

**Item 1:**



***Investment Adviser Brochure***  
***Form ADV Part 2A***

**Fiduciary Investment Council, LLC**

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This Brochure provides information about the qualifications and business practices of Fiduciary Investment Council, LLC ("FIC"). If you have questions about disclosure brochure, please contact us at via telephone at 415.806.0253 or email at [info@fiduciarycouncil.com](mailto:info@fiduciarycouncil.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.

FIC is a registered investment adviser with the Securities Exchange Commission. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Investment Adviser provide you with information from which you determine whether to hire or retain an Investment Adviser.

Additional information about Fiduciary Investment Council, LLC, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for FIC is 158709.

## **Item 2: Material Changes**

This section discusses specific material changes made to the Brochure and provides a summary of all material changes that have occurred since the last filing of this Brochure with the SEC.

The ownership of Fiduciary Investment Council ("FIC"), a Delaware Limited Liability Company has changed effective June 2012. Fiduciary Investment Council is now a wholly owned subsidiary of Fiduciary Council Holdings, LLC. Previously, Joseph Caballero was the sole managing member of FIC. Fiduciary Council Holdings, LLC is a privately owned entity. The firm has no other material changes affecting its clients and business practices. Information regarding this change is provided in Item 4 "Advisory Business".

We ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year which is December 31st. We provide other ongoing disclosure information about material changes as necessary. We also provide clients with a new Brochure, as necessary, based on changes or new information. Currently, our Brochure may be requested at any time, without charge, by contacting us at (415) 806-0253 or via email at [info@fiduciarycouncil.com](mailto:info@fiduciarycouncil.com).

Additional information about Fiduciary Investment Council, LLC and any persons affiliated with Fiduciary Investment Council, LLC who are registered, or are required to be registered, as investment adviser representatives of Fiduciary Investment Council, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4: Advisory Business**

Fiduciary Investment Council, LLC (“FIC” or “the Firm” or “we”), is a Securities and Exchange Commission (SEC) registered investment adviser. The ownership of FIC, a Delaware Limited Liability Company, changed effective June 2012, and FIC is now a wholly owned subsidiary of Fiduciary Council Holdings, LLC, a privately held company. The principal office is in Santa Barbara, California, with an additional office in San Francisco.

FIC focuses on client relationships to deliver complete wealth management services for high net-worth clients. We provide a full suite of sophisticated, integrated wealth planning, implementation, and management. We also provide family office services.

Our independence and privately held ownership structure is a key part of our firm – it creates client service stability and drives our future by maintaining a strong, executable plan for succession. We offer wealth management services to high net-worth individuals, trusts, estates, private foundations, and business entities. We work closely with our clients to outline their financial circumstances and investment objectives. We then offer an investment management program tailored to their needs. Once a client chooses an overall investment asset allocation target, we select the specific securities to fulfill the desired asset mix. We use separate account managers, separate investments in equities, mutual funds, exchange-traded funds, exchange-traded notes, private partnerships, bonds, cash-equivalents, and other instruments. For certain client portfolios, we may also use private partnerships, usually limited partnership interests managed by third party managers.

We closely track the global investment markets and monitor our client’s investment performance, rebalancing assets among the funds and the separate investments accordingly. As an investment fiduciary, we always maintain our portfolios within our client’s investment policy statement and strategic asset allocation.

We prepare strategic investment plans and provide complete wealth planning by determining our client’s long-term and short-term financial objectives, risk tolerance, tax status, current investments, and current investment allocation. We work with our clients to manage any restrictions on investments in certain types of companies, asset classes or industries. We develop customized financial models which align our client’s expenses and financial resources.

We take into consideration our client’s personal situation, income needs, time horizon, liquidity needs, legal and tax constraints, risk tolerance, inter-generational issues, and any special circumstances. We also advise on matters that may not pertain to investments when overseeing the complex financial lives of families with substantial assets including educating multi-generational families about being responsible with their wealth.

### ***Wrap Fee Programs***

The Firm doesn't participate in wrap fee programs.

### ***Assets Under Management***

As of June 2012, our assets under management are \$105,000,000. We manage assets on a non-discretionary basis and use the same method to calculate our assets under management here as we have used to calculate assets under management on Item 5(F) of our Form ADV 1.

### ***Conflicts of Interest***

All material conflicts of interest under CCR Section 260.238 regarding the investment adviser, its representatives or any of its employees, which could reasonably be expected to impair the rendering of unbiased and objective advice, are disclosed within this brochure.

The amount you invest is managed on a non-discretionary basis which means, you have not given us the authority to determine the following without your consent:

- Securities to be bought or sold for your account;
- Amount of securities to be bought or sold for your account;
- Broker-dealer to be used for a purchase or sale of securities for your account; and
- Commission rates to be paid to a broker or dealer for your securities transaction.

As we do not have trading discretion on client accounts, trading activity is generally limited to help minimize trading costs. Trading may be required to meet initial allocation targets, after substantial cash deposits that require investment allocation, and/or after a request for a withdrawal that requires liquidation of a position. Client accounts may be rebalanced or reallocated periodically in order to reestablish the targeted percentages of initial asset allocation. This rebalancing or reallocation will occur on the schedule we have determined. Our clients are responsible for any and all tax consequences resulting from any rebalancing or reallocation of the account. We are not tax professionals and do not give tax advice. However, we will work with tax professionals to assist tax planning.

