

# **Ladenburg Thalmann Asset Management Inc.**

## ***Private Investment Management Accredited Wrap Fee Program Brochure***

SEC File No. 801-54909  
520 Madison Avenue, 9<sup>th</sup> Floor  
New York, NY 10022  
(800) 995-5267  
<http://www.ladenburg.com>

**This Wrap Fee brochure provides information about the qualifications and business practices of Ladenburg Thalmann Asset Management Inc. If you have any questions about the contents of this brochure, please contact us at (800) 995-5267 or [lamp@ladenburg.com](mailto:lamp@ladenburg.com).**

**This information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Ladenburg Thalmann Asset Management Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

08/22/2012

**Material Changes**

This Brochure describes a new program offered by LTAM .

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, at 800-995-5267 or [lamp@ladenburg.com](mailto:lamp@ladenburg.com).

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## **Services, Fees and Compensation**

### ***Investment Management Services***

Each client has a financial consultant, who is an advisory representative of Ladenburg Thalmann Asset Management Inc. (“LTAM”). The financial consultant is generally also a broker-dealer representative of Ladenburg Thalmann & Co. Inc. Clients who wish to participate in the Private Investment Management Accredited Program (“PIMA”) will enter into a PIMA agreement with LTAM.

Clients inform their financial consultants of the investment objectives, risk tolerance, and investment time horizon, and any investment policies, guidelines, or reasonable restrictions applicable to the assets they designate for investment through the PIMA Program. Clients grant LTAM discretionary authority over their accounts. Pursuant to this grant of discretion, the client’s LTAM financial consultant purchases and sells securities for the client’s account at such time and in such manner as the financial consultant in his or her discretion shall determine, generally without discussing transactions with the client in advance. In addition, the LTAM financial consultant acts on the client’s behalf in all other matters necessary or incidental to trading in the account.

### ***Execution of Trades***

Clients generally authorize and direct LTAM to execute trades for account in PIMA through Ladenburg Thalmann & Co. Inc., a broker-dealer affiliated with LTAM. Assets in PIMA program are also not generally aggregated by LTAM. In accordance with applicable law and regulation, broker-dealers may execute principal trades for the account(s). In addition, the broker-dealer has the authority to effect “agency-cross” transactions (i.e. transactions for which a broker-dealer acts as broker for both the client and the counterparty to the transaction) for the account(s) in accordance with applicable law and regulations. In both a principal and agency-cross trade, the affiliate broker-dealer of LTAM may receive compensation from the other party for such transaction and, thus, LTAM may have a potentially conflicting division of loyalties and responsibilities. Client may revoke authorization to effect agency cross transactions at any time by written notice to LTAM. LTAM has policies and procedures to address such conflicts of interest.

### ***Custody***

An unaffiliated entity acts as custodian for PIMA accounts. The custodian is named in the client’s PIMA agreement. In most cases National Financial Services, LLC (“NFS”) will act as custodian for PIMA accounts. Clients will receive account statements from the broker-dealer, bank or other qualified custodian holding the clients’ assets. Clients should carefully review those statements. Clients who also receive account reviews from LTAM should compare them to the account statements they receive from the qualified custodian. The account statements received from the qualified custodian are the official statement of clients’ accounts. Any account information provided by LTAM is for informational purposes only.

### ***Fees and Compensation***

Each account in PIMA will generally be charged an asset-based fee (“Wrap Fee”) on a quarterly basis. The Wrap Fee will be calculated based on the value of the PIMA assets in the account. The rate or rates used to calculate the Wrap Fee are subject to negotiation between the financial consultant and each client. The actual fee rates paid by the client will be set forth in the client’s PIMA agreement. The maximum annual Wrap Fee rate is 2.00%.

The Wrap Fee will generally be charged in advance. However, certain clients may be charged in arrears. Certain clients may also be charged monthly rather than quarterly. Whether the Wrap Fee is charged in advance or in arrears, or quarterly or monthly, is set forth in the client's PIMA agreement.

Either party at any time upon written notice may terminate the PIMA agreement and a *pro rata* portion of any Wrap Fee paid by the client in advance will be remitted to the client based on the number of days left in the quarter following receipt of the notice of termination by LTAM. When the Wrap Fee is paid in arrears, a *pro rata* portion of the Wrap Fee will be due by the client based on the number of days elapsed during the quarter prior to receipt of the notice of termination.

