

**ITEM 1. COVER PAGE FOR  
PART 2A APPENDIX 1 OF FORM ADV:  
WRAP FEE PROGRAM BROCHURE FOR:**

**FIXED INCOME PORTFOLIO  
("FIP") WRAP FEE PROGRAM ACCOUNTS  
DATED: FEBRUARY 2012**



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**This wrap fee program brochure provides information about the qualifications and business practices of Tamar Securities, LLC. If you have any questions regarding the contents of this brochure, please contact the main offices of Tamar Securities at 818-914-7460 or email to [amit@tamarsecurities.com](mailto:amit@tamarsecurities.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.**

**Additional information about Tamar Securities, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**

**Please note use of the term "registered investment adviser" and description of Tamar Securities, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates which advise you for more information on the qualifications of our firm and its employees.**

**Item 2 - Material Changes To Part 2A Appendix 1 (Wrap Fee Program Brochure) of Form ADV:**

Tamar Securities, LLC is required to advise you of any material changes to our Wrap Fee Program Brochure (“Wrap Brochure”) as of our last annual update, identify those changes either on the cover page of our Wrap Brochure or either on the page immediately following the cover page, or also in a separate communication accompanying our Wrap Brochure. We must state clearly that we are discussing only material changes as of the last annual update of our Wrap Brochure. In addition, we must provide the date of the last annual update of our Wrap Brochure.

Please note, we do not have to provide this information to a client or prospective client who has not received a previous version of our Wrap Brochure.

Last Annual Amendment Filing Date: 03/29/2011

Since our last annual amendment filing, Tamar Securities, LLC decided to clear investment advisory transactions through several additional firms besides National Financial Services LLC including: RBC Capital Markets LLC, Pershing LLC, Legent Clearing, Inc. and Wedbush Morgan Securities, Inc. We have also updated our Wrap Brochure to reflect that we do not have soft-dollar relationships and no longer receive certain transition related financial assistance from the Schwab Institutional division of Charles Schwab & Co., Inc.

### **Item 3 - Table of Contents**

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

- A. Description of our services, including the types of portfolio management services, provided under each program. We must indicate the wrap fee charged for each program, or, if fees vary according to a schedule, provide such schedule. Further, we are required to indicate whether fees are negotiable and identify the portion of the total fees, or range of fees, paid to portfolio managers.

Fixed Income Portfolios (FIP) utilizes primarily discounted State and Federal Tax-Exempt, and Taxable Municipal Bonds. At times, Taxable Bonds, Foreign-Denominated Bonds, Preferred, and Convertible Preferred Stocks are also considered. The program emphasizes discounted high grade debt securities over equity and alternative investments, mutual funds, and other securities in order to primarily achieve both constant annual income returns and fixed income price appreciation.

(i) Fixed Income Portfolios (FIP) Wrap Fee Program:

Fixed Income Portfolios (FIP) include discounted taxable bonds, double tax-exempt and taxable municipal bonds, preferred and convertible preferred stocks, convertible bonds, and foreign-denominated bonds. Our firm emphasizes discounted high grade debt securities over equity and alternative investments in order to achieve both constant annual income returns and Fixed Income price appreciation.

The group performs daily, in depth, independent research of debt instruments regardless of size and ratings. In-house research of all prospectuses and published updates are analyzed and stacked against both the rating agencies' opinion, and the street research reports. In addition, the same In-house research is also applied to the Municipal Debt Market in California. Near two decades of researching and investing in this space has landed our firm with a large data base of a vast California Municipal Debt issuance as well as a unique set of expertise to enable us to capitalize quickly when dislocations in this debt market occur.

Management of Fixed Income Portfolios (FIP) can be performed on a dual platform: Discretionary and non Discretionary fee basis (Registered Investment Advisor), and Discretionary and non Discretionary transactional basis through our firm's association with the broker dealer: Purshe Kaplan Sterling Investments (PKS), and their clearing operations with National Financial Services (NFS). Additionally, the broker-dealers we do advisory business with may clear through RBC Capital Markets LLC, Pershing LLC, Legent Clearing, Inc. and Wedbush Morgan Securities, Inc.

We seek professional Bid/Offer execution of bond trades, across all Fixed Income Desks on Wall Street. It is our motto to fight on behalf of our clients for best in class executions. In order to accomplish this optimal Bid/Offer pricing principal, we first establish multiple relationships with Fixed Income desks around the country. Second, all bond purchase Offerings are Bid on, and finally, all bond sell Offerings are put out for a Bid from at least three bond desks on Wall Street. This process ensures best in class trade executions; and therefore, substantially improves Bid/Offer pricings for the firm's clients. In many

cases, and at odds with Wall Street practices, this Bid/Offer execution platform is duplicated for odd lot bond offerings where there is not enough liquidity; thereby, allowing our firm to Bid on bond Offerings at even deeper discounts than is warranted in a typical market place.

At the end, independently of on which bond desk a Fixed Income transaction took place, all trades settle with our firm's preferred custodian; Schwab Institutional. Last, periodic ongoing reviews are scheduled with all clients. This process includes the followings: 1) Review of the entire portfolio as well as its underlying Fixed Income Securities benchmarked each quarter against their respective Fixed Income indexes, 2) Recalibrate each client's asset allocation models as his or her life circumstances change, and 3) Present consolidated reporting that incorporates the Fixed Income Portfolios (FIP) with the entire holdings of the clients' other investments disciplines.

(a) Fixed Income Portfolios (FIP) Wrap Fee Program Fee Schedule:

**MAXIMUM FEE SCHEDULE: Portfolio Management for Managed Accounts**

All Fixed Income Portfolio (FIP) Accounts will adhere to the following pricing schedule:

<b>Assets Under Management</b>	<b>Annual Net Fee Assessed *</b>
First \$500,000	0.75%
Next \$500,000	0.65%
Over \$1,000,000	0.55%

\*Our firm's fees are generally not negotiable. Further, our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

B. Explanation that a wrap fee program may cost you more or less than purchasing such services separately and description of the factors that bear upon the relative cost of the program, such as the cost of the services if provided separately and the trading activity in your account(s).

A wrap fee program allows our clients to pay a specified fee for investment advisory services and for the execution of transactions. The advisory services may include portfolio management and/or advice concerning selection of other advisers, and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. In order to overcome this potential conflict of interest, clients may choose to pay all transactions' costs associated with the ongoing management of their accounts. By participating in a wrap fee program, you may end up paying more or less

than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are normally passed directly through to you by the executing broker.

- C. Description of any fees that you may pay in addition to a wrap fee, and description of the circumstances under which you may pay these fees, including, if applicable, mutual fund expenses and mark-ups, mark-downs, or spreads paid to market makers.

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or an exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

- D. If someone recommending a wrap fee program to you receives compensation as a result of your participation in the program, we must disclose this fact. Further, we are required to explain, if applicable, that the amount of the compensation may be more than what the person would receive if you participated in our other wrap fee programs or paid separately for investment advice, brokerage and other services. Finally, we must explain that someone recommending a wrap fee program may have a financial incentive to recommend the wrap fee program over other programs or services.

Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly, as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is due to the fact that, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement as opposed to an account that is not actively traded.

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

We impose the following requirement(s) to open and/or maintain an account:

- Minimum total account size of \$100,000.

Types of clients we typically manage on their behalf wrap fee accounts include:

- Individuals, High Net Worth Individuals, and Foreign Citizens;
- Trusts, Estates, and Charitable Organizations;
- Pension and Profit Sharing Plans;
- On and off shore Corporations, limited liability Companies, and/or other business types

## **Item 6 - Portfolio Manager Selection and Evaluation**

- A. Description of how our firm selects and reviews portfolio managers, our basis for recommending or selecting portfolio managers for particular clients, and our criteria for replacing or recommending the replacement of portfolio managers for the program and for particular clients.

Our firm does not utilize outside portfolio managers. All accounts are managed by our in-house professionals.

- B. Disclosure of whether our firm or any related persons act as a portfolio manager for a wrap fee program described in the wrap fee program brochure. We must explain the conflicts of interest that we face because of this arrangement and describe how we address these conflicts of interest. Further, we must disclose whether related person portfolio managers are subject to the same selection and review as the other portfolio managers that participate in the wrap fee program. If they are not, we must describe how we select and review related person portfolio managers.

Our firm and its related persons act as portfolio manager(s) for the wrap fee program(s) previously described in this Wrap Fee Program Brochure. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our related person portfolio managers are not subject to the same selection and review as outside portfolio managers that participate in the wrap fee program. This is because we have chosen not to utilize outside portfolio managers.

- C. If our firm, or any of our supervised persons covered under or investment adviser registration, act as a portfolio manager for a wrap fee program described in the wrap fee program brochure, we must respond to Items 4.B, 4.C, 4.D (Advisory Business), 6 (Performance-Based Fees and Side- By-Side Management), 8.A (Methods of Analysis, Investment Strategies and Risk of Loss) and 17 (Voting Client Securities) of Part 2A of Form ADV (Firm Brochure).

Our firm and supervised persons do act as portfolio manager(s) for a wrap fee program described in this Wrap Fee Program Brochure.

- (i) Advisory Business:

See Item 4 of this Wrap Fee Program Brochure for information about our wrap fee advisory programs.

- (ii) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing our firm's FIP Wrap Fee Program.

(iii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to our firm's FIP Wrap Fee Program.

(iv) Participation in wrap fee programs.

Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, and the program's discipline. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts.

(v) Performance-based fees and side-by-side management.

Our firm may charge *qualified clients*<sup>1</sup> ("qualified investors") "performance fees" – that is, either fees based on a share of capital gains or capital appreciation of the managed client's assets. We charge performance based fees as follows:

Alternative Investments where appropriate for qualified investors, include primarily a select few strategies: a long/short Technology hedge fund, a private equity Fund of Funds and a private equity Real Estate portfolio. Our firm endorses, for qualified investors, non-traditional investment strategies that have the potential to generate absolute returns independent of the market's strength or weakness.

Alternative Investments have historically provided efficient portfolio diversification because they have low correlation to traditional asset classes. We seek to identify these superior strategies and managers that can increase the Alpha and reduce the Beta of our Global Asset Allocation portfolios. In other words, in most cases than not a disciplined process of evaluating, selecting and monitoring non-traditional managers can increase a portfolio's overall returns while decreasing its overall volatility risks.

Our firm seeks to identify these superior strategies and managers that can complement our investment philosophy that relies primarily on identifying global Economic Sectors, Sub-Industries, and Specific Equities that sell at deep discounts to their respective and historical intrinsic values, and that are poised for a "Super Cycle" long term growth.

The due diligence process of choosing a few select alternative strategies and managers out of a universe of more than 10,000 funds and over \$1.4 trillion in cumulative assets

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<sup>1</sup> We are currently permitted to charge performance based fees only to clients with at least \$1,000,000 under management with our firm or a net worth of at least \$1.5 million. It is expected that the SEC will revisit this standard in the near future and tie the definition of a qualified client to inflation. It is unclear at this time whether the SEC will grandfather or exempt existing qualified clients being charged performance based fees from a greater financial threshold for meeting the qualified client standard should the definition change.



under management begins with the Investment Strategy sought and the organizational structure and registrations, a select few Alternative Investment Managers have to adhere to.

The Investment Strategies include the followings: Convertible Bond Arbitrage, Distressed Securities, Emerging Markets, Event Driven, Fixed Income Arbitrage, General Hedged Equity, International Long/Short, Macro Price Movement, Merger Arbitrage, Multi Arbitrage, Opportunistic, Sector Investing, Short Selling, and Fund of Funds.

