarter, and are payable in advance. Clients pay an initial fee starting on the day the account is turned-over to BCZ. The fee is based on the days remaining in the initial quarter. Thereafter, asset-based advisory fees are calculated for successive quarters. In the event client's account is terminated prior to the last day of the quarter, which can occur by 30 days advance notice, a pro-rata portion of the charges paid in advance, based on the days remaining in the quarter, is refunded. BCZ is entitled to collect the balance of any fee due. Fees are not prorated for partial withdrawals during any quarter.

The amount of compensation received by BCZ under an asset-based fee may be more or less than under a per transaction commission arrangement based on a number of variables, including the volume of transactions placed by BCZ, and may be more or less than what BCZ would have received if the client participated in other services offered by BCZ, or paid separately for investment advice, brokerage and other services. Thus, the asset-based compensation arrangement may result in BCZ having an incentive or disincentive in recommending an asset-based advisory/brokerage fee service over others because the compensation to BCZ could be higher or lower than that provided by other available services or other payment methods.

Fees payable to BCZ for these services are, with the client's prior permission, automatically deducted from the client's account when due. The client will receive reports from the account's custodian, showing the fee calculation and fee amounts debited. BCZ will liquidate money market shares to pay the fee and, if money market shares or cash value are not available, other investments will be liquidated. Authorization for the deduction of fees from the managed account is contained in the services agreement.

Should a deposit of greater than \$20,000 be made to an account after a quarterly fee assessment has been made, the account will be billed pro-rata for that deposit. Similarly, if a withdrawal greater than \$1,000 is made, the account will be credited pro-rata for the fee that was previously billed.

**B. Costs**

BCZ's "wrap" fees shown above may be more or less than that charged by BCZ to another client for similar services, and by other advisers for similar services. Also, BCZ's "wrap" fee covering both advisory services and certain transaction commissions, may be more or less than two fees charged separately for management and transaction brokerage services. The factors that bear upon the cost of services are the size of the account, number of transactions, strategies employed, type of securities within an account, and whether trades are placed through a brokerage firm other than the custodian resulting in per trade commissions being charged to the account.

BCZ does not charge any performance-based fee.

**C. Internal Fees of Funds and Other Excluded Costs**

In the event that exchange-traded funds or mutual funds are part of a client's portfolio, the mutual funds charge additional and separate internal management fees as described in the fund's prospectus. There may also be occurrences when the fund's charge short term trading fees. Thus, when these funds are in a client's account, two advisory fees are imposed: one internally by the fund, the other by BCZ.

Not all transaction-related expenses are covered by the "wrap" fee schedule shown above. Mark-ups and mark-downs, spreads by market-makers, certain account charges by the custodian, commissions and costs for transactions not placed through BCZ's recommended custodian, commissions on transactions occurring after termination of BCZ's services agreement, and client-ordered transaction commissions are not covered. See the "Fees" section above.

**D. Wrap Fee Incentives**

Because BCZ absorbs certain transaction costs, its managers giving advice have a financial incentive not to place transaction orders frequently since doing so increases the transaction costs to BCZ and thereby reducing its revenue which the managers share. Thus, an incentive exists in a wrap services program to place trades less frequently. Also, because fees are asset-based, there is an incentive for the managers to recommend that a client not reduce positions since doing so will reduce the fee to the manager. Also, managers may receive more compensation in this program over others which require separate payment for advice, brokerage and other services, thus this financial incentive may also create a conflict of interest.

***Item 5 - Account Requirements and Types of Clients***

Generally, prospective clients must open an account with \$100,000 of assets before services are provided, or commit to fund the account to that amount after account opening.

BCZ makes its services available to a wide range of clients including, but not limited to, individuals, pension and profit sharing plans, trusts, estates, charitable organization and business entities.

***Item 6 - Portfolio Manager Selection***

**A. Third-Party Managers**

This discretionary investment management program provides clients with the opportunity to have their portfolio investments separately managed by one or more portfolio managers at BCZ. Third-party managers are not used and representatives of BCZ provide all advice.

**B. Related Managers**

BCZ representatives will act as the portfolio managers. BCZ managers providing management services may not have experience in portfolio management, thus may not have a history of performance to match against other individuals and management firms. Thus, the managers providing advice are not subject to the same selection and review process that would occur if third-party managers were being evaluated. However, only seasoned managers having sufficient securities knowledge are allowed to provide management services.

**C. Business Information**

Advisory Business. See Item 4.A.

