



A Registered Investment Advisor

WRAP FEE PROGRAM BROCHURE

**FORM ADV PART 2A
APPENDIX 1**

SIGMA MANAGED ACCOUNT WRAP FEE PROGRAM

SPC

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This Wrap Fee program 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. The searchable IARD/CRD number for SPC is 110692.

SPC is a Registered Investment Adviser. 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.

There were no material changes made to this Brochure from our last update.

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.

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Services, Fees and Compensation

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 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, SPC, and Parkland Securities, LLC.

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.

Our Associated Persons are generally registered representatives of Sigma Financial Corporation ("SFC") or Parkland Securities, LLC which are our 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 Parkland Securities, LLC.

We are the sponsor and portfolio manager for the Sigma Managed Account Wrap Fee Program ("Program"), a wrap-fee program, offered to prospective and existing advisory clients. A wrap-fee program is a type of investment program that provides clients with portfolio management and brokerage services for one all-inclusive fee. If you participate in our wrap fee program, you will pay our firm a single fee, which includes our portfolio management fees, certain transaction costs, and custodial and administrative costs. You are not charged separate fees for the respective components of the total services. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

Prior to becoming a client under the Program, you will be required to enter into a separate written agreement with us that sets forth the terms and conditions of the engagement and describes the scope of the services to be provided, and the fees to be paid.

We provide discretionary portfolio management services through the Program. If you participate in the Program, 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 suitability information and/or may construct a portfolio which may be based on one or more models developed by the IAR. 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.

Changes in Circumstances

It is important to understand that changes in your financial situation, investment objectives, tolerance for risk, or investment time horizon may cause the Program or your portfolio to no longer be suitable. In the event of any such changes, you should contact your IAR promptly in order to discuss the suitability of the Program or portfolio.

Account Investments

We may invest your assets in stocks, municipal and corporate bonds, Exchange Traded Funds, mutual funds, options on securities, U.S. government securities and money market instruments.

Discretionary Management

To participate in the program, 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.

The Custodian

Program accounts will be custodied at Fidelity Institutional Wealth Services ("Fidelity"), an unaffiliated and independent custodian. The custodian will provide you with services related to custody of securities, trade execution, and trade clearance and settlement. We will not have custody of client funds or securities, except to the limited extent of automatically deducting Program Fees from Accounts.

The Program Fee

To participate in the Program, you will pay a single "Program Fee" that includes the fee for our portfolio management services and the expenses related to custody of securities, brokerage and trade execution, trade clearance and settlement as set forth in the following fee schedule:

Assets Under Management	Maximum Annualized Fee
\$25,000 to \$250,000	2.50%
\$250,001 to \$500,000	2.50%
\$500,001 to \$750,000	1.75%
\$750,001 to \$1,000,000	1.50%
\$1,000,001 to \$2,000,000	1.25%
\$2,000,001 to \$5,000,000	1.25%
Over \$5,000,000	1.25%

The Program 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. If the client services agreement is terminated any time through the month, we will rebate the pro-rated portion of that month's fees back to the client. The Program Fee is negotiable, depending on individual client circumstances.

In SPC's 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. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will deduct the fee directly from your account through the qualified custodian holding your funds and securities or we will invoice you directly. We will deduct the Program Fee only when you have given our firm written authorization permitting the fee 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.

Termination

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 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.

Wrap Fee Program Disclosures

- Wrap fee programs may not be suitable for all investment needs, and any decision to participate in a wrap fee program should be based on your financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations.
- The benefits under a wrap fee program depend, in part, upon the size of the account, the management fee charged and the number of transactions likely to be generated in the Account. For example, a wrap fee program may not be suitable for Accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable for you, you should compare the Program Fee and any other costs of the Programs with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the Programs.
- Participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from third parties.
- Our firm and our IARs receive compensation as a result of your participation in the Program. This compensation may be more than the amount our firm or the IAR would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and the IARs have a financial incentive to recommend the Program.

- IARs may have a disincentive to execute transactions in your account because transaction fees are absorbed by the IAR.

Additional Fees and Expenses

The Program Fee includes the costs of brokerage commissions/ticket charges for transactions executed through the Qualified Custodian (or a broker-dealer designated by the Qualified Custodian), and charges relating to the settlement, clearance, or custody of securities in the Account. The Program Fee does not include mark-ups and mark-downs, dealer spreads or other costs associated with the purchase or sale of securities, interest, taxes, or other costs, such as national securities exchange fees, charges for transactions not executed through the Qualified Custodian, costs associated with exchanging currencies, wire transfer fees, or other fees required by law or imposed by third parties. The Account will be responsible for these additional fees and expenses.

We utilize unaffiliated money market funds as temporary investment vehicles for the cash balances in all Program accounts. In such cases, the overall fees charged on Program 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 the Program 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.

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.

Account Requirements and Types of Clients

We offer the Program to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

To participate in the Program we require a minimum account size of \$25,000 for accounts maintained at Fidelity Institutional Wealth Services. In the IARs' 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.

Portfolio Manager Selection and Evaluation

We are the sponsor and our IARs, on behalf of our firm, act as the portfolio managers of the Program whereby the IAR will manage your account. Our maximum fees for the wrap fee program are stated above and we will not charge you additional fees for participating in the program.

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 moderately aggressive 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 yours 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 that 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.

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 and asset managers.

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.

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.

Client Information Provided to Portfolio Managers

This section does not apply to our firm because we are the sponsor and our IARs, acting on behalf of our firm, are portfolio manager to the Wrap Fee Program.

Client Contact with Portfolio Managers

Clients participating in the Program 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, without restriction, you may call your IAR to discuss your portfolio or ask questions, and we recommend that you meet with your IAR no less than annually.

Additional Information

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 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 or Affiliations

IARs are generally registered representatives with Sigma Financial Corporation ("SFC") or Parkland Securities, LLC which are affiliated broker-dealers. Registered representatives will earn commission based compensation for selling securities products outside the Program.

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 outside the Program.

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.

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.

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").

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.

Account reviews

IARs monitor 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 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 clients with quarterly portfolio reports which detail the performance of the account and other information according to industry standards. The portfolio manager performance is not reviewed by SPC or any other third parties. SPC does not custody your assets, and relies on third party custodians and vendors to provide pricing and valuation data. The firm has made reasonable efforts to obtain data which it believes is accurate, though the firm has not verified the values and prices provided by these third parties. As SPC is not the custodian we are not liable for any damages due to inaccurate data.

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

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 are registered representatives with SFC or Parkland Securities, LLC. We will receive commission based compensation for selling insurance and securities products outside the Program.

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.

You should evaluate the custodians before opening an account.

Brokerage Practices

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 no 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. The value of products, research and services provided by the custodian if any, is negligible and not a material factor.

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. 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 or to allocate equitably among client's, differences in prices, 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. 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.

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 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.

Cost Basis Reporting

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.