The due diligence process of the Organizational Structure and Registrations of the Alternative Investment Managers include, but is not limited to the followings: 1) Finding out the tenure and experience of the investment management team, 2) Researching organizational ownership, Board of Directors, general and limited partners, 3) Understanding the investment process and its implementation, 4) Looking for Independent, disinterested Board of Directors, 5) Seeking preferred and independent bank to custody the assets, 6) Insisting on a reputable third party accounting firms to value the funds' assets, 7) Checking for an independent third party administrator, 8) Reviewing the capital structure, liquidity and financial strength of the preferred Prime Broker the Alternative Investment firm is associated with for executing its trades, 9) Insuring the highest level of "transparency" by reviewing and checking issuance of timely semi-annual, and annual reports to investors that fully disclose financial information and manager allocation, and 10) Requiring that prime Alternative Investment Managers are registered with the SEC under the Investment Company Act of 1940 (The "1940 Act").

The due diligence process for identifying a few, uniquely positioned Alternative Investment Advisors also attempts to evaluate risk/reward parameters as measured by their quantitative and/or Mathematical Calculations of Risk. The followings are some of the criteria studied when quantitative risk parameters are evaluated: Beta, Alpha, Standard Deviation, Sharpe Ratio, and R-Squared. In addition, the followings are some of the risk parameters researched when qualitative data is included: long and short-term performance results, Market Risk, Economic Sector Risk, Industry Risk, Significant Sector and Position Concentration Risk, Liquidity Risk, and Management Fee Risk.

At the end of the process, periodic ongoing reviews are scheduled with all clients. This process includes the followings: 1) Review of the entire portfolio as well as its underlying Economic Sectors, Sub-Industries and their respective Individual Equities benchmarked each quarter against their respective Equity and World Indexes, 2) Recalibrate each client's asset allocation models as his or her life circumstances change, and 3) Present consolidated reporting that incorporates the portfolios of the Alternative Investment Managers with the entire holdings of the clients' other investments disciplines.

The pricing schedule for the Alternative Investments Program will be based on our ability to negotiate a favorable institutional rate for all of the cumulative assets of the firm's qualified clients expressing a desire to participate in the program. Our goal is to negotiate a fee structure, on minimum investments of \$100,000 per client that will adhere to the following criteria: 1) annual fees not to exceed 2% of net assets, 2) incentive fees

not to exceed 20% of net profit, and 3) a one-time placement fees not to exceed 3% of net assets.

When charging performance fees to some of our clients' accounts, we face a conflict because we can potentially receive greater fees from client accounts having a performance-based compensation structure than from those accounts we only charge a fee unrelated to performance (e.g., an asset-based fee). As a result, we may have an incentive to either direct the best investment ideas to, or to either allocate or sequence trades in favor of the account that pays a performance fee.

We have taken several important steps to ensure that our performance based accounts are not favored over our client's non-performance fee based accounts. These steps include:

- 1) A periodic comparison of our performance based and non-performance accounts. Our comparison will entail a review of our ten most profitable and ten least profitable (including unrealized gain or loss) investment decisions based on total return of positions opened and closed for each investment strategy or mandate offered to clients. We keep track of securities ticker symbol, purchase date, sale date, percentage of gain and/or loss, and dollar amount of the gain and/or loss. In the event that we find performance based accounts are being unduly (i.e., consistently) favored over non-performance based accounts, we would take action to address the situation. This could include allowing non-performance based accounts to trade before performance based accounts to the extent practicable, or if the problem persists, not allowing new performance based accounts, waiving our performance based fees or cancelling our performance based fee arrangements altogether and in some cases, termination of firm personnel.
- 2) The use of block trades and allocations made based on client's risk tolerance, investment objectives and restrictions. A periodic review of the block trade allocations to detect whether profitable trades are being disproportionately allocated to performance based accounts, while unprofitable trades are being disproportionately allocated to pure-fee based accounts with no performance fee. If our firm detects a problem in the allocation of block trades, our remedies are the same as those outlined above.

### **Methods of analysis, investment strategies and risk of loss**

Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

#### Methods of Analysis:

- Global Macro
- Analysis of Sectors and Industries
- Top Down Value Analysis
- Underlying Fundamentals;
- Cyclical
- Technical.

Investment Strategies we use:

- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Short sales;
- Margin transactions;
- Option; including, covered call writings, uncovered calls and puts purchases and/or spreading strategies.

**Please note:**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock and bond markets may increase in value and consequently your account(s) could follow suite, it is also possible that the stock and bond markets may decrease in value, and consequently your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock and bond markets, your investment portfolios are appropriately diversified, and that you ask any questions you may deem necessary for managing your investment portfolio(s).

**Voting client securities**

- A. If we have, or will accept, proxy authority to vote client securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

SEC Rule 206(4)-6 requires investment advisers who have voting authority with respect to securities held in their clients' accounts to monitor corporate actions and vote proxies in their clients' interests. We are required by the SEC to adopt written policies and procedures, make those policies and procedures available to clients, and retain certain records with respect to proxy votes cast.

Our firm votes clients' proxies for all of the participants in our Wrap Account Management service. It should be noted that our firm does not vote proxies for clients of Alternative Investments and Independent Money Managers' Programs as this is the separate responsibility of these parties. We understand our duty to vote client proxies and to do so in the best interest of our clients. Our firm further understands that any material conflicts between our interests and those of our clients with regard to proxy voting must be resolved before proxies are voted. We subscribe to a proxy monitor and voting agent service, which includes access to proxy analysis with research and vote recommendations. Our firm will generally vote in accordance with the recommendations of the proxy voting firm we subscribe to, but may vote in a different fashion on particular votes if we determine that such actions are in the best interest of our clients. Where applicable, we will consider any specific voting guidelines designated in writing by a client. Clients may request a copy of our firm's written policies and procedures regarding proxy voting and/or information on how particular proxies were voted.

- B. Whether we pay for proxy voting services with soft dollars or pass the cost on to our clients through a supplement to our advisory fee.

We do not pay for proxy voting services with soft dollars. Also, we do not charge an additional fee to vote proxies.

#### **Item 7 - Client Information Provided to Portfolio Manager(s)**

We are required to communicate the information about you to your portfolio manager(s), and to inform you how often or under what circumstances we provide such updated information. Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, quarterly, and annually) in order to ensure your most current investment goals and objectives are understood, and followed by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. In addition, we will communicate personal information to your portfolio manager(s) when you instruct us to do so, market or economic conditions warrant such action, and it is generally prudent to act in this manner.

#### **Item 8 - Client Contact with Portfolio Manager(s)**

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

#### **Item 9 - Additional Information**

- A. We are required to respond to: 1. Item 9 (Disciplinary Information); and 2. Item 10 (Other Financial Industry Activities and Affiliations) of Part 2A of Form ADV.

1. We have determined that our firm and management have no disciplinary information to disclose.
2. We have the following Financial Industry Activities and Affiliations to disclose:
  - a. Mr. Stavinsky is a registered representative with Purshe Kaplan Sterling Investments, Inc. ("PKS"), a registered broker-dealer and Member FINRA/SIPC. Our firm is not affiliated with PKS. In order to comply with FINRA Conduct Rule 3040, PKS as an unaffiliated broker-dealer may periodically review the investment advisory transactions of our firm. This information will be viewed by PKS' compliance department personnel for supervisory purposes only. No information viewed will be utilized for purposes of solicitation or shared with any affiliation outside the scope of regulatory compliance. In addition, Mr. Stavinsky may refer clients to banks where clients would set up a margin account for which Mr. Stavinsky will be compensated by these financial institutions.

b. Certain of our firm's Advisory Affiliates, in their individual capacities, are licensed insurance agents with various insurance companies in the state of California. In their individual capacity, they may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. While normally our firm does not sell such insurance products to our investment advisory clients directly, we do permit our Advisory Affiliates, on a split fee or commission basis, in their individual capacities as licensed insurance agents, to sell insurance products to our investment advisory clients. A conflict of interest exists to the extent that our firm recommends the purchase of insurance products where our firm's Advisory Affiliates receive insurance commissions or other additional compensation.

c. In his role advising clients on their personal and business liabilities, Mr. Stavinsky may provide clients business lending, commercial and residential mortgage related consultations for which he may receive compensation from advisory clients. These activities constitute 10% of our investment adviser representative's time.

- B. We are required to respond to: 1. Items 11 (Code of Ethics or Interest in Client Transactions and Personal Trading); 2. Item 13 (review of Accounts); 3. Item 14 (Client Referrals and Other Compensation); and 4. Item 18 (Financial Information) of Part 2A of Form ADV, as applicable to our wrap fee clients.

**1. Code of ethics, participation or interest in  
client transactions and personal trading**

Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>2</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated personnel. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in

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<sup>2</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

- a) If either our firm or a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest (excluding an interest as a shareholder of an SEC-registered, open-end investment company), we must describe our practice and discuss the conflicts of interest it presents.

We have nothing to disclose in this regard.

- b) If either our firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that our firm or a related person recommends to clients, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.

See Item 9 Section B (1.) of our Code of Ethics description. Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

- c) If either our firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that either you or a related person buys or sells the same securities for our firm's (or the related person's own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

See Item 9 Section B (1.) of our Code of Ethics description. Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 48 hours of buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## **2. Review of accounts**

- a) Review of client accounts, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

We review accounts on at least a monthly basis for our clients subscribing to our firm's FIP Wrap Fee Program. The nature of these reviews is to learn whether clients' accounts are in line with their changing life circumstances, risk parameters, investment objectives, appropriately positioned based on market conditions, and their investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct these reviews.

- b) Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, a material change in the life of the client, and/or a general request by the client.

- c) Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to the following service(s): FIP Wrap Fee Program.

## **3. Client referrals and other compensation**

- a) If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

Our firm may recommend/require that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of our firms' clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. We are independently owned and operated and not affiliated with Schwab. Schwab provides our firm with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of

advice, analysis, reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to our firm other products and services that benefit our firm but may not benefit its clients' accounts. These benefits may include national, regional or specific to our firm, educational events organized and/or sponsored by Schwab Institutional. Other potential benefits may include occasional business entertainment of personnel of our firm by Schwab Institutional personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Also, there are other products and services which assist us in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of our firm's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to our firm other services intended to help us manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing.

In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. While, as a fiduciary, we endeavor to act in our clients' best interests, our firm's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to us of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

As a result of receiving the aforementioned products and services for no cost, we may have an incentive to continue to place Client trades through broker-dealers that offer such products and services. This motivation conflicts with the Clients' interest of obtaining the lowest commission rate available. Therefore, we must determine in good faith, based on



the “best execution” policy stated above that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers.

Schwab has provided a loan to us to assist our business operations, and the loan is guaranteed by Amit Raz Stavinsky, a principal of our firm. The terms of the loan require that management fees to our firm be paid to an account at Schwab for deduction of interest and principal payments pursuant to the loan before we may have access to that fee payment. The loan agreement contains various representations by our firm, including that we will maintain \$65,000,000 million in assets under management, and various events of default, including that our firm will comply with all laws, contracts, licenses and permits. In the event of an unheeded default under the terms of the loan agreement, Schwab may terminate and/or accelerate the loan, which may have a material adverse effect on our firm's ability to perform services for our clients.

The Schwab Advisor Business Loan noted above, benefits us and may not benefit our client accounts. Our firm's recommendation/requirement that a client place assets in Schwab's custody may be based in part on benefits Schwab provides to us, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

- b) If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

We may pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to you. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, we ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If we are paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

#### **4. Financial information**

- a) If we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance; therefore, we have not included a balance sheet for our most recent fiscal year.

**Note:** If we have not completed our first fiscal year, we must include a balance sheet dated not more than 90 days prior to the date of our brochure.

- b) If we are an SEC-registered adviser and have discretionary authority or custody of client funds or securities, or we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

We have nothing to disclose in this regard.

- c) If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.

