

Disclosure Brochure

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BALLAD ADVISORS, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Ballad Advisors, LLC (hereinafter "Ballad" or the "firm"). If you have any questions about the contents of this brochure, please contact the firm using the contact information listed above. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the firm is available on the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

Avector is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

In this Item, Ballad is required to discuss any material changes which have been made to the brochure since the last annual amendment. As this brochure has been prepared in connection with the firm's initial application for investment adviser registration, there are no such material changes to disclose.

Item 3. Table of Contents

Item 1. Cover Page	i
Item 2. Material Changes	ii
Item 3. Table of Contents	iii
Item 4. Advisory Business	4
Item 5. Fees and Compensation	5
Item 6. Performance-Based Fees and Side-by-Side Management	7
Item 7. Types of Clients	8
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9. Disciplinary Information	11
Item 10. Other Financial Industry Activities and Affiliations	12
Item 11. Code of Ethics	13
Item 12. Brokerage Practices	14
Item 13. Review of Accounts	17
Item 14. Client Referrals and Other Compensation	18
Item 15. Custody	19
Item 16. Investment Discretion	20
Item 17. Voting Client Securities	21
Item 18. Financial Information	22

Item 4. Advisory Business

Ballad was formed in April 2012 and is principally owned by Dynasty Financial Partners, LLC. Since this is the firm's initial filing, Ballad does not have any assets under management to report.

Prior to rendering the investment advisory services described herein, clients are required to enter into a written agreement with Ballad setting forth the relevant terms and conditions of the advisory relationship (the "*Agreement*"). While this brochure generally describes the business of Ballad, certain sections also discuss the activities of its *Supervised Persons*, which refer to the firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Ballad's behalf and is subject to the firm's supervision or control.

Investment Advisory Services

Clients can engage Ballad to manage their investment portfolios on a discretionary or non-discretionary basis. In doing so, Ballad generally allocates assets among various mutual funds, exchange-traded funds ("ETFs"), and individual debt and equity securities in accordance with the investment objectives of its individual clients. The firm may also provide advice about any type of legacy position or investment otherwise held in its clients' portfolios.

Ballad tailors its advisory services to accommodate the needs of its individual clients and continuously seeks to ensure that its clients' portfolios are managed in a manner consistent with their specific investment profiles. Clients are advised to promptly notify Ballad if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Ballad determines, in its sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to the firm's management efforts.

The firm does not currently serve as the sponsor or manager to a wrap fee program (i.e., an arrangement where brokerage commissions and transaction costs are absorbed by the firm).

Item 5. Fees and Compensation

Investment Advisory Fees

Ballad can be engaged to provide investment management services for an annual fee based upon a percentage of assets under the firm's management. This fee may vary between 0.50% and 1.50%, as determined by the size of a client's portfolio and the type of services to be rendered. This fee is prorated and charged monthly or quarterly, in arrears or advance, based upon the market value of the assets being managed by Ballad on the last day of the previous billing period.

Fee Discretion

Ballad, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

Fees Charged by Financial Institutions

As further discussed in response to Item 12, Ballad may recommend that investment advisory clients utilize the brokerage and clearing services of a particular financial institution, which may include a broker-dealer, bank, trust company, etc. (collectively "*Financial Institutions*"). Ballad may only implement its investment recommendations after clients have arranged for and furnished Ballad with all information and authorization regarding accounts held at their respective *Financial Institutions*.

In addition to the fee paid to Ballad, clients may also incur certain charges imposed by third parties. These additional charges may include securities brokerage commissions, transaction fees, custodial fees, charges imposed directly by a mutual fund or exchange-traded fund ("ETF") in the account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), 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.

Fee Debit

The firm's *Agreement* and the separate agreement with any *Financial Institutions* may authorize Ballad to debit its clients' accounts for the amount of the Program fee and to directly remit that fee to Ballad. Any *Financial Institutions* recommended by Ballad have agreed to send statements to clients not less than quarterly indicating all amounts disbursed from the account, including the amount of Program fees paid directly to Ballad.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to Ballad's right to terminate an account and subject to the usual and customary securities settlement procedures. If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted or prorated to reflect the change in portfolio value. For the initial term of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final term is prorated through the effective date of the termination and the outstanding balance is charged or refunded to the client, as appropriate.

Additions may be in cash or securities provided that the firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. However, Ballad designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Ballad may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Item 6. Performance-Based Fees and Side-by-Side Management

Ballad does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

Item 7. Types of Clients

Ballad may provide its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Account Requirements

Ballad does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Ballad may utilize a combination of fundamental, technical and/or cyclical methods of analysis.

Fundamental analysis involves an evaluation of an issuer's fundamental financial condition and competitive position. Ballad generally analyzes the financial condition, capabilities of management, earnings capacity, new products and services, as well as the company's markets and position amongst its industry competitors in order to determine the recommendations made to clients. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific company information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Ballad will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that Ballad is recommending. The risks with cyclical analysis are similar to those of technical analysis.