Performance Based Fees and Side-by-Side Management. BCZ does not charge any performance-based fees. All fees are disclosed above.

Methods of Analysis, Investment Strategies and Risk of Loss. BCZ's security analysis methods include, but are not limited to, charting (using charts to track individual security or market movements over time); fundamental analysis (evaluating securities based upon its historical and projected financial performance); and technical analysis (examining technical moves in the price of an issue based upon peer securities or comparisons to an investment sector or index).

BCZ's main sources of information include, but are not limited to, financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, public filings and company press releases.

BCZ does not guarantee the results of the advice given. Thus, significant losses can occur by investing in any security, or by following any strategy, including those recommended or applied by BCZ.

BCZ may recommend exchange-traded funds ("ETF"). ETF shares are bought and sold at market price unlike mutual funds. ETFs are subject to risks similar to those of stocks.

Voting Proxies on Client Securities. Clients grant BCZ the authority to vote or take any required action on proxies or other legal notices on behalf of the client unless client advises BCZ in writing that client will retain the voting rights. BCZ does not provide notice of the proxy vote to the client. BCZ may use a third party to vote proxies for clients consistent with BCZ's proxy voting policy.

***Item 7 - Client Information Provided to Portfolio Managers***

BCZ's portfolio managers collect investment objective and background information about the client at account inception, and thereafter as changes to such information is provided to BCZ by a client.

***Item 8 - Client Contact With Portfolio Managers***

Clients are free to contact their BCZ portfolio manager at any time.

***Item 9 - Additional Information***

**A. Disciplinary Information and Affiliations**

BCZ does have certain disciplinary information to report, as follows:

In 2001, BCZ was found to have breached its fiduciary duty to an advisory client sponsoring an employee pension plan. The client alleged BCZ imprudently liquidated certain securities prior to transferring them to a new custodian. BCZ was ordered to pay \$69,829.83 plus interest of \$19,765.88, totaling \$89,589.71.

BCZ entered into a Letter of Acceptance, Waiver and Consent ("AWC") with the FINRA in 2005 with respect to findings relating to certain corporate bond transaction reporting discrepancies. Shortly after BCZ changed clearing firms, it was notified of the reporting discrepancies which it

quickly corrected. Because of the number of trades, which were executed properly by outside money managers, BCZ over-reported the transactions to FINRA. BCZ was censured and fined \$15,000.

In 2010, BCZ entered into an AWC with FINRA with respect to findings relating to the failure to report certain secondary market church bond trades to TRACE after the TRACE rules changed. BCZ was censured and fined \$10,000.

In 2011, BCZ entered into an AWC with FINRA with respect to findings relating to the reporting and supervision of certain secondary market municipal bond transactions. The matter resulted in a censure and fine of \$12,500.

Certain of BCZ's IARs may have disclosure items. Those matters will be disclosed on the respective IAR's Part 2b

Other Financial Industry Activities and Affiliations. Besides being an investment advisory firm, BCZ is a securities broker-dealer. In that capacity, the firm offers and sells a variety of securities to clients in return for commissions and/or fees. Approximately 90% of Ziegler's principals' and advisory employees' time is spent on broker-dealer activities.

BCZ may effect transactions placed with BCZ by a client's manager by which client securities are sold to or bought from a BCZ brokerage customer. Such "cross" transactions may be initiated by BCZ after it receives an order from a client's manager if BCZ knows another BCZ brokerage customer may have an interest in meeting the terms of the manager's order and if BCZ also believes that the transaction is suitable. When effecting such transactions, BCZ seeks to obtain best price and execution for both parties by examining the market for the particular security, including obtaining current bid and ask information on the security and making a determination as to what it believes to be a fair price at that time. When seeking to cross transactions, BCZ has a conflict of interest in that it may receive both a commission from both the advisory client and from the brokerage customer found to meet the terms of the manager's order.

B. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

BCZ and its employees, officers and directors may buy and sell securities that they recommend to advisory clients for purchase and sale. To the extent possible, BCZ and its employees will process securities transactions (other than open-end mutual fund transactions) for client accounts with or ahead of similar transactions contemplated for their own accounts. To ensure employee transactions are supervised, each BCZ employee is required to file personal transaction reports. In addition, the firm has established a Code of Ethics designed to prevent and detect any conduct not in compliance with applicable state and federal regulations, and to ensure that employee securities account openings and transactions are reported and evaluated for any conflict that may exist with existing accounts.