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

We are compensated for our wealth and investment advisory services based on a client's assets under management and bill fees quarterly, in advance. The value of any private investments may be included in a client's overall portfolio value for purposes of calculating quarterly fees. Investment management fees are calculated using the fee schedule applied to the portfolio value on the last day of the calendar quarter. Clients authorize their custodial bank or brokerage to directly debit the fees from specific client accounts designated by them. Fees are prorated for the first quarter in which clients engage us based on the number of days from the

effective date of the engagement agreement to the last day of the calendar quarter. If a client terminates their engagement agreement during a calendar quarter, fees are only charged a prorated fee, which is due and payable on the day the agreement terminates. In the event there are any prepaid fees, any unearned fees are promptly refunded upon termination.

We do not receive any fees, commissions or any other compensation related to the sale or purchase of securities or other investment products. Our interest is completely aligned with our clients. We believe full disclosure of fees is paramount in our client relationship. Neither we nor any of our employees or principals receives any commissions from sponsors of investments products.

Our investment advisory fee is based on the following schedule.

<i>Annualized Fees:</i>	<u>From</u>	<u>To</u>	<u>Per year</u>
	\$1,000,000	\$4,999,999	1.00%
	\$5,000,000	\$9,999,999	0.80%
	Over \$10,000,000		0.60%
	Minimum annual fee is \$10,000		

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses charged by others and which are paid by our clients. A client may incur certain charges imposed by custodians, brokers, third party investments and other third party activities such as fees charged by managers or custodians, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in each fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fees, and we do not receive any portion of these commissions, fees, and costs.

Item 12, Brokerage Practices, further describes the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

We do not independently value any securities held in our client accounts, the value of which determines our fees. The periodic financial and performance information provided by the managers will be used as the basis for performance reporting and fee billing where a client pays an asset-based fee. For marketable securities, the prices are provided to us by custodians or third party pricing services and are used for reporting performance and for fee calculation.

In some instances, precise account balances are unavailable to us on a timely basis. Billing in those situations is based on the most current information available when fees are calculated.

While we make every effort to obtain account balances directly from custodians, for reporting purposes we may request clients to provide us with copies of account statements.

### ***Fees for Wealth Advisory and Family Office Services***

The specific manner in which wealth advisory and family office fees are charged by us is established in our written client agreement. Case-by-case retainer fees are negotiated based on the volume and complexity of ongoing work based on hourly billing rates and the expected amount of time on the work being performed. Retainers typically range from \$5,000 to \$50,000, but can be far greater than this for highly complex family office engagements. For special projects or ongoing consulting on wealth planning, fees are based on expected service time and hourly fees ranging from \$50 to \$500 per hour depending on the staffing of the engagement. Our fees are due and payable upon receipt of invoice. All fees are negotiable. Upon termination of the Retainer Agreement, any unused retainer credit is refunded based on either the passage of time or utilization of hours, depending on the terms of the engagement.

Wealth planning services include, but are not limited to, financial planning, estate planning, tax planning, expense management and bill payment services, retirement planning, risk management, and philanthropy. Either we or our client may terminate the engagement agreement at any time. Notice of termination may be given to the other party either verbally or in writing. Our clients are responsible for payment for services rendered until the termination of our agreement. A client can cancel the agreement without penalty within the first five (5) business days after the signing of the agreement.

### **Additional Compensation**

Neither the Firm nor any supervised person is associated with any broker dealer or accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

Neither FIC nor any supervised person of FIC accepts performance based fees.

## **Item 7: Types of Clients**

We provide investment advisory, wealth advisory, and family office services to high-net-worth, accredited investors only. This describes someone who individually or jointly with a spouse has more than \$1,000,000 managed by us or a net worth of \$2,000,000 excluding the value of their primary residence. Our clients are corporate executives, business owners, high-net-worth families, trusts, charitable foundations, and endowments. We typically provide investment advisory services to clients with assets more than \$5,000,000.

## **Account Minimums**

We require a minimum of \$1,000,000 to establish an advisory account. Our account minimum may be waived at our discretion, and we may continue to service existing accounts that have values below our minimum.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

We offer comprehensive wealth management services, which integrate financial, tax, and estate planning with investment management. We work closely with clients to clarify and fully understand their current financial situation and goals. We then suggest an investment management plan customized to their needs and ability to endure market changes.

We work closely with our clients to develop an investment plan by:

1. Creating global capital market expectations with a long-term outlook which guides us in developing portfolio strategies and recommendations; and
2. Selecting an optimal asset allocation which is customized based on circumstances.

Our investment advice is based on the expected long-term market returns and risks of various types of investment asset classes including: global fixed income (publicly traded); global equities of large to small capitalized companies (publicly traded); global real estate; private equity (investments in non-publicly traded companies); natural resources and commodities; and opportunistic strategies which are usually investment strategies implemented by hedge fund managers. We believe exposure to global multi-asset class investments may provide durable portfolio growth, with reduced volatility, over time. We expect a portfolio's returns to compare favorably to the return produced by a portfolio's relevant benchmarks. Each investment's benchmark will be the return of a recognized investment index such as the S&P 500 (see Glossary for definition). The comparison to benchmarks is also known as relative performance. We do not expect a large part of a portfolio's return to come from the outperformance of individual investment managers compared to the relevant benchmark.

