



A Registered Investment Advisor

**FORM ADV PART 2A  
BROCHURE**

**SPC**

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**July 1, 2014**

**This brochure provides information about the qualifications and business practices of SPC. If you have any questions about the contents of this brochure, please contact us at 734-663-1611. 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 SPC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for SPC is 110692.**

**SPC is a Registered Investment Advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

## Material Changes

### **Annual Update**

This section highlights material changes made to SPC's Form ADV Part 2A Brochure since the last annual amendment to this document dated January 31, 2013.

SPC is required to provide you with an annual notice containing a summary of any updates made to SPC's Brochure and instructions on how to obtain an updated copy of this Brochure in its entirety. In addition, we may offer you additional updates throughout the year as important material changes occur.

The items below are material changes made to this Brochure from our last update:

- The Financial Planning and Consulting Fees section was updated to reflect an hourly maximum rate of \$300.
- The section titled 'Advisory Business' has been updated to show our Assets under Management as of December 31, 2013.

The most recent copy of this document can be requested at any time by calling the SPC or Compliance Departments at (888) 744-6264 or via download at [www.spc4clients.com](http://www.spc4clients.com).

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## ***Advisory Business***

### **Description of Services and Fees**

Sigma Planning Corporation ("SPC") is registered with the United State Securities and Exchange Commission as an investment adviser. SPC is a corporation formed under Michigan law on September 20, 1983. SPC is also under common ownership with Sigma Financial Corporation and Parkland Securities, LLC, independent broker-dealer firms, Member FINRA/SIPC. Jerome Rydell is the principal owner of Sigma Financial Corporation, and partial owner of Parkland Securities, LLC.

With a commitment to personal service, SPC partners with Investment Adviser Representatives looking to grow their practices in a professional and ethical manner. We provide investment management, financial planning and consulting and other services which allow our IARs to manage the assets of Middle American investors.

As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm. We refer to Associated Persons who provide investment advice as Investment Adviser Representatives ("IARs") throughout this Brochure. As used in this brochure, the words "we", "our" and "us" refer to SPC and our IARs. The words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

Some of our Associated Persons are also registered representatives of Sigma Financial Corporation ("SFC") or Parkland Securities, LLC which are affiliated broker-dealers. Our IARs provide investment advisory services in their capacities as IARs of SPC. They also provide brokerage services in their capacities as registered representatives of SFC or SSC.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. In certain cases we may provide clients with a complimentary general consultation to discuss services available, to give a potential client time to review desired services and to determine the possibility of a client-adviser relationship.

### **Portfolio Management Services**

We provide discretionary and non-discretionary portfolio management services through the SIGMA Managed Account. The SIGMA Managed Account is tailored to meet your needs and investment objectives and is offered under both a Wrap Fee Program and in non-wrap accounts (described herein).

In the SIGMA Managed Account Wrap Fee Program, we manage client accounts for a single fee that includes portfolio management services and custodial and transaction/commission costs. If you participate in the Sigma Managed Account Wrap Fee Program, we will provide you with a separate Wrap Fee Program Brochure explaining the Program and the fees we receive for our wrap account services.

If you retain our firm for portfolio management services, an IAR of our firm will meet with you to determine your financial situation, investment objectives, tolerance for risk, and other relevant information (the "suitability information").

We will use the suitability information we gather to develop a strategy that enables us to give you continuous and focused investment advice and to make investments on your behalf. IARs may tailor services to focus only on certain portfolio components, depending upon your wishes and/or the nature of the engagement. However, if our services are limited, it is important to understand that comprehensive investment needs and or objectives may not be fully considered due to your option to receive limited services, the lack of information received, and/or client disclosure.

As part of our portfolio management services, your IAR will customize an investment portfolio for you in accordance with your risk tolerance and investing objectives. Once your IAR constructs an investment portfolio for you, he/she will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the client services agreement you sign with our firm or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. Such restrictions/guidelines may affect the composition and performance of your portfolio and/or our ability to meet your investment objectives. For non-discretionary accounts we will contact you prior to executing any transactions.