Review of Accounts and Reports. BCZ does review client accounts receiving services with an eye toward making specific buy, sell or hold recommendations. Performance reports on accounts are provided quarterly by Lockwood. BCZ's IAR will review performance reports with the client at the times requested by the client and at the times it deems appropriate. There is no restriction on the ability of clients to contact BCZ at any time for consultations about their account.

Reports and advice to clients are supervised by the BCZ IAR providing services and are not examined by any third party. In reviewing reports for accuracy, the IAR relies on the accuracy of the custodial reports BCZ receives and mathematical calculations by its software system while producing reports. In isolated cases, where a custodial statement does not provide a market value for a security, such as in the case of a foreign security or certain bonds, reasonable efforts are made to obtain, from various sources, the quarter ending value. The manager's performance for each account is calculated on a time-weighted rate of return basis. The report provides performance results in numerical and graphic formats.

Client Referrals and Other Compensation. BCZ may enter into agreements with and compensate firms and individuals that refer prospective clients to it. Typically, payments for referrals are calculated as a percentage



of the customary advisory fee received by BCZ from the referred client. Thus, no additional fee is paid to BCZ by a referred client. Each referred client is provided with details regarding the referral arrangement before the client signs an advisory agreement with the firm.

Also, as indicated above, the firm does not direct brokerage transactions to any third party, including Pershing, in return for client referrals.

Clients should be aware that there is no direct link between Pershing and BCZ in connection with the advice BCZ gives to clients. Pershing provides BCZ with a variety of support services, including access to a trading platform; block trading; billing assistance; electronic communication network; research; administrative support and other services at little or no cost. Clients should be aware that receipt of such benefits in and of itself creates a conflict of interest.

Other than the services described above, BCZ and its IARs do not direct transactions and the commissions they generate (soft dollars) to brokerage firms or other parties to receive research or other benefits.

BCZ and its IARs are also licensed to offer securities products and will receive customary commissions for the sale of such products should a client decide to make purchases or sales through BCZ and the IARs which are not covered by the wrap fee. When selling these products, a conflict of interest exists. Both load and no-load funds may be recommended.

*Financial Information.* BCZ does not receive fees of more than \$1,200 six months or more in advance, thus no financial statement for BCZ is attached. BCZ does not have any financial condition that is reasonably likely to impair its ability to meet its contracted commitment to any client.

#### ***Item 10 - Requirements for State-Registered Advisers***

*Background Information.* See the attached Schedule(s) 2.B for background information about management personnel and those giving advice on behalf of BCZ.

*Other Business.* BCZ is a registered broker-dealer with FINRA and SIPC. It is not engaged in any business other than providing investment advice. As indicated above however, its IARs do offer and sell securities and insurance products.

*Legal Events.* BCZ and certain of its IARs have been involved in certain legal matters, as referenced in Item 9.A above. Please refer to each IAR's respective Part 2b for further disclosure information.

#### **Professional Designations**

Certain IARs may be Certified Financial Planners ("CFP"). A description of this professional designation follows.

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education - Complete an advanced college level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent

from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, and estate planning;

- Examination - Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience - Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics - Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education - Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics - Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

## **PRIVACY POLICY**

It is the policy of BCZ to maintain the security and confidentiality of all customer information. We do not sell or make available personally identifiable customer information to non-affiliated parties. This policy covers all types of personally identifiable customer information, including among other things, personal and financial information provided by customers at the time they open accounts, ongoing transactional activity within accounts, and other personal or financial data furnished to BCZ by customers in the course of the account relationship. These policies apply to all our customers.

As permitted by law and in order to service your account(s) with our firm, BCZ does provide personally identifiable customer information described above to certain third party service providers such as custodians of investment advisory accounts. In each case, we have received assurance from the third party that its respective policies are in accord with our own. We may disclose or report personally identifiable customer information in limited circumstances where we believe in good faith that disclosure is required or permitted by law, for example to cooperate with regulators or law enforcement authorities, resolve customer disputes perform credit or authentication checks, or for institutional risk control.

BCZ collects nonpublic personal information about its customers from the following sources:

1. Account applications;
2. Information related to opening an account and providing investment advice; and
3. Information received from ancillary sources, such as consumer reporting agencies in the course of providing financial services to customers.

The categories of information we collect include personal vital statistics, as well as personal financial data about our client's financial circumstances and objectives.

BCZ restricts access to non-public personal information about you to those employees who need to know that information to provide products or services to you. We have developed and maintain physical, electronic and procedural safeguards to guard your non-public personal information.