**ITEM 1. COVER PAGE FOR  
PART 2A APPENDIX 1 OF FORM ADV:  
WRAP FEE PROGRAM BROCHURE FOR:**

**MARKET VALUE SECURITIES (MVS sm)  
WRAP FEE PROGRAM ACCOUNTS  
DATED FEBRUARY 2012**



**TAMAR SECURITIES, LLC**  
21031 VENTURA BOULEVARD, SUITE 1101  
WOODLAND HILLS, CA 91364

FIRM CONTACT: AMIT STAVINSKY, CHIEF COMPLIANCE OFFICER

FIRM WEBSITE ADDRESS:

[WWW.TAMARSECURITIES.COM](http://WWW.TAMARSECURITIES.COM)  
[WWW.TMARKETFUND.COM](http://WWW.TMARKETFUND.COM)  
[WWW.TASSETFUND.COM](http://WWW.TASSETFUND.COM)  
[WWW.MVALUEFUND.COM](http://WWW.MVALUEFUND.COM)

This wrap fee program brochure provides information about the qualifications and business practices of Tamar Securities, LLC. If you have any questions regarding the contents of this brochure, please contact the main offices of Tamar Securities at 818-914-7460 or email to [amit@tamarsecurities.com](mailto:amit@tamarsecurities.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Tamar Securities, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Please note use of the term "registered investment adviser" and description of Tamar Securities, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates which advise you for more information on the qualifications of our firm and our employees.

**Item 2 - Material Changes To Part 2A Appendix 1 (Wrap Fee Program Brochure) of Form ADV:**

Tamar Securities, LLC is required to advise you of any material changes to our Wrap Fee Program Brochure (“Wrap Brochure”) as of our last annual update, identify those changes either on the cover page of our Wrap Brochure or either on the page immediately following the cover page, or also in a separate communication accompanying our Wrap Brochure. We must state clearly that we are discussing only material changes as of the last annual update of our Wrap Brochure. In addition, we must provide the date of the last annual update of our Wrap Brochure.

Please note, we do not have to provide this information to a client or prospective client who has not received a previous version of our Wrap Brochure.

Last Annual Amendment Filing Date: 03/29/2011

During 2011, Tamar Securities, LLC decided to clear investment advisory transactions through several additional firms besides National Financial Services LLC, including: RBC Capital Markets LLC, Pershing LLC, Legent Clearing, Inc. and Wedbush Morgan Securities, Inc. We have also updated our Wrap Brochure to reflect that we do not have soft-dollar relationships and no longer receive certain transition related financial assistance from the Schwab Institutional division of Charles Schwab & Co., Inc.

### **Item 3 - Table of Contents**

**Topic:****Page(s):**

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

- A. Description of our services, including the types of portfolio management services, provided under each program. We must indicate the wrap fee charged for each program, or, if fees vary according to a schedule, provide such schedule. Further, we are required to indicate whether fees are negotiable and identify the portion of the total fees, or range of fees, paid to portfolio managers.

Market Value Securities (MVS sm) offers a strategic, discretionary fee-based, long-term approach to Global Asset Allocation portfolios of small to large cap individual equities. The investment philosophy is founded on the belief that superior investment performance depends primarily on investing in the most attractive global Economic Sectors, and Sub-Industries based on supply and demand analysis.

(i) MVS sm Wrap Fee Program:

The program endorses a top-down value discipline that seeks to identify globally undervalued Markets, Economic Sectors, Industries, and Specific Securities in “Super Cycles” that sell at deep discounts to both their respective and historical intrinsic values. “Super Cycles” are defined as undervalued Economic Sectors, and Industries in the Global Economy that our firm believes are best positioned for “Long-Term Growth”. For example, it is believed that currently “Super Cycles” are driven, first by the industrialization of China, and India, and second by an intense Global demand for digital Mobile Computing. As these nations become more industrialized, and the world will consume respectively more energy, natural resources and mobile computing then these processes will potentially result in increased demand for Energy, Natural Resources, and Mobile Computing.

The first step in the process analyzes the relative attractiveness of global Economic Sectors, and their Sub-Industries. This is done first via in-depth analysis of supply and demand fundamentals, and growth rate projections. Second, global Economic Sectors and Sub-Industries are identified and selected.

Next, individual small to large cap equities are researched. At the end, a rigorous due diligence process is implemented for identifying and selecting individual equities that sell at deep discounts to their respective and historical intrinsic values. Intrinsic values are determined by using discounted cash flow and relative valuation models. The fundamental analysis used to select the individual equities that end up making the Market Value Securities portfolio includes primarily low absolute and relative valuations such as price/earnings, price/book, price/cash, and debt to equity ratios. Other fundamental research followed is based on analysis of barriers to entry, market share, return on equity, growth projections, liquidity, market capitalization, free cash flow generation, debt structure, management tenure, quality of brand, and franchise value.

The program utilizes asset management restrictions in order to achieve favorable risk/reward performance results independent of the market’s strength or weakness. The followings are the disciplines implemented: 1) The portfolio can’t hold less than twenty

stocks, 2) Individual equity value can't exceed 10% of portfolio value, 3) Economic Sector holding can't exceed 45% of portfolio value, 4) Industry group holding can't exceed 20% of portfolio value, 5) Account total cash position can't exceed 30% of portfolio value, and 6) The portfolio can't hold less than six Economic Sectors. The sell discipline for any Economic Sector, Sub-Industries, and Individual Securities is based on supply/demand and/or individual equity fundamentals.

Our firm believes that prior to a "Super Cycle" peak companies will have massive capital expenditures associated with Growth, Mergers and Acquisitions activities. Eventually, at the height of a "Super Cycle" the sector and its individual equities will dominate the market from an earnings and market capitalization stand point. For example, Technology and Telecommunications grew to 40% of the S&P 500 Index in February of 2000, and during the Japanese Real Estate bubble properties of this country were valued at more than the entire combined U.S Real Estate market. When these signs are apparent, we will rotate out of the Economic Sectors, Sub-Industries, and their related Individual Equities in favor of new undervalued Economic Sectors and Sub-Industries in the world's economy.

Lastly, periodic ongoing reviews are scheduled with all clients. This process includes the followings: 1) Review of the entire portfolio as well as its underlying Economic Sectors, Sub-Industries and their respective Individual Equities benchmarked each quarter against their respective Equity and World Indexes, 2) Recalibrate each client's asset allocation models as his or her life circumstances change, and 3) Present consolidated reporting that incorporates the Market Value Securities (MVS sm) portfolio with the entire holdings of the clients' other investments disciplines.

(a) MVS sm Wrap Fee Program Fee Schedule:

All Equity discretionary money managed programs which includes Market Value Securities (MVS sm) will adhere to the following pricing schedule:

<b>Assets Under Management</b>	<b>Annual Net Fee Assessed *</b>
First \$500,000	2.25%
Next \$500,000	1.75%
Over \$1,000,000	1.25%

\*Our firm's fees are generally not negotiable. Further, our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

- B. Explanation that a wrap fee program may cost you more or less than purchasing such services separately and description of the factors that bear upon the relative cost of the program, such as the cost of the services if provided separately and the trading activity in your account(s).

A wrap fee program allows our clients to pay a specified fee for investment advisory services and for the execution of transactions. The advisory services may include portfolio management and/or advice concerning selection of other advisers, and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. In order to overcome this potential conflict of interest, clients may choose to pay all transactions' costs associated with the ongoing management of their accounts. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are normally passed directly through to you by the executing broker.

- C. Description of any fees that you may pay in addition to a wrap fee, and description of the circumstances under which you may pay these fees, including, if applicable, mutual fund expenses and mark-ups, mark-downs, or spreads paid to market makers.

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or an exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

- D. If someone recommending a wrap fee program to you receives compensation as a result of your participation in the program, we must disclose this fact. Further, we are required to explain, if applicable, that the amount of the compensation may be more than what the person would receive if you participated in our other wrap fee programs or paid separately for investment advice, brokerage and other services. Finally, we must explain that someone recommending a wrap fee program may have a financial incentive to recommend the wrap fee program over other programs or services.

Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly, as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is due to the fact that, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement as opposed to an account that is not actively traded.



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

We impose the following requirement(s) to open and/or maintain an account:

- Minimum total account size of \$100,000.

Types of clients we typically manage on their behalf wrap fee accounts include:

- Individuals, High Net Worth Individuals, and Foreign Citizens;
- Trusts, Estates, and Charitable Organizations;
- Pension and Profit Sharing Plans;
- On and off shore Corporations, limited liability Companies, and/or other business types.

### **Item 6 - Portfolio Manager Selection and Evaluation**

- A. Description of how our firm selects and reviews portfolio managers, our basis for recommending or selecting portfolio managers for particular clients, and our criteria for replacing or recommending the replacement of portfolio managers for the program and for particular clients.

Our firm does not utilize outside portfolio managers. All accounts are managed by our in-house professionals.

- B. Disclosure of whether our firm or any related persons act as a portfolio manager for a wrap fee program described in the wrap fee program brochure. We must explain the conflicts of interest that we face because of this arrangement and describe how we address these conflicts of interest. Further, we must disclose whether related person portfolio managers are subject to the same selection and review as the other portfolio managers that participate in the wrap fee program. If they are not, we must describe how we select and review related person portfolio managers.

Our firm and its related persons act as portfolio manager(s) for the wrap fee program(s) previously described in this Wrap Fee Program Brochure. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our related person portfolio managers are not subject to the same selection and review as outside portfolio managers that participate in the wrap fee program. This is because we have chosen not to utilize outside portfolio managers.

- C. If our firm, or any of our supervised persons covered under or investment adviser registration, act as a portfolio manager for a wrap fee program described in the wrap fee program brochure, we must respond to Items 4.B, 4.C, 4.D (Advisory Business), 6 (Performance-Based Fees and Side- By-Side Management), 8.A (Methods of Analysis, Investment Strategies and Risk of Loss) and 17 (Voting Client Securities) of Part 2A of Form ADV (Firm Brochure).

Our firm and supervised persons do act as portfolio manager(s) for a wrap fee program described in this Wrap Fee Program Brochure.

(i) Advisory Business:

See Item 4 of this Wrap Fee Program Brochure for information about our wrap fee advisory programs.

(ii) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing the following services offered by our firm: MVS sm Wrap Fee Program.

(iii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to the following services: MVS sm Wrap Fee Program.

(iv) Participation in wrap fee programs.

Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, and the program's discipline. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts.

(v) Performance-based fees and side-by-side management.

Our firm may charge *qualified clients*<sup>1</sup> ("qualified investors") "performance fees" – that is, either fees based on a share of capital gains or capital appreciation of the managed client's assets. We charge performance based fees as follows:

Alternative Investments where appropriate for qualified investors, include primarily a select few strategies: a long/short Technology hedge fund, a private equity Fund of Funds and a private equity Real Estate portfolio. Our firm endorses, for qualified investors, non-traditional investment strategies that have the potential to generate absolute returns independent of the market's strength or weakness.

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<sup>1</sup> We are currently permitted to charge performance based fees only to clients with at least \$750,000 under management with our firm or a net worth of at least \$1.5 million. It is expected that the SEC will revisit this standard in the near future and tie the definition of a qualified client to inflation. It is unclear at this time whether the SEC will grandfather or exempt existing qualified clients being charged performance based fees from a greater financial threshold for meeting the qualified client standard should the definition change.

Alternative Investments have historically provided efficient portfolio diversification because they have low correlation to traditional asset classes. We seek to identify these superior strategies and managers that can increase the Alpha and reduce the Beta of our Global Asset Allocation portfolios. In other words, in most cases than not a disciplined process of evaluating, selecting and monitoring non-traditional managers can increase a portfolio's overall returns while decreasing its overall volatility risks.

Our firm seeks to identify these superior strategies and managers that can complement our investment philosophy that relies primarily on identifying global Economic Sectors, Sub-Industries, and Specific Equities that sell at deep discounts to their respective and historical intrinsic values, and that are poised for a "Super Cycle" long term growth. The due diligence process of choosing a few select alternative strategies and managers out of a universe of more than 10,000 funds and over \$1.4 trillion in cumulative assets under management begins with the Investment Strategy sought and the organizational structure and registrations, a select few Alternative Investment Managers have to adhere to.

The Investment Strategies include the followings: Convertible Bond Arbitrage, Distressed Securities, Emerging Markets, Event Driven, Fixed Income Arbitrage, General Hedged Equity, International Long/Short, Macro Price Movement, Merger Arbitrage, Multi Arbitrage, Opportunistic, Sector Investing, Short Selling, and Fund of Funds.