Our portfolio design considers how various asset classes are expected to perform relative to each other, their correlations (see Glossary for definition), as well as how a particular asset class risk relates to another.

Portfolios that target the lowest risk will weighted more towards fixed income, while portfolios that target higher risk/return profile will focus on equities or other asset classes which are expected to have a high return.

Within each asset class, the allocations and implementation are generally the same for portfolios with different risk and return targets; it is the overall asset allocations that differ.



We use tools developed by Morningstar which facilitates the comparison of investment performance of mutual funds, exchange traded funds and individual securities to standard market benchmarks. This facilitates asset allocation by computing the risk and return characteristics of portfolios of securities or indexes, given our assumptions about the risk and return of those portfolio elements. We also use numerous sources of information both public and private, including but not limited Bloomberg, Google Finance, the Wall Street Journal and other financial new sources.

We divide our investment program into three steps:

1. Allocation across global multi-asset classes (for example, both domestic and international fixed income and equities; large to small capitalized companies, real estate, commodities, etc.);
2. Strategy and manager selection within each asset class; and
3. Executing the program.

We actively review the investments to make sure performance objectives are met. The majority of our investments are made using third party sub-advisors, including exchange traded funds, mutual funds, hedge funds, separate account managers, and other private investment partnerships.

We periodically rebalance our clients' portfolios because studies and research have previously demonstrated that this can increase returns and lower risk over the long-term. Rebalancing involves trading securities, both buying some and selling others, in order to bring a portfolio back to its targeted asset allocation. Rebalancing is necessary because the distribution of a portfolio may become out of alignment with its investment goals due to the fact that some investments grow faster than others over time. Additional transaction costs usually arise from rebalancing a portfolio. Portfolios may suffer lower returns if the assets sold have higher returns in the future than those purchased.

### ***Material Risks***

- The progress of the capital markets is unpredictable, and our analysis is not able to predict future investment returns.
- All investments can lose value and certain asset classes and/or specific securities which we choose may have poor returns for an extended period.
- A focus on long-term returns could cause us to ignore or be less concerned with near-term economic or market events.
- The investment managers we choose may underperform their benchmarks, resulting in a worse return than investing in a single index fund or a portfolio of index funds.

- While we believe our approach will result in a lower tax bill than a traditional actively managed portfolio, our portfolios may incur higher taxes than an index fund, making any of our managers' underperformance of the benchmarks worse.
- Private investment vehicles often have limited liquidity and pursue investment strategies which are not completely transparent to investors.

### ***Potential Risks of Investing in Private Investment Funds***

Private investment funds generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in each fund's offering documents, which will be provided for review and consideration. Investing in private investment funds is intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment. An investor should carefully review and consider potential risks before investing in private funds. Certain of these risks may include loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices, lack of liquidity because of redemption terms and conditions and that there may not and will not be a secondary market for the fund, volatility of returns, restrictions on transferring interests in the fund, a potential lack of diversification, higher fees than mutual funds, lack of information regarding valuations and pricing, and manager risk. An investor is required to complete a subscription agreement with the private investment fund itself, pursuant to which it is established that they are qualified to invest in the fund, and acknowledge and accept the various risk factors that are associated with such an investment. Private investment funds have liquidity risk and investors may not be able to redeem their investment per the offering document's disclosures.

### ***Potential Risks Associated with Investing in Private Equity and Private Real Estate Funds***

There are particular risks associated with investing in private equity and private real estate funds that generally do not hold publicly traded securities. These risks include: suitability as long-term investments only; difficulty in valuation; illiquidity; consequences on default of capital calls; and use of leverage.

### ***They are Long-term Investments***

Unlike exchange traded or mutual funds, which generally invest in publicly traded securities that are relatively liquid, private equity funds generally invest in large amounts of illiquid securities from private companies. Depending on the strategy used, private real estate funds will have illiquid underlying investments that may not be easily sold, and investors may have to wait for improvements or development before any redemption. Given the illiquid nature of the underlying purchases made by private equity and private real estate managers, private equity and private real estate funds are considered long-term investments. Private equity funds are generally set up as 10-year investments with little or no provision for investor redemptions.

Private real estate funds are generally 7-year investments and also have limited provisions for redemptions. With long-term investments, it is imperative to consider an investor's financial ability to bear large fluctuations in value and hold these investments over a number of years.

### ***They are Difficult to Value***

The portfolio holdings in private equity and private real estate funds may be difficult to value, because they are not usually quoted or traded on any financial market or exchange. As such, most of a fund's holdings have no easily available market prices. Additionally, it may be hard to quantify the impact a manager has on underlying investments until those investments are sold.