Our fee for our non-wrap portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<b>Assets Under Management</b>	<b>Maximum Annualized Fee</b>
\$25,000 to \$500,000	2.50%
\$500,001 to \$750,000	1.75%
\$750,001 to \$1,000,000	1.50%
Over \$1,000,000	1.25%

Our fee is billed and payable monthly in advance. The fee is based on the value of your account as of the last business day of the previous month. Advisory fees may be waived or offset if our firm and/or our affiliates receive commissions on the purchase, sale, exchange, conversion and, otherwise, trade of assets held in the client's account that are equal or greater than the annual advisory fee. IARs, in their discretion, may provide services without charging advisory fees to certain clients, which may include but are not limited to family members and charitable organizations. Our advisory fee is negotiable, depending on individual client circumstances.

In the IARs discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities or we will invoice you directly. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

The client services agreement may be canceled at any time, by either party, for any reason, upon written notice to the other party, as provided in the agreement. For the calendar month in which the agreement is terminated, our fee will be prorated and refunded based on the number of days that the agreement was in effect during such month.

### **Recommendation of Third Party Investment Advisers**

As part of our investment advisory services, we may recommend that you use the services of a third party investment adviser ("TPIA") to manage your entire, or a portion of your, investment portfolio. After gathering information about your financial situation and objectives, we will recommend that you engage a specific TPIA or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the TPIA's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. Your IAR will periodically monitor the TPIA's performance to ensure its management and investment style remains aligned with your investment goals and objectives.

When recommending the services of TPIAs, your IAR will provide you with the TPIA's brochure and compensation disclosure document. Certain TPIAs require minimum portfolio conditions as outlined in each TPIA's disclosure brochure. You are never under any obligation to engage the services of any TPIA that we may recommend.

We share in the fee charged by the TPIA, which may include performance based fees. Our compensation may differ depending upon the individual agreement we have with each TPIA. As such, a conflict of interest may arise where our firm or our Associated Persons may have an incentive to recommend one TPIA over another TPIA with whom we have more favorable compensation arrangements or other advisory programs offered by TPIAs with whom we have less or no compensation arrangements.

Advisory fees that you pay to the TPIA are established and payable in accordance with the TPIA's disclosure brochure. These fees may or may not be negotiable. You should review the recommended TPIA's disclosure brochure and take into consideration the TPIA's fees along with our fees to determine the total amount of fees when using TPIAs.

You will be required to sign an agreement directly with the recommended TPIA(s). You may terminate your advisory relationship with the TPIA according to the terms of your agreement with the TPIA. You should review each TPIA's disclosure brochure for specific information on how you may terminate your advisory relationship with the TPIA and how you may receive a refund, if applicable. You should contact the TPIA directly for questions regarding your advisory agreement with the TPIA.

The TPIAs are responsible for the specialized portfolio management, portfolio reporting services, best execution review, quarterly reporting, trade error resolution, custodial reconciliations, and implementation of trades within their respective programs.

### **Financial Planning and Consulting Services**

We provide financial planning and consulting services on an hourly, fixed fee, project, or ongoing basis. Services may be tailored to your needs and may be comprehensive in nature or may only focus on certain areas. IARs may provide advice on general issues relating to such topics as financial management, risk management, asset allocation, investment research, financial issues relating to divorce or marital issues, estate planning, tax issues, retirement planning, educational funding, goal setting, or other needs as you

identify.

The financial planning process will involve, in part, the following: a) review of your current financial condition; and b) review of a questionnaire used to assist us in generating a report regarding recommendations. The advice may include recommendations for updates and reviews.

We may offer modular financial plans including:

- Asset Allocation Report
- College Cost Projection
- Insurance Needs Analysis
- Portfolio Review
- Estate Plan Review
- Retirement Plan Review
- Financial Review

The plans will be developed with recommendations consistent with your stated goals and will include a summary of your goals, various methods or strategies to be utilized, targeted dates and estimated fees for case implementation.