The due diligence process of the Organizational Structure and Registrations of the Alternative Investment Managers include, but is not limited to the followings: 1) Finding out the tenure and experience of the investment management team, 2) Researching organizational ownership, Board of Directors, general and limited partners, 3) Understanding the investment process and its implementation, 4) Looking for Independent, disinterested Board of Directors, 5) Seeking preferred and independent bank to custody the assets, 6) Insisting on a reputable third party accounting firms to value the funds' assets, 7) Checking for an independent third party administrator, 8) Reviewing the capital structure, liquidity and financial strength of the preferred Prime Broker the Alternative Investment firm is associated with for executing its trades, 9) Insuring the highest level of "transparency" by reviewing and checking issuance of timely semi-annual, and annual reports to investors that fully disclose financial information and manager allocation, and 10) Requiring that prime Alternative Investment Managers are registered with the SEC under the Investment Company Act of 1940 (The "1940 Act").

The due diligence process for identifying a few, uniquely positioned Alternative Investment Advisors also attempts to evaluate risk/reward parameters as measured by their quantitative and/or Mathematical Calculations of Risk. The followings are some of the criteria studied when quantitative risk parameters are evaluated: Beta, Alpha, Standard Deviation, Sharpe Ratio, and R-Squared. In addition, the followings are some of the risk parameters researched when qualitative data is included: long and short-term performance results, Market Risk, Economic Sector Risk, Industry Risk, Significant Sector and Position Concentration Risk, Liquidity Risk, and Management Fee Risk.

At the end of the process, periodic ongoing reviews are scheduled with all clients. This process includes the followings: 1) Review of the entire portfolio as well as its underlying Economic Sectors, Sub-Industries and their respective Individual Equities benchmarked each quarter against their respective Equity and World Indexes, 2) Recalibrate each client's asset allocation models as his or her life circumstances change, and 3) Present consolidated reporting that incorporates the portfolios of the Alternative Investment Managers with the entire holdings of the clients' other investments disciplines.

The pricing schedule for the Alternative Investments Program will be based on our ability to negotiate a favorable institutional rate for all of the cumulative assets of the firm's qualified clients expressing a desire to participate in the program. Our goal is to negotiate a fee structure, on minimum investments of \$100,000 per client that will adhere to the following criteria: 1) annual fees not to exceed 2% of net assets, 2) incentive fees not to exceed 20% of net profit, and 3) a one-time placement fees not to exceed 3% of net assets.

When charging performance fees to some of our clients' accounts, we face a conflict because we can potentially receive greater fees from client accounts having a performance-based compensation structure than from those accounts we only charge a fee unrelated to performance (e.g., an asset-based fee). As a result, we may have an incentive to either direct the best investment ideas to, or to either allocate or sequence trades in favor of the account that pays a performance fee.

We have taken several important steps to ensure that our performance based accounts are not favored over our client's non-performance fee based accounts. These steps include:

- 1) A periodic comparison of our performance based and non-performance accounts. Our comparison will entail a review of our ten most profitable and ten least profitable (including unrealized gain or loss) investment decisions based on total return of positions opened and closed for each investment strategy or mandate offered to clients. We keep track of securities ticker symbol, purchase date, sale date, percentage of gain and/or loss, and dollar amount of the gain and/or loss. In the event that we find performance based accounts are being unduly (i.e., consistently) favored over non-performance based accounts, we would take action to address the situation. This could include allowing non-performance based accounts to trade before performance based accounts to the extent practicable, or if the problem persists, not allowing new performance based accounts, waiving our performance based fees or cancelling our performance based fee arrangements altogether and in some cases, termination of firm personnel.
- 2) The use of block trades and allocations made based on client's risk tolerance, investment objectives and restrictions. A periodic review of the block trade allocations to detect whether profitable trades are being disproportionately allocated to performance based accounts, while unprofitable trades are being disproportionately allocated to pure-fee based accounts with no performance fee. If our firm detects a problem in the allocation of block trades, our remedies are the same as those outlined above.

## **Methods of analysis, investment strategies and risk of loss**

Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

### **Methods of Analysis:**

- Global Macro
- Analysis of Sectors and Industries
- Top Down Value Analysis
- Underlying Fundamentals;
- Cyclical
- Technical.

### **Investment Strategies we use:**

- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Short sales;
- Margin transactions;
- Option; including, covered call writings, uncovered calls and puts purchases and/or spreading strategies.

### **Please note:**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock and bond markets may increase in value and consequently your account(s) could follow suite, it is also possible that the stock and bond markets may decrease in value, and consequently your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock and bond markets, your investment portfolios are appropriately diversified, and that you ask any questions you may deem necessary for managing your investment portfolio(s).

## **Voting client securities**

- A. If we have, or will accept, proxy authority to vote client securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

SEC Rule 206(4)-6 requires investment advisers who have voting authority with respect to securities held in their clients' accounts to monitor corporate actions and vote proxies in their clients' interests. We are required by the SEC to adopt written policies and procedures, make those policies and procedures available to clients, and retain certain records with respect to proxy votes cast.

Our firm votes client proxies for all of the participants in our Wrap Account Management service. It should be noted that our firm does not vote proxies for clients of Alternative Investments and Independent Money Managers' Programs as this is the separate responsibility of these parties. We understand our duty to vote client proxies and to do so in the best interest of our clients. Our firm further understands that any material conflicts between our interests and those of our clients with regard to proxy voting must be resolved before proxies are voted. We subscribe to a proxy monitor and voting agent service, which includes access to proxy analysis with research and vote recommendations.

Our firm will generally vote in accordance with the recommendations of the proxy voting firm we subscribe to, but may vote in a different fashion on particular votes if we determine that such actions are in the best interest of our clients. Where applicable, we will consider any specific voting guidelines designated in writing by a client. Clients may request a copy of our firm's written policies and procedures regarding proxy voting and/or information on how particular proxies were voted.

- B. Whether we pay for proxy voting services with soft dollars or pass the cost on to our clients through a supplement to our advisory fee.

We do not pay for proxy voting services with soft dollars. Also, we do not charge an additional fee to vote proxies.

#### **Item 7 - Client Information Provided to Portfolio Manager(s)**

We are required to communicate the information about you to your portfolio manager (s) and to inform you how often or under what circumstances we provide such updated information. Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, quarterly, and annually) in order to ensure your most current investment goals and objectives are understood, and followed by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. In addition, we will communicate personal information to your portfolio manager(s) when you instruct us to do so, market or economic conditions warrant such action, and it is generally prudent to act in this manner.

#### **Item 8 - Client Contact with Portfolio Manager(s)**

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

#### **Item 9 - Additional Information**

- A. We are required to respond to: 1. Item 9 (Disciplinary Information); and 2. Item 10 (Other Financial Industry Activities and Affiliations) of Part 2A of Form ADV.

1. We have determined that our firm and management have no disciplinary information to disclose.

2. We have the following Financial Industry Activities and Affiliations to disclose:

a. Mr. Stavinsky is a registered representative with Purshe Kaplan Sterling Investments, Inc. ("PKS"), a registered broker-dealer and Member FINRA/SIPC. Our firm is not affiliated with PKS. In order to comply with FINRA Conduct Rule 3040, PKS as an unaffiliated broker-dealer may periodically review the investment advisory transactions of our firm. This information will be viewed by PKS' compliance department personnel for supervisory purposes only. No information viewed will be utilized for purposes of solicitation or shared with any affiliation outside the scope of regulatory compliance. In addition, Mr. Stavinsky may refer clients to banks where clients would set up a margin account for which Mr. Stavinsky will be compensated by these financial institutions.

b. Certain of our firm's Advisory Affiliates, in their individual capacities, are licensed insurance agents with various insurance companies in the state of California. In their individual capacity, they may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. While normally our firm does not sell such insurance products to our investment advisory clients directly, we do permit our Advisory Affiliates, on a split fee or commission basis, in their individual capacities as licensed insurance agents, to sell insurance products to our investment advisory clients. A conflict of interest exists to the extent that our firm recommends the purchase of insurance products where our firm's Advisory Affiliates receive insurance commissions or other additional compensation.

c. In his role advising clients on their personal and business liabilities, Mr. Stavinsky may provide clients business lending, commercial and residential mortgage related consultations for which he may receive compensation from advisory clients. These activities constitute 10% of our investment adviser representative's time.

B. We are required to respond to: 1. Items 11 (Code of Ethics or Interest in Client Transactions and Personal Trading); 2. Item 13 (review of Accounts); 3. Item 14 (Client Referrals and Other Compensation); and 4. Item 18 (Financial Information) of Part 2A of Form ADV, as applicable to our wrap fee clients.

**1. Code of ethics, participation or interest in  
client transactions and personal trading**

Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that

if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>2</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated personnel. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

- a) If either our firm or a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest (excluding an interest as a shareholder of an SEC-registered, open-end investment company), we must describe our practice and discuss the conflicts of interest it presents.

We have nothing to disclose in this regard.

- b) If either our firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that our firm or a related person recommends to clients, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.

See Item 9 Section B (1.) of our Code of Ethics description. Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

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<sup>2</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.



- c) If either our firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that either you or a related person buys or sells the same securities for our firm's (or the related person's own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

See Item 9 Section B (1.) of our Code of Ethics description. Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 48 hours of buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## **2. Review of accounts.**

- a) Review of client accounts, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

We review accounts on at least a monthly basis for our clients subscribing to the following services: MVS sm Wrap Fee Program. The nature of these reviews is to learn whether clients' accounts are in line with their changing life circumstances, risk parameters, investment objectives, appropriately positioned based on market conditions, and their investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct these reviews.

- b) Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, a material change in the life of the client, and/or a general request by the client.

- c) Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to the following service(s): MVS sm Wrap Fee Program.

## **3. Client referrals and other compensation.**

- a) If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

Our firm may recommend/require that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of our firms' clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. We are independently owned and operated and not affiliated with Schwab. Schwab provides our firm with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analysis, reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to our firm other products and services that benefit our firm but may not benefit its clients' accounts. These benefits may include national, regional or specific to our firm, educational events organized and/or sponsored by Schwab Institutional. Other potential benefits may include occasional business entertainment of personnel of our firm by Schwab Institutional personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Also, there are other products and services which assist us in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of our firm's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to our firm other services intended to help us manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these

services to our firm. While, as a fiduciary, we endeavor to act in our clients' best interests, our firm's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to us of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

As a result of receiving the aforementioned products and services for no cost, we may have an incentive to continue to place Client trades through broker-dealers that offer such products and services. This motivation conflicts with the Clients' interest of obtaining the lowest commission rate available. Therefore, we must determine in good faith, based on the "best execution" policy stated above that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers.

Schwab has provided a loan to us to assist our business operations, and the loan is guaranteed by Amit Raz Stavinsky, a principal of our firm. The terms of the loan require that management fees to our firm be paid to an account at Schwab for deduction of interest and principal payments pursuant to the loan before we may have access to that fee payment. The loan agreement contains various representations by our firm, including that we will maintain \$65,000,000 million in assets under management, and various events of default, including that our firm will comply with all laws, contracts, licenses and permits. In the event of an unheeded default under the terms of the loan agreement, Schwab may terminate and/or accelerate the loan, which may have a material adverse effect on our firm's ability to perform services for our clients.

The Schwab Advisor Business Loan benefits us and may not benefit our client accounts. Our firm's recommendation/requirement that a client place assets in Schwab's custody may be based in part on benefits Schwab provides to us, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

- b) If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

We may pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to you. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, we ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If we are paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

#### **4. Financial information.**

- a) If we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance; therefore, we have not included a balance sheet for our most recent fiscal year.

**Note:** If we have not completed our first fiscal year, we must include a balance sheet dated not more than 90 days prior to the date of our brochure.

- b) If we are an SEC-registered adviser and have discretionary authority or custody of client funds or securities, or we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

We have nothing to disclose in this regard.

- c) If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.