### ***They are Illiquid Investments***

Private equity and private real estate funds are not liquid. This means that they cannot be sold or exchanged quickly or easily for cash, and the interests are typically non-transferable without the consent of a fund's general partner. As a result, private equity and private real estate funds are generally only suitable for sophisticated investors who have carefully considered their financial capability to hold these investments for the long term.

### ***Default on Capital Calls has Consequences***

Answering capital calls to provide managers with the pledged capital is a contractual obligation of each investor. Failure to meet this requirement in a timely manner could elicit significant adverse consequences, including, without limitation, the forfeiture of the defaulting investor's interest in the fund.

### ***They Often Employ Leverage***

Private equity and private real estate funds may use leverage (debt) in connection with certain investments or participate in investments with highly leveraged capital structures. Although the use of leverage may enhance returns and increase the number of investments made, leverage also involves a high degree of financial risk and may increase the exposure of such investments to factors such as rising interest rates, downturns in the economy or deterioration in the condition of the assets underlying such investments. Leverage can also amplify losses.

### ***Risk Reduction***

Investing in stocks, bonds, and other types of investments inherently involves a certain level of risk. No matter how well designed a portfolio is, it contains some potential for losing value. We therefore employ certain techniques in assisting clients to manage that risk, such as:

- Investing in a variety of asset classes which react differently to the irregular, unpredictable up and down movements in the economy, both in the US and internationally.

- Allocating assets across asset classes which react differently to market cycles (ongoing cycles of growth, decline, recession, and recovery in a particular economy), rather than relying completely on statistical measures of risk or correlation.
- Using derivatives, a contract whose value is derived from another asset, such as stocks, bonds, currencies, interest rates or indexes. Our use of derivatives is typically for hedging, and trying to protect against a decline in the value of our clients' investments. Derivatives are not used in all client portfolios; they are only recommended to and utilized by clients whose circumstances are appropriate for such types of investments.
- Constantly monitoring and attempting to reduce fees and expenses (for example, negotiating trading fees and margin rates with custodians).

Investing in securities involves risk of loss that clients should be prepared to bear.

## **Item 9:     *Disciplinary Information***

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of us, or the integrity of our management. We have no information applicable to this Item. Neither we as a firm, nor any of our management persons, have been subject to any disciplinary action as of the date of this brochure. We do not have any disciplinary information to disclose.

### **Item 9.A:     Criminal or Civil Actions**

We have not been found guilty of or have any criminal or civil actions pending.

### **Item 9.B:     Administrative Proceedings**

We do not have any administrative proceedings pending before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

### **Item 9.C:     Self-Regulatory Organization ("SRO") Proceedings**

We have not been found by any SRO to have caused an investment-related business to lose its authorization to do business, or to have been involved in violating the SRO's rules, or were barred or suspended from membership or from associating with other members, or were expelled from membership, otherwise significantly limited from investment-related activities, or fined.

## **Item 10:    *Other Financial Industry Activities and Affiliations***

### **Item 10.A:    Broker-Dealer Registration**

We are not and do not own a securities broker-dealer or have an application for registration pending. No associated person of the firm is a registered representative of a broker-dealer.

**Item 10.B: Futures Commission Merchant/Commodities**

We are not a commodity broker/futures commission merchant, a commodity pool operator, commodity trading advisor or an associated person for the foregoing entities; nor do we have any registration applications pending.

**Item 10.C: Relationships with Related Persons**

Gregory Van Wyk maintains certification as accountant but is inactive.

**Item 10.D: Relationships with Other Advisers**

FIC is affiliated with another SEC-registered investment adviser, Daniel Investment Associates, LLC ("DIA"). FIC and DIA are affiliated companies by virtue of the fact that principals of both FIC and DIA participate in the management of FIC. FIC and DIA share resources and personnel and may jointly provide advisory or management services to clients. Pursuant to this relationship, certain representatives of DIA may perform advisory functions on behalf of FIC, and under certain circumstances, FIC representatives may recommend that all or a portion of the assets of certain client accounts be managed by DIA. A conflict of interest may exist when recommending the services of DIA, because the persons making such recommendations may receive remuneration from their roles and/or ownership interests in FIC. However, this will not result in additional charge to the client, and such recommendations are only made if they are reasonably believed to be in the best interests of the client.

**Item 11: Code of Ethics, Participation, or Interest in Client Transactions and Personal Trading****Item 11.A: Code of Ethics**

We have adopted a Code of Ethics that sets forth standards of conduct expected of advisory personnel and to address conflicts that arise from personal trading by advisory personnel. Advisory personnel are obligated to adhere to the Code of Ethics, and applicable securities and other laws.

The Code covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. A copy of the Code is provided to any client or prospective client upon request.

**Item 11.B: Participation or Interest in Client Transactions**

Neither we nor any associated person recommend that clients buy from or sell securities to other clients. It is our policy that the firm will not do any "agency cross securities transactions"

(defined below) for client accounts. We will on rare occasion do “principal transactions” or “cross trades” (defined below) between client accounts, such as when an individual client contributes an interest in an investment to one of the private partnerships to which we are the investment adviser. In this circumstance, the client receives an interest in the private partnership equal to the fair value of the contributed investment. We have written permission from the client to perform the principle transaction that explains our role in this trade and any compensation we may receive from it. We will not do cross trades of publicly traded securities between client accounts. “Principal transactions” are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An “agency cross transaction” is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

#### **Item 11.C: Personal Trading by Associated Persons**

We recommend that clients invest in various types of assets. We and our associated persons may invest in the same types of assets. Permitted investments for associated persons are all asset classes. See Item 11.D for information concerning conflicts of interest

#### **Item 11.D: Conflicts of Interest with Personal Trading by Associated Persons**

Associated persons may own an interest in or buy or sell for their own accounts the same securities, which may be recommended to advisory clients. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored.

Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell a specific security for their own account based on personal investment considerations, which we do not deem appropriate to buy or sell for clients.

This is permitted as long as it does not harm the client. We can never violate our fiduciary duty to our clients.

### **Item 12: Brokerage Practices**

#### **Item 12.A: Factors in Selecting or Recommending Broker-Dealers**

We make custodial recommendations based on our perception of the breadth of services offered, and quality of execution. In selecting a broker or dealer, we will not necessarily direct

transactions to the broker or dealer offering the lowest commissions. We may also consider the broker or dealer's execution capabilities, reputation and access to the markets for the securities being traded, as well as other services provided by the broker or dealer including custody. However, the client may pay commissions or fees that are higher or lower than those that may be obtained from elsewhere for similar services. Clients are advised that they are under no obligation to act on our custodial recommendations.

**Item 12.A1: Research and Other Soft Dollar Benefits**

We do not receive soft dollars generated by clients' securities transactions. The term "soft dollars" refers to funds which are generated by client trades being used by an Adviser to purchase products or services (such as research and enhanced brokerage services) from or through the broker-dealers whom the Firm engages to execute securities transactions.

**Item 12.A2: Brokerage for Client Referrals**

We do not refer clients to broker-dealers in exchange for referrals from those broker-dealers.

**Item 12.A3: Directed Brokerage**

We do not recommend or require clients to direct their brokerage business to any particular broker-dealer. However, the client may direct us in writing to use a particular Financial Institution to execute some or all transactions for the client. If a client designates a broker-dealer, we do not negotiate commission rates with the brokerage firm designated by the client or any registered representative of such brokerage firm. We will not be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by FIC. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices on transactions for the account than would otherwise be the case. Clients may, however, if they choose, negotiate commission rates with the registered representative or other representative of the firm they designate. Unless a lower rate has been negotiated by the client on their own behalf, the client should expect that the designated brokerage firm will charge commissions based upon the firm's established non-discounted commission schedule. If clients of FIC negotiate for and receive commission discounts in varying amounts, some clients may pay lower commissions than other clients in similar transactions.

Subject to our duty of best execution, we may decline a client's request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

**Item 12.B: Trade Aggregation**

In placing orders to purchase or sell securities in accounts, we may elect to aggregate orders. In so doing, we will not aggregate transactions unless aggregation is consistent with our duty to

seek best execution and the terms of our investment advisory agreement with each client for which trades are being aggregated.

No advisory client will be favored over any other client. Each client that participates in an aggregated order will participate at the average share price for all of our transactions in that security on a given business day, with transaction costs shared pro-rata based on each client's participation in the transaction. We will prepare, before entering an aggregated order, a written statement specifying the participating client accounts and how it intends to allocate the securities purchased among those clients.

If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the written statement. If the order is partially filled, it will be allocated pro-rata based on the written statement.

Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the written statement if all client accounts receive fair and equitable treatment and the reason for different allocation is explained in writing and approved in writing by our compliance officer no later than one hour after the opening of the markets on the trading day following the day the order was executed.

Our books and records will separately reflect, for each client account, the orders which are aggregated, the securities held by, and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the client's cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis. Cash or securities held collectively for clients will be delivered to the custodian bank or broker-dealer as soon as practicable following the settlement. We receive no additional compensation of any kind as a result of the proposed aggregation and individual investment advice and treatment will be accorded to each client.

### **Item 13: Review of Accounts**

We are responsible for ensuring adequate supervision over the activities of all persons who act on our behalf. Specific duties include:

- Establish procedures that could be reasonably expected to prevent and detect violations of law by our personnel;
- Analyze operations and create a system of controls to ensure compliance with applicable securities laws;
- Ensure that all personnel fully understand the Company's policies and procedures; and
- Establish a review system designed to provide reasonable assurance that our policies and procedures are effective and being followed.



We perform reviews of all investment advisory accounts no less than quarterly. We review accounts for consistency with the investment strategy and performance among other things. Reviews may be triggered by changes in an account holder's personal, tax or financial status. Clients may request accounts to be reviewed more frequently. Macroeconomic and company specific events may also trigger reviews.

In addition, brokerage statements are generated no less than quarterly and the account custodian sends copies directly to clients. These reports list the account positions, activity in the account over the covered period and other related information. The custodian also sends confirmations following each brokerage account transaction unless confirmations have been waived.

#### **Item 14: *Client Referrals and Other Compensation***

We do not have an arrangement under which it or any associated person compensates others for client referrals. We do not receive any economic benefit for providing advisory services to clients from a person who is not a client.