If earned, an incentive fee will also be charged at the end of each calendar year (the "Incentive Fee"). An Incentive Fee will be earned when the market value of the Account (on the last day of the calendar year) exceeds the "High Water Mark". The High Water Mark is the higher of (i) the market value of the Account on the Effective Date, or (ii) the market value of the Account as of the last date an Incentive Fee was charged. The High Water Mark will be increased by any net deposits or decreased by any net withdrawals since the Effective Date or the last date an Incentive Fee was charged, as applicable. The Incentive Fee will be equal to 20% of the amount by which the market value of the Account exceeds the High Water Mark. No Incentive Fee will be charged at the end of the first calendar year if the Effective Date is less than six months before the last day in that calendar year.

The Wrap Fee and Incentive Fee (together the "Program Fees") cover the portfolio management services provided by the financial consultant, program administrative services provided by LTAM, execution of transactions through Ladenburg Thalmann & Co. Inc. ("LTCO"), and custodial services (unless otherwise agreed between the custodian and the client). LTAM also shares a portion of the Program Fees with the LTAM financial consultant. LTCO will also receive a portion of the Program Fees for the execution of transactions and generally pays part of its compensation to the custodian.

PIMA may cost a client more or less than purchasing such service separately depending on the frequency of trading in the PIMA accounts, commissions charged at other broker-dealers for similar products, fees charged for like services by other advisers and broker-dealers and other factors.

The Program Fees do not cover:

- Margin interest;
- Brokerage commissions or other charges resulting from transactions not effected through LTCO;
- Any additional custodial services contracted for directly by the client with the custodian;
- Certain costs or charges that may be imported by LTCO or the custodian, including costs associated with exchanging foreign currencies, odd-lot differentials, IRA fees, transfer taxes, exchange fees, wire transfer fees, postage fees, and other fees or taxes required by law.

In addition to the Program Fees, each mutual fund or exchange-traded fund (ETF) in which a client may invest also bears its own investment advisory fees and other expenses. Mutual funds may be available directly from the funds pursuant to the terms of their prospectuses and without paying the Program Fees and ETFs may be available outside of the Program without paying the Program Fees, subject to applicable commissions and/or transaction charges. Further, to the extent that cash used for investment through PIMA comes from redemptions of the client's mutual fund or other investments outside of PIMA, there may be tax consequences or additional cost from sales charges previously paid and redemption fees incurred. Such redemption fees would be in addition to the Program Fees on those assets.

LTCO and/or the custodian will receive payments from certain mutual funds (including money market funds)

pursuant to a 12(b)-1 distribution plan or other such plan as compensation for distribution or administrative services and are distributed from the fund's total assets. These fee arrangements will be disclosed upon request of a client and are available in the applicable fund's prospectus. The financial consultant may receive a portion of these fees received by LTCO in his or her capacity as a registered representative of LTCO. This receipt of compensation creates a conflict of interest because the financial consultant has an incentive to recommend investments that pay compensation to LTCO. In addition, LTCO receives compensation in connection with cash held in the account. LTCO receives compensation from the custodian based on the value of credit balances in the accounts. If cash is swept into a money market fund, LTCO receives compensation based on the value of assets in these funds as broker-dealer. Thus, LTAM and the LTAM financial consultant have an incentive to recommend that the client select a money market fund as a sweep vehicle that pays more compensation to LTCO than other funds.

Additional expenses associated with the specific underlying investment funds such as, redemption fees may apply. Certain mutual funds used in the PIMA Program may charge a redemption fee if shares are redeemed within a specified period of time. Clients may incur redemption fees in the event that a sell is executed or model update is implemented. Redemption fees vary by fund and are described in each fund's prospectus.

In addition, LTAM financial consultants may purchase securities for PIMA accounts in initial public offerings and/or secondary offerings ("new issues"). If LTCO acts as an underwriter or manager for such offerings, or is a part of the selling group, it 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 LTCO purchased the securities). 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.

Most LTAM financial consultants are also registered broker-dealer representatives of LTCO. LTCO may share a portion of payments received from a mutual fund or in connection with an initial public offering, a secondary offering, and/or a private placement with these LTAM financial consultants. These financial consultants may also receive compensation, such as 12(b)-1 or services fees, in connection with the sale of funds, including the Ladenburg Thalmann Alternative Strategies Fund. Therefore, the LTAM financial consultants have an incentive to purchase certain mutual funds over others. In addition, the LTAM financial consultants have an incentive to recommend securities where LTCO acts as underwriter or manager or is part of the selling group.