**ITEM 1. COVER PAGE FOR  
PART 2A APPENDIX 1 OF FORM ADV:  
WRAP FEE PROGRAM BROCHURE FOR:**

**TOTAL ASSET FUND (TAF sm)  
WRAP FEE PROGRAM ACCOUNTS  
DATED: FEBRUARY 2012**



**TAMAR SECURITIES, LLC**  
21031 VENTURA BOULEVARD, SUITE 1101  
WOODLAND HILLS, CA 91364

FIRM CONTACT: AMIT STAVINSKY, CHIEF COMPLIANCE OFFICER

FIRM WEBSITE ADDRESS:

[WWW.TAMARSECURITIES.COM](http://WWW.TAMARSECURITIES.COM)  
[WWW.TMARKETFUND.COM](http://WWW.TMARKETFUND.COM)  
[WWW.TASSETFUND.COM](http://WWW.TASSETFUND.COM)  
[WWW.MVALUEFUND.COM](http://WWW.MVALUEFUND.COM)

This wrap fee program brochure provides information about the qualifications and business practices of Tamar Securities, LLC. If you have any questions regarding the contents of this brochure, please contact the main offices of Tamar Securities at 818-914-7460 or email to [amit@tamarsecurities.com](mailto:amit@tamarsecurities.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Tamar Securities, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Please note use of the term "registered investment adviser" and description of Tamar Securities, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates which advise you for more information on the qualifications of our firm and its employees.

**Item 2 - Material Changes To Part 2A Appendix 1 (Wrap Fee Program Brochure) of Form ADV:**

Tamar Securities, LLC is required to advise you of any material changes to our Wrap Fee Program Brochure (“Wrap Brochure”) as of our last annual update, identify those changes either on the cover page of our Wrap Brochure or either on the page immediately following the cover page, or also in a separate communication accompanying our Wrap Brochure. We must state clearly that we are discussing only material changes as of the last annual update of our Wrap Brochure. In addition, we must provide the date of the last annual update of our Wrap Brochure.

Last Annual Amendment Filing Date: 03/29/2011

During 2011, Tamar Securities, LLC decided to clear investment advisory transactions through several additional firms besides National Financial Services LLC, including: RBC Capital Markets LLC, Pershing LLC, Legent Clearing, Inc. and Wedbush Morgan Securities, Inc. We have also updated our Wrap Brochure to reflect that we do not have soft-dollar relationships and no longer receive certain transition related financial assistance from the Schwab Institutional division of Charles Schwab & Co., Inc.

### **Item 3 - Table of Contents**

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

- A. Description of our services, including the types of portfolio management services, provided under each program. We must indicate the wrap fee charged for each program, or, if fees vary according to a schedule, provide such schedule. Further, we are required to indicate whether fees are negotiable and identify the portion of the total fees, or range of fees, paid to portfolio managers.

Total Asset Fund (“TAF sm”) offers a unique, discretionary fee based, managed money program that utilizes no load Exchange Traded Funds (ETFs) and/or Index Funds (Although there are no upfront sales charges, other fees and expenses do apply) in order to structure long-term Global Asset Allocation portfolios.

(i) TAF sm Wrap Fee Program:

The program endorses a top-down value discipline that seeks to identify globally undervalued Markets, Economic Sectors, Industries, Fixed Income, and Specific Securities in “Super Cycles” that sell at deep discounts to both their respective and historical intrinsic values. “Super Cycles” are defined as undervalued Economic Sectors, and Industries in the Global Economy that our firm believes are best positioned for “Long-Term Growth”. The select list due diligence process begins with a rigorous screening process of the entire global universe of over 1000 Exchange and/or Index Traded Funds (ETFs).

Next, qualitative and quantitative assessments are applied for deciding on the best in class underlying funds that will end up making the Total Asset Fund (TAF sm) portfolio. This extensive due diligence process of filtering out the entire global universe of all Exchange and/or Traded Index Funds includes but is not limited to the followings: 1) Researching organizational ownership, 2) Finding out portfolio management tenure, 3) Understanding the investment process and its implementation, and 4) Studying long and short-term performance results. This process also attempts to evaluate risk/reward parameters assumed by Exchange and/or Traded Index Funds as measured by their quantitative and/or Mathematical Calculations of Risk.

The followings are some of the criteria studied when quantitative risk parameters are evaluated: Beta, Alpha, Standard Deviation, Sharpe Ratio, and R-Squared. In addition, the followings are some of the risk parameters researched when qualitative data is included: Market Risk, Economic Sector Risk, Industry Risk, Significant Sector and Position Concentration Risk, Liquidity Risk, Management Fee Risk, and Net Asset Value Risk defined as market pricing at either above (Premium), below (Discount) or at (Par) to the Exchange Trading Fund’s true Net Asset Value.

The program utilizes asset management restrictions in order to achieve favorable risk/reward performance results independent of the market’s strength or weakness. The followings are the disciplines implemented: 1) The portfolio can’t hold less than six Exchange Traded and/or Index Funds (ETFs), 2) Account total cash position can’t exceed 30% of the portfolio value, 3) Industry Exchange Traded and/or Index Fund (ETFs) cost



can't exceed 10% of portfolio cost, 4) Industry Exchange Traded and/or Index Fund value can't exceed 20% of portfolio value, 5) Sector Exchange Traded and/or Index Fund cost can't exceed 30% of portfolio cost, and 6) Sector Exchange Traded and/or Index Fund value can't exceed 45% of portfolio value. Also, throughout the tenure of the Total Asset Fund (TAF sm) program, Global Asset Allocation models are either rebalanced quarterly, semi-annually or annually in order to achieve an optimal strategic asset allocation on the Efficient Frontier. This process of rebalancing a diversified global portfolio across a strategic combination of asset classes, in turn can potentially increase the investment overall returns while decreasing its volatility.

Lastly, periodic ongoing reviews are scheduled with all clients. This process includes the followings: 1) Review of the entire portfolio as well as its underlying Exchange and/or Index Funds (ETFs) benchmarked each quarter against their respective Equity and Fixed Income indexes, 2) Recalibrate each client's asset allocation models as his or her life circumstances change, and 3) Present consolidated reporting that incorporates the Total Asset Fund (TAF sm) portfolio with the entire holdings of the clients' other investments disciplines.

(a) TAF sm Wrap Fee Program Fee Schedule:

All Equity discretionary money managed programs which includes Total Asset Fund (TAF sm) will adhere to the following pricing schedule:

<b>Assets Under Management</b>	<b>Annual Net Fee Assessed *</b>
First \$500,000	2.25%
Next \$500,000	1.75%
Over \$1,000,000	1.25%

\*Our firm's fees are generally not negotiable. Further, our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

B. Explanation that a wrap fee program may cost you more or less than purchasing such services separately and description of the factors that bear upon the relative cost of the program, such as the cost of the services if provided separately and the trading activity in your account(s).

A wrap fee program allows our clients to pay a specified fee for investment advisory services and for the execution of transactions. The advisory services may include portfolio management and/or advice concerning selection of other advisers, and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. In order to overcome this potential conflict of interest, clients may choose to pay all transactions' costs associated with the ongoing management of

their accounts. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are normally passed directly through to you by the executing broker.

- C. Description of any fees that you may pay in addition to a wrap fee, and description of the circumstances under which you may pay these fees, including, if applicable, mutual fund expenses and mark-ups, mark-downs, or spreads paid to market makers.

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or an exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

- D. If someone recommending a wrap fee program to you, receives compensation as a result of your participation in the program, we must disclose this fact. Further, we are required to explain, if applicable, that the amount of the compensation may be more than what the person would receive if you participated in our other wrap fee programs or paid separately for investment advice, brokerage and other services. Finally, we must explain that someone recommending a wrap fee program may have a financial incentive to recommend the wrap fee program over other programs or services.

Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly, as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is due to the fact that, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement as opposed to an account that is not actively traded.

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

We impose the following requirement(s) to open and/or maintain an account:

- Minimum total account size of \$100,000.

Types of clients we typically manage on their behalf wrap fee accounts include:

- Individuals, High Net Worth Individuals, and Foreign Citizens;
- Trusts, Estates, and Charitable Organizations;
- Pension and Profit Sharing Plans;
- On and off shore Corporations, limited liability Companies, and/or other business types

## **Item 6 - Portfolio Manager Selection and Evaluation**

- A. Description of how our firm selects and reviews portfolio managers, our basis for recommending or selecting portfolio managers for particular clients, and our criteria for replacing or recommending the replacement of portfolio managers for the program and for particular clients.

Our firm does not utilize outside portfolio managers. All accounts are managed by our in-house professionals.

- B. Disclosure of whether our firm or any related persons act as a portfolio manager for a wrap fee program described in the wrap fee program brochure. We must explain the conflicts of interest that we face because of this arrangement and describe how we address these conflicts of interest. Further, we must disclose whether related person portfolio managers are subject to the same selection and review as the other portfolio managers that participate in the wrap fee program. If they are not, we must describe how we select and review related person portfolio managers.

Our firm and its related persons act as portfolio manager(s) for the wrap fee program(s) previously described in this Wrap Fee Program Brochure. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our related person portfolio managers are not subject to the same selection and review as outside portfolio managers that participate in the wrap fee program. This is because we have chosen not to utilize outside portfolio managers.

- C. If our firm, or any of our supervised persons covered under or investment adviser registration, act as a portfolio manager for a wrap fee program described in the wrap fee program brochure, we must respond to Items 4.B, 4.C, 4.D (Advisory Business), 6 (Performance-Based Fees and Side- By-Side Management), 8.A (Methods of Analysis, Investment Strategies and Risk of Loss) and 17 (Voting Client Securities) of Part 2A of Form ADV (Firm Brochure).

Our firm and supervised persons do act as portfolio manager(s) for a wrap fee program described in this Wrap Fee Program Brochure.

- (i) Advisory Business:

See Item 4 of this Wrap Fee Program Brochure for information about our wrap fee advisory programs.

- (ii) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing the following services offered by our firm: FIP Wrap Fee Program.

- (iii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to the following services: FIP Wrap Fee Program.

(iv) Participation in wrap fee programs.

Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, and the program's discipline. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts.

(v) Performance-based fees and side-by-side management.

Our firm may charge *qualified clients*<sup>1</sup> ("qualified investors") "performance fees" – that is, either fees based on a share of capital gains or capital appreciation of the managed *client's assets*. We charge performance based fees as follows:

Alternative Investments where appropriate for qualified investors, include primarily a select few strategies: a long/short Technology hedge fund, a private equity Fund of Funds and a private equity Real Estate portfolio. Our firm endorses, for qualified investors, non-traditional investment strategies that have the potential to generate absolute returns independent of the market's strength or weakness.

Alternative Investments have historically provided efficient portfolio diversification because they have low correlation to traditional asset classes. We seek to identify these superior strategies and managers that can increase the Alpha and reduce the Beta of our Global Asset Allocation portfolios. In other words, in most cases than not a disciplined process of evaluating, selecting and monitoring non-traditional managers can increase a portfolio's overall returns while decreasing its overall volatility risks.

Our firm seeks to identify these superior strategies and managers that can complement our investment philosophy that relies primarily on identifying global Economic Sectors, Sub-Industries, and Specific Equities that sell at deep discounts to their respective and historical intrinsic values, and that are poised for a "Super Cycle" long term growth.

The due diligence process of choosing a few select alternative strategies and managers out of a universe of more than 10,000 funds and over \$1.4 trillion in cumulative assets under management begins with the Investment Strategy sought and the organizational

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<sup>1</sup> We are currently permitted to charge performance based fees only to clients with at least \$750,000 under management with our firm or a net worth of at least \$1.5 million. It is expected that the SEC will revisit this standard in the near future and tie the definition of a qualified client to inflation. It is unclear at this time whether the SEC will grandfather or exempt existing qualified clients being charged performance based fees from a greater financial threshold for meeting the qualified client standard should the definition change.

structure and registrations, a select few Alternative Investment Managers have to adhere to.