#### **Item 15: *Custody***

We do not have physical custody of any accounts or assets. However, we may be deemed to have custody of client accounts if we have the ability to deduct client fees from the custodian. Our Agreement and/or the separate agreement with any Financial Institution may authorize us through such Financial Institution to debit the client's account for the amount of our fee and to directly remit that management fee to us in accordance with applicable custody rules. We follow the appropriate protocol within the safe harbor provided by regulations as follows:

The broker dealer, bank or other qualified custodian recommended by us have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to FIC. The Custodian will provide the client with immediate transaction confirmations and statements, either by mail or electronically per your request. Statements list the total value of the account at the start and end of the month and itemize all transactions and security positions. For taxable accounts, the Custodian will provide clients with consolidated year-end summary statements including IRS forms 1099 and other tax-related forms, as applicable.

We urge clients to carefully review such statements and compare such official custodial records to the information we provide such as our quarterly performance reports. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. We investigate any differences our clients encounter, and recommend that clients inform us of such discrepancies. We encourage

clients to ask questions about any discrepancies. In addition clients are provided with the calculation criteria used to determine their fee.

FIC is not allowed to make alterations or amendments to the custodian's statement. This preserves the integrity of the Custodian's statement and provides you with an independent appraisal of the account.

### **Item 16: *Investment Discretion***

We do not select the securities to be bought or sold without obtaining specific client consent. We engage independent investment money managers which have discretion over client accounts. We educate our clients about this when they sign the Advisory Agreement which explains this in full detail. We usually only have the ability to rebalance and reallocate client accounts on a quarterly basis or as needed, with client permission.

### **Item 17: *Voting Client Securities***

We do not accept authority to vote proxies on behalf of clients as a matter of policy. Clients will receive their proxy information directly from their custodian. Clients may contact us with questions about a particular proxy solicitation by email at [info@fiduciarycouncil.com](mailto:info@fiduciarycouncil.com).

### **Item 18: *Financial Information***

We do not require prepayment of advisory fees more than six months in advance, and manage assets on a non-discretionary basis, so no audited balance sheet is being provided. We do not have any financial impairment preventing us from meeting our contractual commitments. A balance sheet is not required since the firm does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.

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## **Glossary of Terms<sup>1</sup>**

**Asset Allocation** – The process of dividing investments among different kinds of assets, such as stocks, bonds, real estate and cash, to optimize the risk/reward tradeoff based on an individual's or institutions specific situation and goals; a key concept in financial planning and money management.

**Asset-Class** – An asset class is a grouping of similar investments whose prices tend to move together. Asset classes can be defined on a very general level, such as stocks or on a more specific level, such as American silver producing companies. The concept of asset classes is important because one of the goals when building an investment portfolio is to use different asset classes which are not correlated with each other.

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<sup>1</sup> Source: Investopedia

**Correlation** – In the world of finance, correlation is a statistical measurement of how two securities move in relation to each other. Correlations are used in advanced portfolio management. Correlation is computed into what is known as the correlation coefficient, which ranges between -1 and +1. Perfect positive correlation (a correlation co-efficient of +1) implies that as one security moves, either up or down, the other security will move in lockstep, in the same direction. Alternatively, perfect negative correlation means that if one security moves in either direction the security that is perfectly negatively correlated will move in the opposite direction. If the correlation is 0, the movements of the securities are said to have no correlation; they are completely random.

In the real life, perfectly correlated securities are rare, rather you will find securities with some degree of correlation.

**Diversification** – a portfolio strategy designed to reduce exposure to risk by combining a variety of investments, such as stocks, bonds, and real estate, which are unlikely to all move in the same direction. The goal of diversification is to reduce the risk in a portfolio. Volatility is limited by the fact that not all asset classes or industries or individual companies move up and down in value at the same time or at the same rate. Diversification reduces both the upside and downside potential and allows for more consistent performance under a wide range of economic conditions.

**Fees** – a list of all fees associated with different products we offer are listed below:

1. **12b-1 Fees** — Fees paid by the fund out of fund assets to cover the costs of marketing and selling fund shares and sometimes to cover the costs of providing shareholder services. "Distribution fees" include fees to compensate brokers and others who sell fund shares and to pay for advertising, the printing and mailing of prospectuses to new investors, and the printing and mailing of sales literature. "Shareholder Service Fees" are fees paid to persons to respond to investor inquiries and provide investors with information about their investments.
2. **Account Fee**— A fee that some funds separately impose on investors for the maintenance of their accounts. For example, accounts below a specified dollar amount may have to pay an account fee.
3. **Distribution Fees** — Fees paid out of fund assets to cover expenses for marketing and selling fund shares, including advertising costs, compensation for brokers and others who sell fund shares, and payments for printing and mailing prospectuses to new investors and sales literature prospective investors. Sometimes referred to as "12b-1 fees."
4. **Management Fee** — fee paid out of fund assets to the fund's investment adviser or its affiliates for managing the fund's portfolio, any other management fee payable to the fund's investment adviser or its affiliates, and any administrative fee payable to the investment adviser that are not included in the "Other Expenses" category. A fund's management fee appears as a category under "Annual Fund Operating Expenses" in the Fee Table.
5. **Operating Expenses** — the costs a fund incurs in connection with running the fund, including management fees, distribution (12b-1) fees, and other expenses.
6. **Purchase Fee** — a shareholder fee that some funds charge when investors purchase mutual fund shares. Not the same as (and may be in addition to) a front-end load.
7. **Redemption Fee** — a shareholder fee that some funds charge when investors redeem (or sell) mutual fund shares. Redemption fees (which must be paid to the fund) are not the same as (and may be in addition to) a back-end load (which is typically paid to a broker). The SEC generally limits redemption fees to 2%.
8. **Sales Charge (or "Load")** — the amount that investors pay when they purchase (front-end load) or redeem (back-end load) shares in a mutual fund, similar to a commission. The SEC's rules do not limit the size of sales load a fund may charge, but FINRA rules state that mutual fund sales loads cannot exceed 8.5% and must be even lower depending on other fees and charges assessed.
9. **Shareholder Service Fees** — fees paid to persons to respond to investor inquiries and provide investors with information about their investments. See also "12b-1 fees."