The financial consultant recommending the PIMA Program to the client may receive more compensation than if the client participated in other programs offered by LTAM or paid separately for investment advice, brokerage, and other services. Thus, the financial consultant may have a financial incentive to recommend the PIMA Program over other programs or services.

## **Account Requirements and Types of Clients**

The minimum amount of assets required to open an account in the PIMA Program is \$250,000.

LTAM may waive these minimums under certain circumstances. Should the market value of an account fall below the stated minimum, LTAM will have the right to require that additional monies be deposited to bring the account value up to the required minimum, or close the account.

The following types of clients may participate in PIMA: individuals, including high net worth individuals, including small business owners, trusts, estates and charitable organizations, corporations or other business entities, and not for profit entities.

To participate in the Program, clients must have at least \$1,000,000 under management with LTAM, a net worth of more than \$2,000,000 (excluding the value of the primary residence), or be a "qualified purchaser" as

defined in section 2(a)(51)(A) of the Investment company Act of 1940. Accounts subject to the Employee Retirement Income Security Act (“ERISA”) or corresponding provisions of the Internal Revenue Code (“IRC”) may not participate in the Program.

## **Portfolio Manager Selection and Evaluation**

Financial consultants must be pre-approved by the LTAM management team to manage accounts in the PIMA program. The financial consultant must illustrate an investment theory and strategy to be approved.

### ***Individual Needs of Clients and Restrictions***

LTAM financial consultants tailor their advisory services to the individual needs of the client in the PIMA program. Clients inform their financial consultant of their investment objectives, risk tolerance, and investment time horizon and give their financial consultant any applicable investment policies, guidelines, or reasonable restrictions. Clients may impose reasonable restrictions on the investments in their accounts, including designating particular securities or types of securities that should not be purchased for an account. Any restrictions imposed by a client may cause the financial consultant to manage the account differently than he or she would in the absence of such restrictions. Thus, the account may not perform as well.

### ***Other Types of Accounts***

LTAM provides advice through other programs and services, which include other Wrap Fee programs. These programs and services are described in different disclosure documents which are available upon request. These programs and services generally are not managed using the same securities, strategies and funds used in PIMA.

### ***Performance-based Fees***

As described in “Services, Fees and Compensation” above, LTAM charges an Incentive Fee to accounts in the Program if the value of the account exceeds the High Water Mark. Most of the Incentive Fee is generally paid to the LTAM financial consultant providing services to the account. The opportunity to receive an Incentive Fee creates a conflict of interest for LTAM and the LTAM financial consultant managing the account. Because the compensation earned with respect to the account increases may substantially increase if the performance of the account is higher, the LTAM financial consultant has an incentive to make riskier investments. While these investments may produce higher returns, they may also cause the account to experience large losses. Thus, only clients who are willing to accept a high degree of risk should participate in the Program.

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

Financial consultant manages accounts in PIMA using various types of investment strategies.

The main sources of information applicant may use include financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filing with the SEC and company press releases. The investment strategies used to manage accounts may include long term purchases, short term purchases, selling securities within 30 days, short sales, margin transactions, and option writing. PIMA managers may have access to third party vendors that provide support services in portfolio design and strategy implementation. Examples of third party sources used to assist in managing assets are S&P Research, Independent Research, Bloomberg, Morningstar Workstation, various ETF & fund screeners, economic news services, statistical ratings organizations and asset allocation software or proposal systems. Our firm may use these tools along with an investor profile or questionnaires to recommend a portfolio or a selection of securities that will assist a client to achieve their objectives and risk tolerances. Certain advisory strategies may consist of portfolios being either fully or primarily invested in money market funds and/or short term bond funds, depending on the client’s unique financial planning needs and/or our economic market outlook. LTAM has policies and procedures to address

such conflicts of interest. There may be a conflict of interest if LTAM and its affiliates invest in different parts of the capital structure of the same issuer and if that company is involved in a bankruptcy proceeding, each client's ability to recoup their initial investment may vary significantly. LTAM has policies and procedures to address such conflicts of interest. If there is a trade error in an account, LTAM has policies and procedures to correct the error in favor of the client.

There can be no assurance that a particular investment or strategy will be successful or that clients will not suffer losses. Results generated by for each account will differ, and the investment advice provided to an individual will differ from client to client. Investment performance is not guaranteed, and the financial consultant's past performance with respect to a client's account or other accounts does not predict future performance.