We also may offer more detailed plans which may include one or more of the following:

- Broad based Financial Plan
- Estate Plan
- High Net Worth Review

We may also render advice relative to: (1) variable life/annuity products and/or (2) individual employer-sponsored retirement plans. For such services, your IAR either directs or recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life/annuity product or the retirement plan. Your assets shall be maintained at either the specific insurance company that issued the variable life/annuity product or at the custodian designated by the sponsor of the client's retirement plan. Investments and service providers relative to Plan offerings are limited to only those available through the respective Plans and are determined by the Plan Sponsor(s).

You are welcome to implement any recommendations in whole or in part at the financial services firm(s) of your choice. Your IAR is also available to assist with implementation services as well.

Your IAR may suggest that you work closely with your attorney, accountant, insurance agent, and the custodian of your account for implementation of a financial plan. You are free to use the service provider of your choice for implementation of any advice or recommendations pertaining to non-securities matters (such as insurance).

When financial planning or consulting services only focus on certain areas, needs, or is otherwise limited, you should understand that your overall financial and investment needs and objectives may not be considered as a result of time and/or service restraints placed on our services. If you require assistance on issues relating to matters outside of investment advisory issues, such as accounting or legal issues, you should consult your accountant, legal counsel, or other professionals for advice. When providing plan related services, the advice and recommendations are limited to plan offerings.

We may also provide, on a limited basis, consultations, advice, research, or projects which relate to subjects which do not involve financial planning per se. For such services, we may charge an hourly, fixed, or project-based fee. The fee is negotiable and will be based upon the time, effort, and complexity of the engagement. Your IAR will not participate in any commission, transaction fee, or cost (if any) that may result or be in connection with your use/implementation of our efforts, advice and/or recommendations. In such cases, you are solely responsible for executing the advice or recommendations, in whole or in part.

Financial planning engagements terminate upon the delivery of services and will not include any reviews, follow-ups, or other services. If other services are desired, you are welcome to secure additional or follow-up services via a new or amended agreement with our firm.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information, you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

#### **Financial Planning and Consulting Fees**

Our fees for financial planning and consulting services are negotiable based upon the time and effort required and/or the nature and complexity of services. Our hourly fee ranges up to \$300 and a fee for staff time may be billed at \$35 per hour. For project based fees, we use an hourly fee, time, effort, and complexity of services as a guide for determining the fee.

For other services that do not involve general consultation or planning, we will charge a fee not to exceed 1% of the estimated total asset size in connection with the services provided.

For modular financial plans, we charge a maximum of \$750 per plan. For more comprehensive plans, fees will be determined on a case by case basis based upon the scope and complexity of the plan.

We may charge additional fees for follow-up or ongoing services dependent upon the nature and complexity of the services requested in addition to the scope of the engagement. In such cases, we would charge an hourly or project based fee.

We may require a deposit equal to ½ the proposed fee with the balance due upon completion of the services rendered. In the event your circumstances change during the course of services such that new advice, recommendations or research are required or the IAR is required to re-work the advice, recommendations or other services, additional fees may apply. We will not engage in additional services that result in fees without your approval.

At the discretion of the IAR, financial planning and consulting fees may be offset, in whole or in part, if the client decides to implement the plan by purchasing securities or insurance through the IAR acting in his/her capacity as a registered representative or licensed insurance agent.

The financial planning Letter of Engagement may be canceled at any time, by either party, for any reason, upon notice to the other party, as provided in the Letter of Engagement. In the event of termination, you will be charged for the portion of work performed and/or if you have pre-paid fees which we have not earned,



you will received a pro-rated refund. Otherwise, except for ongoing service agreements, the agreement automatically terminates upon completion of the services rendered.

### **Seminars**

From time to time IARs may hold seminars. These seminars may include presentations on general investment, insurance or financial planning strategies. We may charge a fee to those in attendance, not to exceed \$100 per attendee. In such cases, our refund or cancelation policy will be clearly outlined in the invitation or announcement. Attendees are welcome, but are never under any obligation, to utilize our other services.