**Investment Adviser** — generally, a person or entity who receives compensation for giving individually tailored advice to a specific person on investing in stocks, bonds, or mutual funds. Some investment advisers also manage portfolios of securities, including mutual funds.

**Investment Goals** – objective or target, usually driven by specific future financial needs. Some common goals for an individual are: saving for a comfortable retirement, saving to send children to college, managing finances to enable a home purchase, minimizing taxes, and maximizing return on investments given a certain risk tolerance, and estate or trust planning.

**Investment Objectives** – The financial goal or goals of an investor. An investor may wish to maximize current income, maximize capital gains, or set a middle course of current income with some appreciation of capital. Defining investment objectives helps to determine the investments an individual should select.

**Margin** — borrowing money (usually using securities you already own as collateral) that is used to purchase securities

**Mutual Fund** — the common name for an open-end investment company. Like other types of investment companies, mutual funds pool money from many investors and invest the money in stocks, bonds, short-term money-market instruments, or other securities. Mutual funds issue redeemable shares that investors purchase directly from the fund (or through a broker for the fund) instead of purchasing from investors on a secondary market.

**Portfolio** — an individual's or entity's combined holdings of stocks, bonds, or other securities and assets.

**Prospectus** — describes the mutual fund to prospective investors. Every mutual fund has a prospectus. The prospectus contains information about the mutual fund's costs, investment objectives, risks, and performance. You can get a prospectus from the mutual fund company (through its website or by phone or mail). Your financial professional or broker can also provide you with a copy.

**Risk Tolerance** – the extent to which an investor is willing to accept more risk in exchange for the possibility of a higher return. An investor with a high risk tolerance is likely to invest in securities, such as stocks in startup companies, and is willing to accept the possibility that the value of his/her portfolio will decline, at least in the short-term. An investor with a low risk tolerance, on the other hand, tends to invest predominantly in stable stocks and/or highly-graded bonds. One's risk tolerance is subjective and may vary according to age, needs, goals, and even personal dispositions.

**S&P 500** – An index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. Companies included in the index are selected by the S&P Index Committee, a team of analysts and economists at Standard & Poor's. The S&P 500 is a market value weighted index - each stock's weight is proportionate to its market value. The S&P 500 is one of the most commonly used benchmarks for the overall U.S. stock market.

***Fiduciary Investment Council, LLC***  
***Investment Adviser Brochure Supplement***  
***Form ADV Part 2B***

**Item 1: Joseph H. Caballero**

**Fiduciary Investment Council, LLC**

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San Francisco, CA 94105  
T: 415.806.0253  
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E: [info@fiduciarycouncil.com](mailto:info@fiduciarycouncil.com)

219 W. Carrillo Street  
2<sup>nd</sup> Floor  
Santa Barbara, CA 93101  
T: 805.845.7724  
F: 805.845.7723  
W: [www.fiduciarycouncil.com](http://www.fiduciarycouncil.com)

**June 2012**

This brochure supplement provides information about Joseph H. Caballero that supplements the Fiduciary Investment Council brochure. You should have received a copy of that brochure. Please contact us at [info@fiduciarycouncil.com](mailto:info@fiduciarycouncil.com) if you did not receive Fiduciary Investment Council brochure or if you have any questions about the contents of this supplement.

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

**Item 2: Educational Background and Business Experience**

Joseph H. Caballero was born in 1966. Mr. Caballero received a Bachelor of Arts degree with a major in Law and Society from the University of California at Santa Barbara. Mr. Caballero also completed graduate units in the Ph.D. program in Political Science at the University of California at Santa Barbara. Mr. Caballero is a member of the Family Firm Institute.

***Business Experience***

Mr. Caballero is a Managing Director of Fiduciary Investment Council and is responsible for the firm's overall management and the management of client portfolios. Mr. Caballero is also the Chief Compliance Officer, and a member of the Investment Committee.