The investment strategies used to manage accounts in the PIMA Program may involve a high degree of risk due to factors such as the types of investments and concentrated positions. In addition, many of the investment techniques which may be utilized to manage the accounts, including short-selling and use of leverage, may exacerbate the adverse impact of particular transactions. Before opening an account in the PIMA Program, prospective clients should consider carefully, among other things, the following specific elements of risk:

**Margin risk:** Leverage increases a portfolio's risk as price swings are amplified in a margin account and clients can lose more funds than deposited if value of securities decline.

**Options risks:** An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells their option in the secondary market nor exercises it prior to its expiration will necessarily lose their entire investment in the option. An option writer may be assigned an exercise at any time during the period the option is exercisable.

Starting with the day it is purchased, an American-style option is subject to being exercised by the option holder at any time until the option expires. This means that the option writer is subject to being assigned an exercise at any time after they have written the option, until the option expires or until they have closed out their option position in a closing transaction. By contrast, the writer of an European-style or capped option is subject to assignment only when the option is exercisable or, in the case of a capped option, when the automatic exercise value of the underlying interest hits the cap price. For more information regarding the risks of options, please read the 'Characteristics and Risks of Standardized Options' brochure, which can be found at [www.optionsclearing.com](http://www.optionsclearing.com).

**Lack of Investment Diversification:** There may be occasions in which a large proportion of an account's assets are invested in comparatively few investments or in comparatively larger positions than would be the case at other times. Such concentration of assets could result in substantial losses in the event of sudden adverse market movements relating peculiarly to such investments.

**Volatility:** An account's investments may consist of holdings of a relatively small number of companies. Thus, the aggregate returns realized by an account may be adversely affected by a small number of investments. In addition, there is a risk that a disproportionate share of an account's assets may be committed to one or more industries or geographic locations, which may subject the account to greater volatility than would be the case if such account held a more diversified investment portfolio.

**Short-Selling:** LTAM may engage in short-selling as part of its investment strategy in managing certain client accounts. This will include situations where it believes that a particular security is overvalued. Short-selling



involves selling securities that may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short-selling allows the investor to profit from declines in market prices to the extent the decline exceeds the transaction costs and the costs of borrowing the securities.

A short sale of securities involves significant financial risks including, but not limited to, the following. The client could lose its entire equity interest in a short position or more, depending on the movements in market price of the securities involved. Since the borrowed securities must later be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss. Theoretically, the potential loss on the securities sold short is unlimited as there is no ceiling on how far the price of the security may rise. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. An unanticipated tender offer for an issuer could also cause a sudden increase in the price of the securities sold short. Also, a short seller may be prematurely forced out of a position due to an inability to maintain a loan of the stock that is borrowed to establish the short. The securities lender may require the client to return the borrowed securities on short notice, so if the securities cannot be borrowed from another source during this notice period, the client's position may be "bought-in" by the lender, resulting in the realization of whatever gain or loss is then embedded in the position. Further, there can be no assurance that the securities necessary to cover the position will be available for purchase when required.

Applicable regulations permit investors to affect short sales on margin, meaning that clients may fund a portion of the cost of a short sale with borrowed funds. Use of margin in this context has several effects. First, it means that the client's equity interest in the securities sold short, as well as its account as a whole, becomes collateral for the loan. Second, a client's loan confers upon the lender, including the rights, in lender's sole and absolute discretion, to (1) set an acceptable margin loan to equity ratio, (2) issue margin calls or otherwise demand additional collateral or assurances that the lender deems necessary for its own protection, and (3) force the covering or liquidation of an account position, without notice to the client, should the lender deem it necessary for its own protection. Clients should review the Margin Disclosure Statement and Margin Agreement for a complete discussion of the uses and risks of margin.

**Hedging:** LTAM may engage in a variety of hedging transactions in managing an account. Hedges can be more difficult to implement than many other types of transactions, and the possibilities for errors may be greater than for other transactions. LTAM may use options or futures contracts for hedging purposes. There is a risk that price movements on the futures contracts or options may not correspond to price movements in the security against which LTAM is using the futures contracts to hedge because of fundamental differences between the two instruments and the factors that affect price movements.

#### ***Voting Client Securities***

Unless a client specifically reserves the right to vote proxies in writing, LTAM will vote proxies for securities in the accounts in accordance with LTAM's policies and procedures regarding proxy voting. These proxy voting policies and procedures contain guidelines that LTAM follows in order to minimize conflicts of interest and to ensure that it votes proxies in a manner consistent with the best interests of its clients. A copy of these policies and procedures is available upon request. Further, clients may obtain information from LTAM on how their proxies were voted by submitting a written request to LTAM.