The Investment Strategies include the followings: Convertible Bond Arbitrage, Distressed Securities, Emerging Markets, Event Driven, Fixed Income Arbitrage, General Hedged Equity, International Long/Short, Macro Price Movement, Merger Arbitrage, Multi Arbitrage, Opportunistic, Sector Investing, Short Selling, and Fund of Funds.

The due diligence process of the Organizational Structure and Registrations of the Alternative Investment Managers include, but is not limited to the followings: 1) Finding out the tenure and experience of the investment management team, 2) Researching organizational ownership, Board of Directors, general and limited partners, 3) Understanding the investment process and its implementation, 4) Looking for Independent, disinterested Board of Directors, 5) Seeking preferred and independent bank to custody the assets, 6) Insisting on a reputable third party accounting firms to value the funds' assets, 7) Checking for an independent third party administrator, 8) Reviewing the capital structure, liquidity and financial strength of the preferred Prime Broker the Alternative Investment firm is associated with for executing its trades, 9) Insuring the highest level of "transparency" by reviewing and checking issuance of timely semi-annual, and annual reports to investors that fully disclose financial information and manager allocation, and 10) Requiring that prime Alternative Investment Managers are registered with the SEC under the Investment Company Act of 1940 (The "1940 Act").

The due diligence process for identifying a few, uniquely positioned Alternative Investment Advisors also attempts to evaluate risk/reward parameters as measured by their quantitative and/or Mathematical Calculations of Risk. The followings are some of the criteria studied when quantitative risk parameters are evaluated: Beta, Alpha, Standard Deviation, Sharpe Ratio, and R-Squared. In addition, the followings are some of the risk parameters researched when qualitative data is included: long and short-term performance results, Market Risk, Economic Sector Risk, Industry Risk, Significant Sector and Position Concentration Risk, Liquidity Risk, and Management Fee Risk.

At the end of the process, periodic ongoing reviews are scheduled with all clients. This process includes the followings: 1) Review of the entire portfolio as well as its underlying Economic Sectors, Sub-Industries and their respective Individual Equities benchmarked each quarter against their respective Equity and World Indexes, 2) Recalibrate each client's asset allocation models as his or her life circumstances change, and 3) Present consolidated reporting that incorporates the portfolios of the Alternative Investment Managers with the entire holdings of the clients' other investments disciplines.

The pricing schedule for the Alternative Investments Program will be based on our ability to negotiate a favorable institutional rate for all of the cumulative assets of the firm's qualified clients expressing a desire to participate in the program. Our goal is to negotiate a fee structure, on minimum investments of \$100,000 per client that will adhere to the following criteria: 1) annual fees not to exceed 2% of net assets, 2) incentive fees not to

exceed 20% of net profit, and 3) a one-time placement fees not to exceed 3% of net assets.

When charging performance fees to some of our clients' accounts, we face a conflict because we can potentially receive greater fees from client accounts having a performance-based compensation structure than from those accounts we only charge a fee unrelated to performance (e.g., an asset-based fee). As a result, we may have an incentive to either direct the best investment ideas to, or to either allocate or sequence trades in favor of the account that pays a performance fee.

We have taken several important steps to ensure that our performance based accounts are not favored over our client's non-performance fee based accounts. These steps include:

- 1) A periodic comparison of our performance based and non-performance accounts. Our comparison will entail a review of our ten most profitable and ten least profitable (including unrealized gain or loss) investment decisions based on total return of positions opened and closed for each investment strategy or mandate offered to clients. We keep track of securities ticker symbol, purchase date, sale date, percentage of gain and/or loss, and dollar amount of the gain and/or loss. In the event that we find performance based accounts are being unduly (i.e., consistently) favored over non-performance based accounts, we would take action to address the situation. This could include allowing non-performance based accounts to trade before performance based accounts to the extent practicable, or if the problem persists, not allowing new performance based accounts, waiving our performance based fees or cancelling our performance based fee arrangements altogether and in some cases, termination of firm personnel.
- 2) The use of block trades and allocations made based on client's risk tolerance, investment objectives and restrictions. A periodic review of the block trade allocations to detect whether profitable trades are being disproportionately allocated to performance based accounts, while unprofitable trades are being disproportionately allocated to pure-fee based accounts with no performance fee. If our firm detects a problem in the allocation of block trades, our remedies are the same as those outlined above.

### **Methods of analysis, investment strategies and risk of loss**

Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

#### Methods of Analysis:

- Global Macro
- Analysis of Sectors and Industries
- Top Down Value Analysis
- Underlying Fundamentals;
- Cyclical
- Technical.

Investment Strategies we use:

- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Short sales;
- Margin transactions;
- Option; including, covered call writings, uncovered calls and puts purchases and/or spreading strategies.

**Please note:**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock and bond markets may increase in value and consequently your account(s) could follow suite, it is also possible that the stock and bond markets may decrease in value, and consequently your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock and bond markets, your investment portfolios are appropriately diversified, and that you ask any questions you may deem necessary for managing your investment portfolio(s).

**Voting client securities**

- A. If we have, or will accept, proxy authority to vote client securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

SEC Rule 206(4)-6 requires investment advisers who have voting authority with respect to securities held in their clients' accounts to monitor corporate actions and vote proxies in their clients' interests. We are required by the SEC to adopt written policies and procedures, make those policies and procedures available to clients, and retain certain records with respect to proxy votes cast.

Our firm votes client proxies for all of the participants in our Wrap Account Management services. It should be noted that our firm does not vote proxies for clients of Alternative Investments and Independent Money Managers' Programs as this is the separate responsibility of these parties. We understand our duty to vote client proxies and to do so in the best interest of our clients. Our firm further understands that any material conflicts between our interests and those of our clients with regard to proxy voting must be resolved before proxies are voted. We subscribe to a proxy monitor and voting agent service, which includes access to proxy analysis with research and vote recommendations. Our firm will generally vote in accordance with the recommendations of the proxy voting firm we subscribe to, but may vote in a different fashion on particular votes if we determine that such actions are in the best interest of our clients. Where applicable, we will consider any specific voting guidelines designated in writing by a client. Clients may request a copy of our firm's written policies and procedures regarding proxy voting and/or information on how particular proxies were voted.

- B. Whether we pay for proxy voting services with soft dollars or pass the cost on to our clients through a supplement to our advisory fee.

We do not pay for proxy voting services with soft dollars. Also, we do not charge an additional fee to vote proxies.

#### **Item 7 - Client Information Provided to Portfolio Manager(s)**

We are required to communicate the information about you to your portfolio manager (s), and to inform you how often or under what circumstances we provide such updated information. Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, quarterly, and annually) in order to ensure your most current investment goals and objectives are understood, and followed by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. In addition, we will communicate personal information to your portfolio manager(s) when you instruct us to do so, market or economic conditions warrant such action, and it is generally prudent to act in this manner.

#### **Item 8 - Client Contact with Portfolio Manager(s)**

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

#### **Item 9 - Additional Information**

- A. We are required to respond to: 1. Item 9 (Disciplinary Information); and 2. Item 10 (Other Financial Industry Activities and Affiliations) of Part 2A of Form ADV.

1. We have determined that our firm and management have no disciplinary information to disclose.
2. We have the following Financial Industry Activities and Affiliations to disclose:
  - a. Mr. Stavinsky is a registered representative with Purshe Kaplan Sterling Investments, Inc. ("PKS"), a registered broker-dealer and Member FINRA/SIPC. Our firm is not affiliated with PKS. In order to comply with FINRA Conduct Rule 3040, PKS as an unaffiliated broker-dealer may periodically review the investment advisory transactions of our firm. This information will be viewed by PKS' compliance department personnel for supervisory purposes only. No information viewed will be utilized for purposes of solicitation or shared with any affiliation outside the scope of regulatory compliance. In addition, Mr. Stavinsky may refer clients to banks where clients would set up a margin account for which Mr. Stavinsky will be compensated by these financial institutions.



b. Certain of our firm's Advisory Affiliates, in their individual capacities, are licensed insurance agents with various insurance companies in the state of California. In their individual capacity, they may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. While normally our firm does not sell such insurance products to our investment advisory clients directly, we do permit our Advisory Affiliates, on a split fee or commission basis, in their individual capacities as licensed insurance agents, to sell insurance products to our investment advisory clients. A conflict of interest exists to the extent that our firm recommends the purchase of insurance products where our firm's Advisory Affiliates receive insurance commissions or other additional compensation.

c. In his role advising clients on their personal and business liabilities, Mr. Stavinsky may provide clients business lending, commercial and residential mortgage related consultations for which he may receive compensation from advisory clients. These activities constitute 10% of our investment adviser representative's time.

- B. We are required to respond to: 1. Items 11 (Code of Ethics or Interest in Client Transactions and Personal Trading); 2. Item 13 (review of Accounts); 3. Item 14 (Client Referrals and Other Compensation); and 4. Item 18 (Financial Information) of Part 2A of Form ADV, as applicable to our wrap fee clients.

### **1. Code of ethics, participation or interest in client transactions and personal trading**

Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>2</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated personnel. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our

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<sup>2</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

- a) If either our firm or a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest (excluding an interest as a shareholder of an SEC-registered, open-end investment company), we must describe our practice and discuss the conflicts of interest it presents.

We have nothing to disclose in this regard.

- b) If either our firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that our firm or a related person recommends to clients, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.

See Item 9 Section B (1.) of our Code of Ethics description. Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

- c) If either our firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that either you or a related person buys or sells the same securities for our firm's (or the related person's own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

See Item 9 Section B (1.) of our Code of Ethics description. Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 48 hours of buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## **2. Review of accounts**

- a) Review of client accounts, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

We review accounts on at least a monthly basis for our clients subscribing to the following services: TAF sm Wrap Fee Program. The nature of these reviews is to learn whether clients' accounts are in line with their changing life circumstances, risk parameters, investment objectives, appropriately positioned based on market conditions, and their investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct these reviews.

- b) Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, a material change in the life of the client, and/or a general request by the client.

- c) Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients which subscribe to the following service(s): TAF sm Wrap Fee Program.

## **3. Client referrals and other compensation**

- a) If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

Our firm may recommend/require that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of our firms' clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. We are independently owned and operated and not affiliated with Schwab. Schwab provides our firm with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of

advice, analysis, reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to our firm other products and services that benefit our firm but may not benefit its clients' accounts. These benefits may include national, regional or specific to our firm, educational events organized and/or sponsored by Schwab Institutional. Other potential benefits may include occasional business entertainment of personnel of our firm by Schwab Institutional personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Also, there are other products and services which assist us in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of our firm's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to our firm other services intended to help us manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. While, as a fiduciary, we endeavor to act in our clients' best interests, our firm's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to us of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

As a result of receiving the aforementioned products and services for no cost, we may have an incentive to continue to place Client trades through broker-dealers that offer such products and services. This motivation conflicts with the Clients' interest of obtaining the lowest commission rate available. Therefore, we must determine in good faith, based on the "best execution" policy stated above that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers.

Schwab has provided a loan to us to assist our business operations, and the loan is guaranteed by Amit Raz Stavinsky, a principal of our firm. The terms of the loan require that management fees to our firm be paid to an account at Schwab for deduction of interest and principal payments pursuant to the loan before we may have access to that fee payment. The loan agreement contains various representations by our firm, including that we will maintain \$65,000,000 million in assets under management, and various events of default, including that our firm will comply with all laws, contracts, licenses and permits. In the event of an unheeded default under the terms of the loan agreement, Schwab may terminate and/or accelerate the loan, which may have a material adverse effect on our firm's ability to perform services for our clients.

The Schwab Advisor Business Loan benefits us and may not benefit our client accounts. Our firm's recommendation/requirement that a client place assets in Schwab's custody may be based in part on benefits Schwab provides to us, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

- b) If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

We may pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to you. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, we ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If we are paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

#### **4. Financial information**

- a) If we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance; therefore, we have not included a balance sheet for our most recent fiscal year.

**Note:** If we have not completed our first fiscal year, we must include a balance sheet dated not more than 90 days prior to the date of our brochure.