### **Types of Investments**

We do not primarily recommend one specific type of investment over another as each client has their own investment objectives, risk tolerance needs and goals. We may recommend investments in mutual funds, index funds, individual securities, exchange traded funds, money market funds, certificates of deposit, commercial paper, variable life and annuities, U.S. Government debt securities, mortgage-backed securities, municipal bonds, and other fixed-income securities, securities options and futures, certain wrap class alternative investments (such as hedge funds and managed futures funds), partnership investments involving real estate, oil and gas, equipment leasing, cable television, fast food franchising, agriculture, raw land, and alternative energy research/development, real estate investment trusts ("REITs"), leveraged buy outs and coins (numismatics).

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

### **Assets Under Management**

As of December 31, 2013, we manage \$2,050,000,000 in client assets on a discretionary basis. In addition, we also have significant assets with various TPIAs.

## ***Fees and Compensation***

Please refer to the *Advisory Business* section in this Brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

We utilize unaffiliated money market funds as temporary investment vehicles for the cash balances in all investment accounts. In such cases, the overall fees charged on managed account values will include these money market balances. Where permitted by law, in order to provide concise reporting and administration of such money market balances for its clients, our firm, the custodial firm or its affiliate has arrangements with the money market funds to provide advisory, administrative, distribution and/or other services subject to applicable restriction. Where permitted by law, our firm or Clearing Agent or its affiliate receives a fee for these specialized services from the money market fund or its service providers that is in addition to the fees paid by clients under the described programs. For clients that are subject to ERISA or the prohibited transaction provisions of the Internal Revenue Code, applicable law may limit the extent to which such fees may be retained, and may require a fee offset.

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. The fees noted herein represent fees for advisory services only. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities as well as any fees associated with particular accounts (e.g. account opening, maintenance, transfer, termination, wire transfer, retirement plan, trust fees, and all such applicable third party fees, deferred sales charges, oddlot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage.) These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. A list of transaction related fees is available for review by contacting us at (734) 663-1611. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this Brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

#### ***Securities***

Associated Persons providing investment advice on behalf of our firm generally are registered representatives with one of our affiliated broker-dealers, Sigma Financial Corporation ("SFC") or Parkland Securities, LLC, members of FINRA and SIPC. In their capacity as registered representatives, these persons receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products ("mutual funds"). Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. When suitable, we generally recommend no-load mutual funds for advisory accounts. You are under no obligation, contractually or otherwise, to buy or sell securities products through any person affiliated with our firm.

#### ***Insurance***

In addition, our affiliates, SFC and Parkland Securities, LLC, are licensed insurance agencies and some IARs of our firm are also licensed as independent insurance agents and can sell insurance products (i.e. life, health, and long term care products). SFC, Parkland Securities, LLC and insurance agents will earn commission from selling insurance to our clients. Insurance commissions earned are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through SFC, Parkland Securities, LLC or any person affiliated with our firm.

### ***Performance-Based Fees and Side-By-Side Management***

We do not charge performance based fees, however certain TPIAs we recommend may charge performance based fees, which fee we may share in. Performance-based fees are based on a share of capital gains or capital appreciation of a client's account. IARs may have an incentive to recommend TPIAs who charge performance based fees over others who do not charge performance based fees. You should refer to the TPIA's disclosure brochure for further information on any performance based fees the TPIA may charge and the conflicts of interest presented.

### ***Types of Clients***

We offer investment advisory services to individuals, banks and thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

If an account is subject to the Employee Retirement Income Security Act of 1974, as amended, ("ERISA"), we acknowledge that we are a fiduciary within the meaning of the Act and the ERISA Client is a named fiduciary with respect to the control or management of the assets in the Account. In each instance, the Client will agree to obtain and maintain a bond satisfying the requirements of Section 412 of ERISA and to include us and our principals, agents, and employees under those insured under that bond and will deliver to us a copy of the governing plan documents. If the account assets for which we provide services represents only a portion of the assets of an employee benefit plan, Client will remain responsible for determining an appropriate overall diversification policy for the assets of such plan.