Investment Strategies

Ballad seeks to allocate capital across a range of asset classes in accordance with its clients' individual investment objectives, risk tolerance, time horizon, cash flows needs and other related factors. Ballad may implement its strategies using a number of different investment products, which may include stocks, bonds, mutual funds, index funds, ETFs and other related financial instruments.

Risks of Loss

Market Risks

The profitability of a significant portion of Ballad's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Ballad will be able to predict those price movements accurately.

Mutual Funds and Exchange-Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

Item 9. Disciplinary Information

Ballad has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

Item 10. Other Financial Industry Activities and Affiliations

Affiliated Registered Investment Advisers

Ballad, Avector Wealth Management, LLC (“Avector”) and April Wealth Management, LLC (“April Wealth”), all under common control by Dynasty Financial Partners (“*Dynasty Financial*”), are SEC registered investment advisers which maintain the same principal place of business. Ballad, Avector, April Wealth, and Dynasty Financial provide services independently from one another and do not share common clients. As such, these relationships do not give rise to any conflicts of interest.

Affiliated Insurance Agency

Ballad is under common control with Dynasty Insurance Services (“*Dynasty Insurance*”), a licensed insurance agency. Ballad and Dynasty Insurance provide services independently from one another and do not share common clients. As such, this relationship does not give rise to any conflicts of interest.

Item 11. Code of Ethics

Ballad and persons associated with Ballad (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with Ballad’s policies and procedures.

Ballad has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Ballad or any of its associated persons. The *Code of Ethics* also requires that certain of Ballad’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in Ballad’s *Code of Ethics*, none of Ballad’s *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Ballad’s clients.

When Ballad is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Ballad is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to:

- Direct obligations of the Government of the United States;
- Money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements;
- Shares issued by mutual funds or money market funds; and
- Shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Ballad to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As referenced in Item 5, Ballad may recommend the brokerage and clearing services of various *Financial Institutions*. Factors which Ballad considers in recommending a *Financial Institution* to clients include its respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by a *Financial Institution* recommended by the firm may be higher or lower than those charged by other firms.

The commissions paid by Ballad's clients comply with Ballad's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Ballad determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Ballad seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Ballad periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

A client may direct Ballad in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Ballad will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Ballad. 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. Subject to its duty of best execution, Ballad may decline a client's request to direct brokerage if, in Ballad's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Ballad decides to purchase or sell the same securities for several clients at approximately the same time. Ballad may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Ballad's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Ballad's clients pro rata to the purchase and sale orders placed for each client on any given day.

To the extent that Ballad determines to aggregate client orders for the purchase or sale of securities, including securities in which Ballad's *Supervised Persons* may invest, Ballad generally does so in

accordance with applicable rules promulgated under the Advisers and no-action guidance provided by the staff of the SEC. Ballad does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Ballad determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include:

- When only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates;
- Allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts;
- If an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed);
- With respect to sale allocations, allocations may be given to accounts low in cash;
- In cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Ballad may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or
- In cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Ballad in its investment decision-making process. Such research generally will be used to service all of Ballad's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Ballad does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

Ballad may receive from a *Financial Institution* it recommends, without cost to Ballad, computer software and related systems support, which allow Ballad to better monitor client accounts held at that particular *Financial Institution*. Ballad may receive the software and related support without cost because Ballad renders investment management services to clients that maintain assets at that *Financial Institution*. The software and related systems support may benefit Ballad, but not its clients directly. In fulfilling its duties to its clients, Ballad endeavors at all times to put the interests of its clients first. Clients should be aware,

however, that Ballad's receipt of economic benefits from a *Financial Institution* creates a conflict of interest since these benefits may influence Ballad's choice of *Financial Institution* over another *Financial Institution* that does not furnish similar software, systems support, or services.

Item 13. Review of Accounts

Account Reviews

Ballad monitors client investment portfolios as part of an ongoing process while regular account reviews are conducted not less than quarterly by one of the firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Ballad and to keep Ballad informed of any changes thereto. Ballad contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Account Statements and Reports

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

Item 14. Client Referrals and Other Compensation

Client Referrals

Ballad does not compensate third parties for client referrals.

Other Economic Benefit

Ballad may receive economic benefits from non-clients for providing investment advice to the firm's advisory clients. This type of relationship poses a conflict of interest, as discussed at length in Item 12.

Item 15. Custody

Ballad is deemed to have custody over a client's assets when it is authorized to directly debit a client's account for payment of the firm's quarterly management fee. In accordance with applicable custody rules, the *Financial Institutions* recommended by Ballad have agreed to send statements to clients, not less than quarterly, indicating all amounts paid to Ballad.

Item 16. Investment Discretion

Clients may grant Ballad the authority to exercise discretion on behalf of clients. Ballad is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Ballad is given this authority through a power-of-attorney included in the *Agreement* between Ballad and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold).

Specifically, Ballad may take discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

Item 17. Voting Client Securities

Ballad does not accept the authority to vote clients' securities (i.e., proxies) on their behalves.

Item 18. Financial Information

Ballad is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.

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