- b) If we are an SEC-registered adviser and have discretionary authority or custody of client funds or securities, or we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

We have nothing to disclose in this regard.

- c) If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.

**ITEM 1. COVER PAGE FOR  
PART 2A APPENDIX 1 OF FORM ADV:  
WRAP FEE PROGRAM BROCHURE FOR:**

**TOTAL ASSET MARKET (TAM sm)  
WRAP FEE PROGRAM ACCOUNTS  
DATED FEBRUARY 2012**



**TAMAR SECURITIES, LLC**  
21031 VENTURA BOULEVARD, SUITE 1101  
WOODLAND HILLS, CA 91364

FIRM CONTACT: AMIT STAVINSKY, CHIEF COMPLIANCE OFFICER

FIRM WEBSITE ADDRESS:

[WWW.TAMARSECURITIES.COM](http://WWW.TAMARSECURITIES.COM)  
[WWW.TMARKETFUND.COM](http://WWW.TMARKETFUND.COM)  
[WWW.TASSETFUND.COM](http://WWW.TASSETFUND.COM)  
[WWW.MVALUEFUND.COM](http://WWW.MVALUEFUND.COM)

This wrap fee program brochure provides information about the qualifications and business practices of Tamar Securities, LLC. If you have any questions regarding the contents of this brochure, please contact the main offices of Tamar Securities at 818-914-7460 or email to [amit@tamarsecurities.com](mailto:amit@tamarsecurities.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Tamar Securities, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Please note use of the term "registered investment adviser" and description of Tamar Securities, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates which advise you for more information on the qualifications of our firm and its employees.

**Item 2 - Material Changes To Part 2A Appendix 1 (Wrap Fee Program Brochure) of Form ADV:**

Tamar Securities, LLC is required to advise you of any material changes to our Wrap Fee Program Brochure (“Wrap Brochure”) as of our last annual update, identify those changes either on the cover page of our Wrap Brochure or either on the page immediately following the cover page, or also in a separate communication accompanying our Wrap Brochure. We must state clearly that we are discussing only material changes as of the last annual update of our Wrap Brochure. In addition, we must provide the date of the last annual update of our Wrap Brochure.

Please note, we do not have to provide this information to a client or prospective client who has not received a previous version of our Wrap Brochure.

Last Annual Amendment Filing Date: 03/29/2011

Please note that during 2011, we decided to clear investment advisory transactions through several additional firms besides National Financial Services LLC, including: RBC Capital Markets LLC, Pershing LLC, Legent Clearing, Inc. and Wedbush Morgan Securities, Inc. We have also updated our Brochure to reflect that we do not have soft-dollar relationships and no longer receive certain transition related financial assistance from the Schwab Institutional, a division of Charles Schwab & Co., Inc. At this time, these are the only material changes to report about our Brochure.



### **Item 3 - Table of Contents**

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

- A. Description of our services, including the types of portfolio management services, provided under each program. We must indicate the wrap fee charged for each program, or, if fees vary according to a schedule, provide such schedule. Further, we are required to indicate whether fees are negotiable and identify the portion of the total fees, or range of fees, paid to portfolio managers.

Total Asset Market (“TAM sm”) offers a disciplined, discretionary, and non-discretionary fee based mutual fund of funds program. It attempts to establish long-term Strategic Asset Allocation portfolios that are made out of a few select, best in class, on and off shore underlying mutual funds that are purchased at Net Asset Value (NAV). These funds are selected out of a total universe of approximately 200 mutual fund families that include unaffiliated load-waived and no-load funds (Although there are no upfront sales charges, other fees and expenses do apply).

(i) TAM sm Wrap Fee Program:

The program endorses a top-down value discipline that seeks to identify globally undervalued Markets, Economic Sectors, Industries, Fixed Income, and Specific Securities in “Super Cycles” that sell at deep discounts to both their respective and historical intrinsic values. “Super Cycles” are defined as undervalued Economic Sectors, and Industries in the Global Economy that our firm believes are best positioned for “Long-Term Growth”. The select list due diligence process that aims to identify some of the world’s best underlying mutual funds begins with a rigorous screening process of the entire global universe of about 200 mutual fund families.

Next, qualitative and quantitative assessments are applied for deciding on the best in class underlying mutual funds that will end up making the Total Asset Market (TAM sm) portfolio. This extensive due diligence process of filtering out a global universe of approximately 200 mutual fund families includes but is not limited to the followings: 1) Researching organizational ownership, 2) Finding out portfolio management tenure, 3) Understanding the investment process and its implementation, and 4) Studying long and short-term performance results. This process also attempts to evaluate risk/reward parameters assumed by the mutual fund managers as measured by their quantitative and/or Mathematical Calculations of Risk. The followings are some of the criteria studied when quantitative risk parameters are evaluated: Beta, Alpha, Standard Deviation, Sharpe Ratio, and R-Squared. In addition, the followings are some of the risk parameters researched when qualitative data is included: Market Risk, Economic Sector Risk, Industry Risk, Significant Sector and Position Concentration Risk, Liquidity Risk, and Management Fee Risk of expense ratios, 12b-1 charges, and early withdrawals.

Throughout the tenure of the Total Asset Market (TAM sm) program, Global Asset Allocation models are either rebalanced quarterly, semi-annually or annually in order to achieve an optimal strategic asset allocation on the Efficient Frontier. This process of rebalancing a diversified global portfolio across a strategic combination of asset classes,

in turn can potentially increase the overall investment returns while decreasing its volatility.

Last, periodic Ongoing Reviews are scheduled with all clients. This process includes the followings: 1) Review of the entire portfolio as well as its underlying mutual funds benchmarked each quarter against their respective Equity and Fixed Income indexes, 2) Recalibrate each client's asset allocation models as his or her life circumstances change, and 3) Present consolidated reporting that incorporates the Total Asset Market (TAM sm) portfolio with the entire holdings of the clients' other investments disciplines.

(a) TAM sm Wrap Fee Program Fee Schedule:

All Equity discretionary money managed programs which includes Total Asset Market (TAM sm) will adhere to the following pricing schedule:

<b>Assets Under Management</b>	<b>Annual Net Fee Assessed*</b>
First \$500,000	2.25%
Next \$500,000	1.75%
Over \$1,000,000	1.25%

\*Our firm's fees are generally not negotiable. Further, our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

B. Explanation that a wrap fee program may cost you more or less than purchasing such services separately and description of the factors that bear upon the relative cost of the program, such as the cost of the services if provided separately and the trading activity in your account(s).

A wrap fee program allows our clients to pay a specified fee for investment advisory services and for the execution of transactions. The advisory services may include portfolio management and/or advice concerning selection of other advisers, and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. In order to overcome this potential conflict of interest, clients may choose to pay all transactions' costs associated with the ongoing management of their accounts. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are normally passed directly through to you by the executing broker.

- C. Description of any fees that you may pay in addition to a wrap fee, and description of the circumstances under which you may pay these fees, including, if applicable, mutual fund expenses and mark-ups, mark-downs, or spreads paid to market makers.

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or an exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

- D. If someone recommending a wrap fee program to you receives compensation as a result of your participation in the program, we must disclose this fact. Further, we are required to explain, if applicable, that the amount of the compensation may be more than what the person would receive if you participated in our other wrap fee programs or paid separately for investment advice, brokerage and other services. Finally, we must explain that someone recommending a wrap fee program may have a financial incentive to recommend the wrap fee program over other programs or services.

Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly, as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is due to the fact that, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement as opposed to an account that is not actively traded.

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

We impose the following requirement(s) to open and/or maintain an account:

- Minimum total account size of \$100,000.

Types of clients we typically manage on their behalf wrap fee accounts include:

- Individuals, High Net Worth Individuals, and Foreign Citizens;
- Trusts, Estates, and Charitable Organizations;
- Pension and Profit Sharing Plans;
- On and off shore Corporations, limited liability Companies, and/or other business types

## **Item 6 - Portfolio Manager Selection and Evaluation**

- A. Description of how our firm selects and reviews portfolio managers, our basis for recommending or selecting portfolio managers for particular clients, and our criteria for replacing or recommending the replacement of portfolio managers for the program and for particular clients.

Our firm does not utilize outside portfolio managers. All accounts are managed by our in-house professionals.

- B. Disclosure of whether our firm or any related persons act as a portfolio manager for a wrap fee program described in the wrap fee program brochure. We must explain the conflicts of interest that we face because of this arrangement and describe how we address these conflicts of interest. Further, we must disclose whether related person portfolio managers are subject to the same selection and review as the other portfolio managers that participate in the wrap fee program. If they are not, we must describe how we select and review related person portfolio managers.

Our firm and its related persons act as portfolio manager(s) for the wrap fee program(s) previously described in this Wrap Fee Program Brochure. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our related person portfolio managers are not subject to the same selection and review as outside portfolio managers that participate in the wrap fee program. This is because we have chosen not to utilize outside portfolio managers.

- C. If our firm, or any of our supervised persons covered under or investment adviser registration, act as a portfolio manager for a wrap fee program described in the wrap fee program brochure, we must respond to Items 4.B, 4.C, 4.D (Advisory Business), 6 (Performance-Based Fees and Side- By-Side Management), 8.A (Methods of Analysis, Investment Strategies and Risk of Loss) and 17 (Voting Client Securities) of Part 2A of Form ADV (Firm Brochure).

Our firm and supervised persons do act as portfolio manager(s) for a wrap fee program described in this Wrap Fee Program Brochure.

- (i) Advisory Business:

See Item 4 of this Wrap Fee Program Brochure for information about our wrap fee advisory programs.

- (ii) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing the following services offered by our firm: TAM sm Wrap Fee Program.

(iii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to the following services: TAM sm Wrap Fee Program.

(iv) Participation in wrap fee programs.

Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, and the program's discipline. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts.

(v) Performance-based fees and side-by-side management.

Our firm may charge *qualified clients*<sup>1</sup> (“*qualified investors*”) “performance fees” – that is, either fees based on a share of capital gains or capital appreciation of the managed *client's assets*. We charge performance based fees as follows:

Alternative Investments where appropriate for qualified investors, include primarily a select few strategies: a long/short Technology hedge fund, a private equity Fund of Funds and a private equity Real Estate portfolio. Our firm endorses, for qualified investors, non-traditional investment strategies that have the potential to generate absolute returns independent of the market's strength or weakness.

Alternative Investments have historically provided efficient portfolio diversification because they have low correlation to traditional asset classes. We seek to identify these superior strategies and managers that can increase the Alpha and reduce the Beta of our Global Asset Allocation portfolios. In other words, in most cases than not a disciplined process of evaluating, selecting and monitoring non-traditional managers can increase a portfolio's overall returns while decreasing its overall volatility risks.

Our firm seeks to identify these superior strategies and managers that can complement our investment philosophy that relies primarily on identifying global Economic Sectors, Sub-Industries, and Specific Equities that sell at deep discounts to their respective and historical intrinsic values, and that are poised for a “Super Cycle” long term growth.

The due diligence process of choosing a few select alternative strategies and managers out of a universe of more than 10,000 funds and over \$1.4 trillion in cumulative assets

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<sup>1</sup> We are currently permitted to charge performance based fees only to clients with at least \$750,000 under management with our firm or a net worth of at least \$1.5 million. It is expected that the SEC will revisit this standard in the near future and tie the definition of a qualified client to inflation. It is unclear at this time whether the SEC will grandfather or exempt existing qualified clients being charged performance based fees from a greater financial threshold for meeting the qualified client standard should the definition change.

under management begins with the Investment Strategy sought and the organizational structure and registrations, a select few Alternative Investment Managers have to adhere to.

The Investment Strategies include the followings: Convertible Bond Arbitrage, Distressed Securities, Emerging Markets, Event Driven, Fixed Income Arbitrage, General Hedged Equity, International Long/Short, Macro Price Movement, Merger Arbitrage, Multi Arbitrage, Opportunistic, Sector Investing, Short Selling, and Fund of Funds.