For portfolio management services, we require a minimum account size of \$25,000 for accounts maintained at Fidelity Institutional Wealth Services. In SPC's discretion, we may waive these minimums. We may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum. In addition TPIAs may impose their own account minimums.

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

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

IARs work directly with you to evaluate your stated needs and objectives. IARs attempt to measure a client's stated risk tolerance, time horizon, goals and objectives through an interview and data-gathering process in an effort to determine an investment plan or portfolio to best fit the client's profile.

Investment strategies may be based upon a number of concepts and determined by the type of client. IARs each provide individualized advisory services to their clients. IARs' investment advisory strategies may range from speculative to conservative, each designed to meet the varying needs of and within the direction set forth by the client. IARs will determine a portfolio best suited to your needs after you have defined your objectives, risk tolerance, and time horizons and you approve the selection.

IARs generally follow a portfolio construction and review process and generally look to the long-term when developing advice and recommendations based upon information provided by you. There are two parts to our portfolio management process: individual security selection and the asset allocation process.

The IAR will generally start with a review of all investments that may be suitable and then reviews each individual asset class seeking investments who may possess the following characteristics: Peer group relative performance, manager tenure, investment process, investment style, and other performance measures. IARs review these investment characteristics on a periodic basis for changes in investment management personnel, poor performance on a relative basis, and any changes in investment style.

Following a specific security selection, IARs may create allocations to specific asset classes that they believe carry acceptable risk and return characteristics. The IAR will then seek to optimize the allocation among each asset class to an effort to maximize the level of return assuming a certain level of risk for each portfolio. Portfolio models may be utilized which are designed to target specific degrees of investment risk, ranging from conservative to aggressive. IARs generally conduct portfolio reviews on a quarterly basis to ensure adherence to the risk objective for each portfolio. IARs may also utilize asset allocation software and historical performance modeling software.

As noted in the advisory business section above, we may recommend the services of TPIAs who may offer various investment platforms. Where the IAR is managing the client's assets, he/she will monitor the TPIAs investment strategies, past performance and risk results to the extent available. The methods of analysis and investment strategies of TPIAs are disclosed in the respective TPIA's brochure.

IARs have access to the SPC home office and that of Sigma Financial Corporation or Parkland Securities, LLC and can consult with the due diligence staff on various investments including mutual funds, limited partnerships, variable annuities, and asset managers.

For Financial Planning Services, IARs generally look to the long-term. After the IAR evaluates your short-term cash needs and emergency funds, he/she can design investment and insurance strategies to assist you in achieving your stated goals and objectives.

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- **Charting and Technical Analysis** – Charting analysis involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends. Technical Analysis involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.
- **Fundamental Analysis** – Fundamental analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect

and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

- **Cyclical Analysis** – Cyclical analysis is a type of technical analysis that involves evaluating recurring price patterns and trends based upon business cycles. Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.
- **Long Term Purchases** – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short Term Purchases** – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.
- **Margin Transactions** – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.
- **Options Trading/Writing** - a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

We may use investment strategies that involve buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses during a volatile market. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

You should note that if we effect short term transactions in your account, these transactions might result in short term gains or losses for federal and state tax purposes. Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any

other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

The trading of options may be highly speculative and may entail more risk than those present when investing in other types of securities. Prices of options are generally more volatile than prices of other types of securities. When trading in options, you may run the risk of losing the entire investment in a relatively short period of time. In more risky options strategies, an investor could theoretically have an unlimited risk of loss.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Custodians will default to the FIFO accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to your IAR immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we recommend a variety of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk.

## ***Disciplinary Information***

As a fiduciary, SPC is committed to giving our clients full disclosure regarding any disciplinary information relating to the firm or our IARs. An advisory affiliate of SPC, Jerome Rydell, was found to have been involved in a violation of the National Association of Securities Dealers' rules in 2003. Mr. Rydell, acting under the guidance of his attorney, filed a pleading to vacate an arbitration award. The lawsuit was dismissed and Mr. Rydell was fined and suspended from acting in a principal capacity for 10 business days. SPC's IARs may also have disciplinary information. Please obtain a copy of your IARs Brochure Supplement for more information.