#### **Client Information Provided to LTAM**

As described in "Services, Fees and Compensation" above, clients inform their financial consultant of their investment objectives, risk tolerance, and investment time horizon and give their financial consultant any applicable investment policies, guidelines, or reasonable restrictions.

Clients may impose restrictions on the investments in their accounts, including designating particular securities or types of securities that should not be purchased for an account.

A client also may request that LTAM manage the client's account in accordance with client-specified investment guidelines or policies or otherwise implement a strategy in the client's account in a manner that may differ from that in which LTAM would otherwise implement the strategy in the account.

The client must promptly inform their assigned financial consultant of material changes in their financial circumstances or investment objectives. The financial consultant will periodically discuss, at least once a year, whether the management of the account continues to reflect the investment objectives and financial requirements of the client.

## **Client Contact with LTAM**

Clients are encouraged to contact their financial consultant directly.

## **Additional Information**

### ***Disciplinary Information***

There are no legal or disciplinary events that are material to an evaluation of LTAM's advisory business or the integrity of its management.

### ***Other Financial Industry Activities and Affiliations***

Ladenburg Thalmann Financial Services Inc. owns 100% of LTAM and Ladenburg Thalmann & Co. Inc., ("LTCO"). LTCO is a registered broker-dealer. LTAM financial consultants are generally also broker-dealer representatives of LTCO. Thus, LTCO generally shares any commensuration it receives in connection with PIMA accounts with the applicable LTAM financial consultant, to the extent permitted by applicable law.

Other companies that are owned by LTFS and thus affiliated with LTAM are:

Ladenburg Thalmann Fund Management, LLC (LTFM)	50% owned by LTAM
Ladenburg Thalmann & Co. Inc. (LTCO)	100% owned by LTFS
Triad Advisors, Inc.	100% owned by LTFS
Investacorp, Inc.	100% owned by LTFS
Investacorp Advisory Services, Inc.	100% owned by LTFS
Premier Trust, Inc.	100% owned by LTFS
Securities America, Inc.	100% owned by LTFS
Securities America Advisors, Inc.	100% owned by LTFS

Certain principal executive officers of LTAM are also officers or employees of LTCO or Ladenburg Thalmann Financial Services Inc. They may also serve in an executive capacity at, Triad Advisors, Inc., Investacorp, Inc., Investacorp Advisory Services, Inc., or Premier Trust, Inc. These permitted additional responsibilities could be viewed as creating a conflict of interest in that the time and effort of the directors, officers, principals and employees of LTAM because they will not be devoted exclusively to the business of LTAM and may have conflicts of interest due to their loyalties to the different entities.

Certain of LTAM's principal executive officers, members of the LTAM investment committee and other individuals who determine investment advice given to clients are registered representatives of LTCO. LTAM financial consultants may recommend Premier Trust to provide trust and administrative services. Premier Trust provides full disclosure with respect to its trust and administrative services and related costs.

LTAM financial consultants may also purchase for accounts securities issued in initial public and/or secondary offerings (“new issues”) for which LTCO acts as an underwriter and/or a member of the selling group. LTAM has a conflict of interest in recommending these securities for several reasons. First, LTCO 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 LTCO 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. LTAM financial consultants generally receive a portion of this compensation as broker-dealer representatives of LTCO. 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 its affiliation with LTCO, LTAM has incentives to recommend these investments in these offerings for these reasons, rather than based on a client’s needs. To address these conflicts, LTAM has 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. Securities acquired in initial public and secondary offerings may be oversubscribed and LTAM has policies and procedures in place for the allocation process. To address these conflicts, LTAM has 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.

LTAM is the investment adviser to Ladenburg Thalmann Alternative Strategies Fund (LTAFX). The Ladenburg Thalmann Alternative Strategies Fund is a closed end interval fund that invests in alternative investment products. LTCO is also the distributor of the fund and may receive commissions when executing trades on behalf of the fund. Prospectuses are available at [www.ltalternativestrategiesfund.com](http://www.ltalternativestrategiesfund.com) or by contacting the fund administrator toll-free at 1-877-803-6583.

In addition, LTAM owns 50% of Ladenburg Thalmann Fund Management, LLC (“LTFM”), which is a separately registered investment adviser. 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. LTCO is the distributor of the fund. LTAM financial consultants may recommend that clients invest in the Boyar Value Fund or in the LTAM Alternative Strategies Fund, for which LTAM acts as investment adviser and LTCO acts as distributor.