The due diligence process of the Organizational Structure and Registrations of the Alternative Investment Managers include, but is not limited to the followings: 1) Finding out the tenure and experience of the investment management team, 2) Researching organizational ownership, Board of Directors, general and limited partners, 3) Understanding the investment process and its implementation, 4) Looking for Independent, disinterested Board of Directors, 5) Seeking preferred and independent bank to custody the assets, 6) Insisting on a reputable third party accounting firms to value the funds' assets, 7) Checking for an independent third party administrator, 8) Reviewing the capital structure, liquidity and financial strength of the preferred Prime Broker the Alternative Investment firm is associated with for executing its trades, 9) Insuring the highest level of "transparency" by reviewing and checking issuance of timely semi-annual, and annual reports to investors that fully disclose financial information and manager allocation, and 10) Requiring that prime Alternative Investment Managers are registered with the SEC under the Investment Company Act of 1940 (The "1940 Act").

The due diligence process for identifying a few, uniquely positioned Alternative Investment Advisors also attempts to evaluate risk/reward parameters as measured by their quantitative and/or Mathematical Calculations of Risk. The followings are some of the criteria studied when quantitative risk parameters are evaluated: Beta, Alpha, Standard Deviation, Sharpe Ratio, and R-Squared. In addition, the followings are some of the risk parameters researched when qualitative data is included: long and short-term performance results, Market Risk, Economic Sector Risk, Industry Risk, Significant Sector and Position Concentration Risk, Liquidity Risk, and Management Fee Risk.

At the end of the process, periodic Ongoing Reviews are scheduled with all clients. This process includes the followings: 1) Review of the entire portfolio as well as its underlying Economic Sectors, Sub-Industries and their respective Individual Equities benchmarked each quarter against their respective Equity and World Indexes, 2) Recalibrate each client's asset allocation models as his or her life circumstances change, and 3) Present consolidated reporting that incorporates the portfolios of the Alternative Investment Managers with the entire holdings of the clients' other investments disciplines.

The pricing schedule for the Alternative Investments Program will be based on our ability to negotiate a favorable institutional rate for all of the cumulative assets of the firm's qualified clients expressing a desire to participate in the program. Our goal is to negotiate a fee structure, on minimum investments of \$100,000 per client that will adhere to the following criteria: 1) annual fees not to exceed 2% of net assets, 2) incentive fees

not to exceed 20% of net profit, and 3) a one-time placement fees not to exceed 3% of net assets.

When charging performance fees to some of our clients' accounts, we face a conflict because we can potentially receive greater fees from client accounts having a performance-based compensation structure than from those accounts we only charge a fee unrelated to performance (e.g., an asset-based fee). As a result, we may have an incentive to either direct the best investment ideas to, or to either allocate or sequence trades in favor of the account that pays a performance fee.

We have taken several important steps to ensure that our performance based accounts are not favored over our client's non-performance fee based accounts. These steps include:

- 1) A periodic comparison of our performance based and non-performance accounts. Our comparison will entail a review of our ten most profitable and ten least profitable (including unrealized gain or loss) investment decisions based on total return of positions opened and closed for each investment strategy or mandate offered to clients. We keep track of securities ticker symbol, purchase date, sale date, percentage of gain and/or loss, and dollar amount of the gain and/or loss. In the event that we find performance based accounts are being unduly (i.e., consistently) favored over non-performance based accounts, we would take action to address the situation. This could include allowing non-performance based accounts to trade before performance based accounts to the extent practicable, or if the problem persists, not allowing new performance based accounts, waiving our performance based fees or cancelling our performance based fee arrangements altogether and in some cases, termination of firm personnel.
- 2) The use of block trades and allocations made based on client's risk tolerance, investment objectives and restrictions. A periodic review of the block trade allocations to detect whether profitable trades are being disproportionately allocated to performance based accounts, while unprofitable trades are being disproportionately allocated to pure-fee based accounts with no performance fee. If our firm detects a problem in the allocation of block trades, our remedies are the same as those outlined above.

### **Methods of analysis, investment strategies and risk of loss**

Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

#### Methods of Analysis:

- Global Macro
- Analysis of Sectors and Industries
- Top Down Value Analysis
- Underlying Fundamentals;
- Cyclical
- Technical.



Investment Strategies we use:

- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Short sales;
- Margin transactions;
- Option; including, covered call writings, uncovered calls and puts purchases and/or spreading strategies.

**Please note:**

Investing in securities involves risk of loss that *clients* should be prepared to bear. While the stock and bond markets may increase in value and consequently your account(s) could follow suite, it is also possible that the stock and bond markets may decrease in value, and consequently your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock and bond markets, your investment portfolios are appropriately diversified, and that you ask any questions you may deem necessary for managing your investment portfolio(s).

**Voting client securities**

- A. If we have, or will accept, proxy authority to vote client securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

SEC Rule 206(4)-6 requires investment advisers who have voting authority with respect to securities held in their clients' accounts to monitor corporate actions and vote proxies in their clients' interests. We are required by the SEC to adopt written policies and procedures, make those policies and procedures available to clients, and retain certain records with respect to proxy votes cast.

Our firm votes client proxies for all of the participants in our Wrap Account Management service. It should be noted that our firm does not vote proxies for clients of Alternative Investments and Independent Money Managers' Programs as this is the separate responsibility of these parties. We understand our duty to vote client proxies and to do so in the best interest of our clients. Our firm further understands that any material conflicts between our interests and those of our clients with regard to proxy voting must be resolved before proxies are voted. We subscribe to a proxy monitor and voting agent service, which includes access to proxy analysis with research and vote recommendations. Our firm will generally vote in accordance with the recommendations of the proxy voting firm we subscribe to, but may vote in a different fashion on particular votes if we determine that such actions are in the best interest of our clients. Where applicable, we will consider any specific voting guidelines designated in writing by a client. Clients may request a copy of our firm's written policies and procedures regarding proxy voting and/or information on how particular proxies were voted.

- B. Whether we pay for proxy voting services with soft dollars or pass the cost on to our clients through a supplement to our advisory fee.

We do not pay for proxy voting services with soft dollars. Also, we do not charge an additional fee to vote proxies.

#### **Item 7 - Client Information Provided to Portfolio Manager(s)**

We are required to communicate the information about you to your portfolio manager(s), and to inform you how often or under what circumstances we provide such updated information. Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, quarterly, and annually) in order to ensure your most current investment goals and objectives are understood, and followed by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. In addition, we will communicate personal information to your portfolio manager(s) when you instruct us to do so, market or economic conditions warrant such action, and it is generally prudent to act in this manner.

#### **Item 8 - Client Contact with Portfolio Manager(s)**

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

#### **Item 9 - Additional Information**

- A. We are required to respond to: 1. Item 9 (Disciplinary Information); and 2. Item 10 (Other Financial Industry Activities and Affiliations) of Part 2A of Form ADV.

1. We have determined that our firm and management have no disciplinary information to disclose.
2. We have the following Financial Industry Activities and Affiliations to disclose:
  - a. Mr. Stavinsky is a registered representative with Purshe Kaplan Sterling Investments, Inc. ("PKS"), a registered broker-dealer and Member FINRA/SIPC. Our firm is not affiliated with PKS. In order to comply with FINRA Conduct Rule 3040, PKS as an unaffiliated broker-dealer may periodically review the investment advisory transactions of our firm. This information will be viewed by PKS' compliance department personnel for supervisory purposes only. No information viewed will be utilized for purposes of solicitation or shared with any affiliation outside the scope of regulatory compliance. In addition, Mr. Stavinsky may refer clients to banks where clients would set up a margin account for which Mr. Stavinsky will be compensated by these financial institutions.

b. Certain of our firm's Advisory Affiliates, in their individual capacities, are licensed insurance agents with various insurance companies in the state of California. In their individual capacity, they may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. While normally our firm does not sell such insurance products to our investment advisory clients directly, we do permit our Advisory Affiliates, on a split fee or commission basis, in their individual capacities as licensed insurance agents, to sell insurance products to our investment advisory clients. A conflict of interest exists to the extent that our firm recommends the purchase of insurance products where our firm's Advisory Affiliates receive insurance commissions or other additional compensation.

c. In his role advising clients on their personal and business liabilities, Mr. Stavinsky may provide clients business lending, commercial and residential mortgage related consultations for which he may receive compensation from advisory clients. These activities constitute 10% of our investment adviser representative's time.

- B. We are required to respond to: 1. Items 11 (Code of Ethics or Interest in Client Transactions and Personal Trading); 2. Item 13 (review of Accounts); 3. Item 14 (Client Referrals and Other Compensation); and 4. Item 18 (Financial Information) of Part 2A of Form ADV, as applicable to our wrap fee clients.

### **1. Code of ethics, participation or interest in client transactions and personal trading**

Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>2</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated personnel. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in

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<sup>2</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

- a) If either our firm or a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest (excluding an interest as a shareholder of an SEC-registered, open-end investment company), we must describe our practice and discuss the conflicts of interest it presents.

We have nothing to disclose in this regard.

- b) If either our firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that our firm or a related person recommends to clients, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.

See Item 9 Section B (1) of our Code of Ethics description. Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

- c) If either our firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that either you or a related person buys or sells the same securities for our firm's (or the related person's own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

See Item 9 Section B (1) of our Code of Ethics description. Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 48 hours of buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## **2. Review of accounts**

- a) Review of client accounts, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

We review accounts on at least a monthly basis for our clients subscribing to the following services: TAM sm Wrap Fee Program. The nature of these reviews is to learn whether clients' accounts are in line with their changing life circumstances, risk parameters, investment objectives, appropriately positioned based on market conditions, and their investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct these reviews.

- b) Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, a material change in the life of the client, and/or a general request by the client.

- c) Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We do not provide written reports to clients, unless asked to do so. Among the factors which may trigger an off-cycle review are major market or economic events, a material change in the life of the client, and/or a general request by the client.

## **3. Client referrals and other compensation**

- a) If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

Our firm may recommend/require that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of our firms' clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. We are independently owned and operated and not affiliated with Schwab. Schwab provides our firm with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of

advice, analysis, reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to our firm other products and services that benefit our firm but may not benefit its clients' accounts. These benefits may include national, regional or specific to our firm, educational events organized and/or sponsored by Schwab Institutional. Other potential benefits may include occasional business entertainment of personnel of our firm by Schwab Institutional personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Also, there are other products and services which assist us in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of our firm's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to our firm other services intended to help us manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. While, as a fiduciary, we endeavor to act in our clients' best interests, our firm's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to us of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

As a result of receiving the aforementioned products and services for no cost, we may have an incentive to continue to place Client trades through broker-dealers that offer such products and services. This motivation conflicts with the Clients' interest of obtaining the lowest commission rate available. Therefore, we must determine in good faith, based on the "best execution" policy stated above that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers.

Schwab has provided a loan to us to assist our business operations, and the loan is guaranteed by Amit Raz Stavinsky, a principal of our firm. The terms of the loan require that management fees to our firm be paid to an account at Schwab for deduction of interest and principal payments pursuant to the loan before we may have access to that fee payment. The loan agreement contains various representations by our firm, including that we will maintain \$65,000,000 million in assets under management, and various events of default, including that our firm will comply with all laws, contracts, licenses and permits. In the event of an unheeded default under the terms of the loan agreement, Schwab may terminate and/or accelerate the loan, which may have a material adverse effect on our firm's ability to perform services for our clients.

The Schwab Advisor Business Loan benefits us and may not benefit our client accounts. Our firm's recommendation/requirement that a client place assets in Schwab's custody may be based in part on benefits Schwab provides to us, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

- b) If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

We may pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to you. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, we ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If we are paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

#### **4. Financial information.**

- a) If we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance; therefore, we have not included a balance sheet for our most recent fiscal year.

**Note:** If we have not completed our first fiscal year, we must include a balance sheet dated not more than 90 days prior to the date of our brochure.

- b) If we are an SEC-registered adviser and have discretionary authority or custody of client funds or securities, or we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

We have nothing to disclose in this regard.

- c) If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.