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

IARs of SPC are generally registered representatives with Sigma Financial Corporation ("SFC") or Parkland Securities, LLC which are affiliated broker-dealers. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by registered representatives.

SFC and Parkland Securities, LLC are also licensed as insurance agencies. Some IARs of our firm are also licensed insurance agents. SFC, Parkland Securities, LLC and IARs, acting in their capacity as insurance agents, will earn commission-based compensation for selling insurance products. Insurance commissions are separate from our advisory fees. Please see the "Fees and Compensation" section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

Some IARs may also own their own accounting firm, law firm and/or independent Registered Investment Adviser. For clients in need of accounting, legal or other advisory services, IARs will recommend that clients retain these entities for such services. The fees for such services are separate and apart from the advisory fees charged by SPC. You are under no obligation to use any IARs' affiliated entity and may use the service provider of your choice.

We may recommend that you use a third party adviser ("TPIA") based on your needs and suitability. We may receive compensation from the TPIA for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any TPIA we recommend.

### ***Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***

#### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting the SPC Department at (888) 744-6264 or [spcinfo@bdops.com](mailto:spcinfo@bdops.com).

#### **Agency Cross Transactions**

We may execute purchase and sale transaction between two clients (referred to as "agency cross transactions"), provided such transactions comply with these procedures and Rule 206(3)-2 under the



Investment Advisers Act of 1940, as amended. We may have a conflicting duty of loyalty to both of the clients for whom we conduct agency cross transactions and our affiliated broker-dealers, Sigma Financial Corporation or Parkland Securities, LLC may earn commissions in connection with agency cross transactions. We have adopted agency cross transaction procedures that are designed to promote fairness among the client accounts managed by us and to conform to applicable regulatory principles. We will only conduct agency cross transactions if a client has consented in advance to the conduct of such transactions, either in the client's account agreement or in a separate written consent. Each agency cross transaction shall be effected at the independent current market price of the security. We will send to both clients participating in the agency cross transaction a written confirmation at or before the completion of each transaction containing: (i) a statement of the nature of such transaction; (ii) the date such transaction took place; (iii) an offer to furnish upon request, the time when such transaction took place; and (iv) the source and amount of any compensation or other remuneration received or to be received by us or our affiliates. We will also send an annual summary of all agency cross transactions. A client's written consent authorizing us to effect agency cross transactions on his or her behalf may be revoked at any time by the client by means of written notice.

### **Personal Trading Practices**

IARs and other Associated Persons may buy or sell the same securities for you at the same time we or persons associated with our firm buy or sell such securities for our own accounts. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this Brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that we shall not have priority over your account in the purchase or sale of securities.

## ***Brokerage Practices***

### **Dual Registration**

As discussed herein, certain IARs in their respective individual capacities may be registered representatives of Sigma Financial Corporation ("SFC") or Parkland Securities, LLC ("dually registered"). The dually registered IARs are subject to FINRA's Rule 3040, which restricts registered representatives from conducting securities transactions away from their broker-dealer unless the broker-dealer provides written consent. Therefore, clients are advised that dually registered IARs may be restricted to conducting securities transactions through Sigma Financial Corporation or Parkland Securities, LLC unless they first secure written consent to execute securities transactions through a different broker-dealer. Absent such written consent or separation from their broker-dealer, these IARs are prohibited from executing securities transactions through any broker-dealer other than Sigma Financial Corporation or Parkland Securities, LLC under each entity's internal supervisory policies. The information contained in this paragraph is not applicable to IARs who do not hold a dual registration.

### **Brokerage Firm and Custodial Choices**

Financial planning and consulting clients can use any brokerage firm of their choice to implement any advice. However, because our firm is related to and our IARs may be registered representatives with SFC or Parkland Securities, LLC, if you freely choose to implement our advice through us, we will use SFC or Parkland Securities, LLC for securities transactions.