Previously, Mr. Caballero was a Founding Partner at Perigon Wealth Management, a Registered Investment Adviser serving high-net-worth investors. Mr. Caballero also was a Senior Vice

President at Bishop Street Capital Management, a Registered Investment Adviser owned by First Hawaiian Bank (BNP-Paribas), where he helped manage private client relationships. Mr. Caballero was a Vice President of JP Morgan Private Bank where he was responsible for managing accounts for high-net-worth individuals, trusts, foundations and corporate clients. Mr. Caballero has also held portfolio management positions at JP Morgan Chase, Northern Trust Bank, and Santa Barbara Bank & Trust.

**Firm Name and Title:**

**Dates:**

Fiduciary Investment Council, LLC  
Managing Director and Chief Compliance Officer

July 2011 to present

Perigon Wealth Management LLC, Co-Founder  
Managing Director and Chief Operating Officer

April 2004 to July 2011

Bishop Street Capital Management, Senior Vice President  
(Division of First Hawaiian Bank-BNP Paribas)

February 2002 to April 2004

JP Morgan Private Bank, Vice President  
(JP Morgan Securities)

October 1997 to February 2002

Northern Trust Bank, Investment Associate

October 1996 to October 1997

Santa Barbara Bank & Trust, Portfolio Analyst

June 1995 to October 1996

SunAmerica Securities, Sales Associate

February 1995 to June 1995

University of California, Teacher and Researcher

April 1992 to December 1994

**Item 3: Disciplinary Information**

Joseph Caballero does not have any legal or disciplinary events to disclose. Mr. Caballero is not the subject of any pending legal, disciplinary or administrative proceedings.

**Item 4: Other Business Activities**

Joseph Caballero is not involved in any other business activity or occupation that involves a substantial amount of time or pay.

**Item 5: Additional Compensation**

Please refer to Item 4 - Other Business Activities above.

**Item 6: Supervision**

Joseph Caballero is a Managing Director of Fiduciary Investment Council, a member of the Investment Committee, and serves as Chief Compliance Officer. Mr. Caballero is supervised by members of FIC's Executive and Investment Committees.

## **Item 1: Gregory D. Van Wyk**

### **Fiduciary Investment Council, LLC**

### **Daniel Investment Associates, LLC**

219 W. Carrillo, 2<sup>nd</sup> Floor

Santa Barbara, CA 93101

T: 805.617.2427

E: [gvw@fiduciarycouncil.com](mailto:gvw@fiduciarycouncil.com)

### **June 2012**

This brochure supplement provides information about Greg Van Wyk that supplements the Fiduciary Investment Council brochure. You should have received a copy of that brochure. Please contact us at [info@fiduciarycouncil.com](mailto:info@fiduciarycouncil.com) if you did not receive Fiduciary Investment Council brochure or if you have any questions about the contents of this supplement.

Additional information about Greg Van Wyk is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Educational Background and Business Experience**

Mr. Van Wyk was born in 1976. He received a Bachelor of Science degree with a major in Business Economics and an emphasis in Accounting from the University of California at Santa Barbara.

Mr. Van Wyk has earned and maintains a professional designation. The designation and minimum qualification requirements are as follow:

### **Certified Public Accountant (CPA) State of California 2002**

*Certification:* To earn the Certified Public Accountant license individuals must pass the Uniform CPA Exam and meet the following qualifications (some jurisdictions require that licensees also pass an ethical examination):

- Bachelor's Degree
- Criminal Conviction Disclosure

Applicants must furnish their fingerprints for purposes of conducting a criminal history record check with the Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI).

## ***Business Experience***

Greg Van Wyk has substantial experience in investment management and tax. Mr. Wyk is a Certified Public Accountant and a Registered Fiduciary. Mr. Van Wyk is a member of the FIC Investment Committee, and is also the Founder of Daniel Investment Associates, a registered investment advisory firm focused on active portfolio management strategies and alternative investments. He has invested client portfolios for the past decade with two multi-family offices; as a Senior Investment Manager with Manchester Capital Management in Montecito, and most recently as a Founding Partner at Pacific Pointe Advisors LLC in Santa Barbara.

### Firm Name and Title:

### Dates:

Fiduciary Investment Council, LLC, Registered Fiduciary	September 2011 to present
Daniel Investment Associates, LLC, Founder	March 2011 to present
Pacific Pointe Advisors, LLC, Partner Investment Advisor Representative	July 2009 to March 2011
Manchester Capital Management, LLC Senior Investment Manager/Portfolio Manager	August 2002 to July 2009
Santa Barbara Bank & Trust, Banking/Trust Officer	November 1999 to August 2002

## **Item 3: Disciplinary Information**

Greg Van Wyk does not have any legal or disciplinary events to disclose. Mr. Van Wyk is not the subject of any pending legal, disciplinary or administrative proceedings.

## **Item 4: Other Business Activities**

Greg Van Wyk is the sole managing member of Daniel Investment Associates, LLC. He spends the majority of his time at Daniel Investment Associates, LLC. He is not involved in any other business activity or occupation that involves a substantial amount of time or pay. Mr. Van Wyk maintains his certification as an accountant but is inactive.

## **Item 5: Additional Compensation**

Please refer to Item 4 - Other Business Activities above.

## **Item 6: Supervision**

Greg Van Wyk is a member of FIC's Investment Committee and is supervised by FIC's Executive and Investment Committees as well as the Chief Compliance Officer.