These recommendations create a conflict of interest because LTAM and LTCO 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. These fees are paid to LTCO as broker-dealer. LTAM financial consultants may receive part of the compensation paid to LTCO in the financial consultant’s capacity as a registered representative of LTCO to the extent permitted by applicable law. LTAM financial consultants may purchase shares in these funds in PIMA accounts. This creates a conflict of interest because of the additional compensation that LTAM and LTCO receive in connection with these investments. LTAM has policies and procedures to address such conflicts of interest.

This is not the offer of or the solicitation of offers for any security which will be made only by prospectus. The fund’s prospectus contains this and other information about the fund. The prospectus should be read carefully before investing.

### ***Code of Ethics and Personal Trading***

LTAM has adopted a Code of Ethics for all supervised persons of the firm describing our high standard of business conduct, and fiduciary duty to our clients. All supervised persons at our firm must acknowledge the

terms of the Code of Ethics and personal securities transactions and holdings annually, or as amended. Our Code of Ethics sets forth detailed policies and procedures regarding the personal trading of its personnel.

LTAM's Code of Ethics Rules are designed to ensure that our personnel: a) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; b) at all times place the interests of our clients first; c) disclose all actual or potential conflicts; d) adhere to the highest standards of loyalty, candor and care in all matters relating to our clients; e) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and f) not use any material non-public information in securities trading. The Code of Ethics also establishes policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of these rules, LTAM personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of these rules.

LTAM personnel are required to conduct their personal investment activities in a manner that is not detrimental to our advisory clients. They are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described above, there may be circumstances when LTAM personnel may buy and sell on behalf of its clients, securities of issuers or other investments in which they own securities or otherwise have an interest. The policy requires all Access & Supervised Persons (defined as investment personnel, which includes portfolio managers, research analysts and trading room personnel, operations and officers of LTAM, and other designated persons) to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics.

The Code of Ethics is enforced through compliance monitoring activities and surveillance. In cases where the firm discovers that an employee has violated a firm policy and/or procedure, the firm's code of business conduct or code of ethics, a state or federal law, regulation of FINRA, the SEC, or other regulatory agency, the Compliance Department will take appropriate steps to investigate the circumstances and will take action commensurate with the manner of the violation. Such actions could take the form of a written warning to the employee in conjunction with the firm's Legal Department, or be as serious as disciplinary action up to and including termination. Any such investigations will be brought to the appropriate regulator's attention, if necessary, which may result in a disclosure of the violation on the employee's U-4 form, if required.

A copy of the LTAM Code of Ethics may be obtained by writing to: Ladenburg Thalmann Asset Management Inc., 520 Madison Avenue, 9th Floor, New York, NY 10022.

### ***Review of Accounts***

The financial consultant is primarily responsible for reviewing the accounts on an on-going basis to ensure that the investment strategy continues to be suitable for the client, taking into account any changes to the information provided by the client and the strategy managed. LTAM generally reviews PIMA accounts at least monthly. These reviews are performed by LTAM's Chief Compliance Officer and Branch Officer Managers.

LTAM or the financial consultant may provide clients with quarterly performance reviews of PIMA accounts. LTAM and the financial consultant may not provide tax advice, and nothing in the performance review should be construed as advice concerning any tax matter. Performance reviews are not a substitute for regular monthly account statements received from the custodian or Form 1099. Performance reviews should not be used to calculate fees or to complete income tax returns. Upon a client's specific request and subject to the

relevant firm's policies and procedures and applicable law, the performance review may include information about assets outside the program. By including any such assets in the performance review, the firm is not undertaking to provide or be responsible for providing any services with respect to those assets.

#### ***Client Referrals and Other Compensation***

LTAM may enter into agreements with third parties that will solicit clients for LTAM and receive compensation for referring clients to LTAM. In such instances, the third party solicitor will receive either a percentage of, or a set fee from, the fee charged to the client. If a solicitor is used in connection with a client's account, the structure and arrangement of the solicitation agreement, as well as the compensation paid to the solicitor, will be fully disclosed to the client, which disclosure will be acknowledged in writing by the client when participating in a LTAM program. The fee charged to a client is not affected by the use of a third-party solicitor in connection with client accounts, and a client will not be charged any additional fees for the use of such services.

#### ***Financial Information***

LTAM does not require prepayment of advisory fees six months or more in advance. LTAM has never been the subject of a bankruptcy petition.