In recommending broker-dealers for custodial services, we consider the following:

- Quality of overall execution services provided;
- Promptness of execution;
- Creditworthiness, financial condition, and business reputation;
- Research (if any) provided;
- Promptness and accuracy of reports on execution;
- Ability and willingness to correct errors;
- Promptness and accuracy of confirmation statements;
- Ability to access various market centers;
- The broker-dealer's facilities and technology;
- The market where the security trades;
- Any expertise in executing trades for the particular type of security;
- Commission charged;
- Reliability of the broker-dealer;
- Ability to use ECNs to gain liquidity, price improvement, lower commission rates and anonymity;
- Execution and operational capabilities of the broker-dealer.

Clients may pay commissions that are higher than another qualified broker-dealer might charge to effect the same transaction where we determine, in good faith, that the commission is 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 broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client transactions.

You should evaluate these custodians before opening an account. While it is possible that you may pay higher commissions or transaction fees through our recommended custodians, we have determined they currently offers the best overall value for the commissions charged.

SPC has an arrangement with National Financial Services, LLC and Fidelity Brokerage Services, LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides SPC and its IARs with services and other benefits to help them conduct their business and serve you. SPC is independently owned and operated, and is not affiliated with Fidelity. National Financial Services, LLC is also the clearing firm utilized by SFC and Parkland Securities, LLC. SPC is required to disclose products, services, and other assistance it receives that may not directly benefit your account or may cause conflicts of interest for your IAR.

Fidelity may pay for or provide SPC with technology platforms or other software to access Fidelity's brokerage system and streamline our operations. These systems aid SPC in providing service to your accounts and includes software that makes available client account data, facilitates trade execution, allocates aggregated trade orders, facilitates payment of fees from client accounts, and assists with back office functions such as recordkeeping and client reporting.

Fidelity also offers other services intended to help SPC manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars,

practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom SPC may contract directly. Fidelity provides investment research to help your IAR make well-informed investment decisions for your account. Fidelity may assist SPC in marketing activities, which could include providing marketing materials, co-sponsoring events, or engaging in joint marketing programs. They may assist your IAR in joining the Fidelity platform, and in some cases, paying account transfer fees or other charges you or other clients may have to pay when changing custodians or service providers.

On occasion, Fidelity may make direct payments to SPC for items such as reimbursing SPC or your IAR for reasonable travel expenses incurred when assessing their business practices and operations. They also may pay SPC for performing certain back office, administrative, custodial support and clerical services for them in connection with client accounts custodied with them. These payments may create an incentive for your IAR to favor certain types of investments over others.

The services described above, as well as other services Fidelity may provide to SPC, are often provided to SPC for free, or at a discount. The terms of these agreements between Fidelity and SPC may be better or worse than the terms offered to other advisors, and may depend on the type or amount of business SPC and our clients conduct with Fidelity. Other factors may be considered as well, including the amount of assets in accounts with Fidelity within a certain timeframe. Your IAR may be motivated by these factors when recommending Fidelity accounts to you. It is possible that some or all of the products and services Fidelity offers to SPC may not directly benefit your account.

SPC and Fidelity have established pricing on commissions, account transactions, and other service fees for accounts SPC custodies at Fidelity. This pricing was agreed upon based on the current and expected type and amount of business SPC does with Fidelity. Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

### **Additional Compensation**

We have written or verbal arrangements whereby we receive soft dollars. We may receive certain added benefits for utilizing the recommended custodians such as research, the ability to deduct advisory fees from clients' custodial accounts, discounts on periodicals or materials, complimentary business and compliance newsletters, and various other non-cash services. Any general research received is used for the benefit of all clients. Other soft dollar benefits are available to all representatives of SPC and can be used with any or all clients at their discretion. The value of products, research and services provided by the custodian if any, is negligible and not a material factor, however, the use of client commissions benefits us because we do not have to create or pay for any such research, products, or services.

We may also receive from Fidelity, without cost to us, computer software, and related systems support, which allow us to better monitor client accounts maintained at these firms. We may receive the software and related support without cost because we render portfolio management services to clients that maintain assets at Fidelity. The software and related systems support may benefit us, but not our clients directly. We endeavor at all times to put the interests of our clients first. Clients should be aware; however, that our receipt of economic benefits from broker-dealers creates a conflict of interest since these benefits may

influence our choice of broker-dealer over other broker-dealers that do not furnish similar software, systems support, or services and may cause clients to pay higher commissions than those charged by other broker-dealers. Additionally, we may receive the following benefits from Fidelity: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

### **Block Trading**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time ("block trade" or "aggregate"). We may (but are not obligated to) aggregate such orders to obtain best execution, to obtain more favorable commission rates, or to allocate equitably among clients, differences in prices and commissions or other transaction costs, that might have been obtained had such orders been placed independently. If orders are aggregated under this procedure, we will distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

In the event we determine that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) 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; (ii) 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; (iii) 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); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, we may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) 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.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will not keep the profit as it will be maintained by the broker-dealer custodian or by our firm.

## ***Review of Accounts***

### **Portfolio Management**

IARs monitor portfolio management accounts on an ongoing basis and conduct internal reviews no less than quarterly but may occur more frequently based upon individual circumstances and the nature and/or complexity of the portfolio. Internal reviews may also occur as a result of market conditions, based on significant new deposits or withdrawals, at your request or as otherwise determined by the IAR. We request that clients meet with their IAR at least annually to ensure the investment plan/strategies continue to be aligned with the clients' stated individual needs, goals, objectives, time horizon and risk tolerance. However, clients are obligated to promptly inform us of any change in their financial condition or circumstances. Clients engaging us for portfolio management services must play an active role. We require you to participate in the formation of the investment plan and investment advice and recommendations. During the course of the engagement, you may call your IAR to discuss your portfolio or ask questions, but we recommend that you meet with your IAR no less than annually.

You will receive monthly or quarterly statements from your account custodian(s). Additionally, we provide portfolio management clients with quarterly portfolio reports which detail the performance of the account and other information.

### **Financial Planning and Consulting Services**

Financial planning and consulting services are generally not ongoing in nature and therefore we do not provide reviews or follow-up services unless specifically outlined in the Client Agreement. Consultation and financial planning services terminate upon the delivery of services or as otherwise stated in the Client Agreement. While the advice may include the recommendation for a review or follow-up services, it is your responsibility to secure additional or follow-up services.

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

### **Referral Program**

From time to time we may compensate certain individuals for referring clients to our firm. We may compensate certain approved and licensed professionals for referrals of clients. These professionals generally include Certified Public Accountants, Enrolled Agents before the IRS, and attorneys (Solicitors). In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdiction in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this Disclosure Brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms. Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements.

### **Other Compensation**

As disclosed under the “Fees and Compensation” section in this Brochure, our affiliates, Sigma Financial Corporation (“SFC”) and Parkland Securities, LLC, are licensed insurance agencies and registered broker-dealers. Also, persons providing investment advice on behalf of our firm may be licensed insurance agents, and/or are registered representatives with SFC or Parkland Securities, LLC. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the “Fees and Compensation” section.

## ***Custody***

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent qualified custodian. You will receive account statements from the independent qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review those statements and you should compare the account statement received from the custodian with any statements/reports you receive from us. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact the SPC Department, at (888) 744-6264 or [spcinfo@bdops.com](mailto:spcinfo@bdops.com).

## ***Investment Discretion***

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement. By signing our discretionary management agreement, you grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. Please refer to the “Advisory Business” section in this Brochure for more information on our discretionary management services.

However, our investment authority may be subject to specified conditions you impose. For example, you may specify that the investment in any particular industry should not exceed specified percentages of the value of the portfolio. Such restrictions/guidelines may affect the composition and performance of your portfolio and/or our ability to meet your investment objectives.

## ***Voting Client Securities***

### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

#### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

### ***Financial Information***

Our firm does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require or solicit the prepayment of more than \$1200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.