

# **Ladenburg Thalmann Asset Management Inc.**

## ***Private Investment Management Services Wrap Fee Program Brochure***

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**This Wrap Fee brochure provides information about the qualifications and business practices of Ladenburg Thalmann Asset Management Inc. If you have any questions about the contents of this brochure, please contact us at (800) 995-5267 or [lamp@ladenburg.com](mailto:lamp@ladenburg.com).**

**This 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 Ladenburg Thalmann Asset Management Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

03/23/2015

## **Material Changes**

This Brochure has been updated from the October 9th, 2014 version.

In addition to certain non-material changes, the Brochure has been revised to describe:

- Changes to the sweep vehicle used for cash in most accounts in the program and the related conflicts of interest; and
- LTAM's role in the Ladenburg Thalmann Unit Investment Trust (UIT) and the associated conflicts of interest.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, at 800-995-5267 or [lamp@ladenburg.com](mailto:lamp@ladenburg.com).

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## **Services, Fees and Compensation**

### ***Investment Advisory Services***

Each client has a financial consultant, who is an advisory representative of Ladenburg Thalmann Asset Management (“LTAM”). The financial consultant is generally also a broker-dealer representative of Ladenburg Thalmann & Co. Inc. Clients who wish to participate in the Private Investment Management Services Program (“PIM”) will enter into an PIM agreement with LTAM.

Clients inform their financial consultants of the investment objectives, risk tolerance, and investment time horizon, and any investment policies, guidelines, or reasonable restrictions applicable to the assets they designate for investment through the PIM Program. Based on the information provided, the financial consultant recommends securities to the client and assists the client in purchasing, selling, or otherwise trading securities or other investments. Such securities may include, but are not limited to, equities, bonds, options, government securities, exchange-traded funds, and mutual funds. Clients grant LTAM discretionary authority over accounts in the PIM. This means that LTAM will invest and reinvest the assets in the account, including, but not limited to, the purchase and sale of securities at such time and in such manner as LTAM in its discretion shall determine, and will act on the client’s behalf in all other matters necessary or incidental to the handling of the account, without discussing these transactions or actions with the client in advance. LTAM will manage PIM accounts in accordance with the investment objectives that the client selects and information provided by the client. Any restrictions on the management of an account imposed by a client may cause the LTAM to deviate from the investment decisions or recommendations it would otherwise make in managing the account.

Financial consultants must be pre-approved by LTAM management team in order to offer the PIM program to their clients. Individuals and teams must illustrate an investment theory and strategy to be approved.

### ***Execution of Trades***

Clients generally authorize and direct LTAM to executed trades for account in PIM through Ladenburg Thalmann & Co. Inc., a broker-dealer affiliated with LTAM. Assets in PIM program are also not generally aggregated by LTAM. In accordance with applicable law and regulation, broker-dealers may execute principal trades for the account(s). In addition, the broker-dealer has the authority to effect “agency-cross” transactions (i.e. transactions for which a broker-dealer acts as broker for both the client and the counterparty to the transaction) for the account(s) in accordance with applicable law and regulations. In both a principal and agency-cross trade, the affiliate broker-dealer of LTAM may receive compensation from the other party for such transaction and, thus, LTAM may have a potentially conflicting division of loyalties and responsibilities. Client may revoke authorization to effect agency cross transactions at any time by written notice to LTAM. LTAM has policies and procedures to address such conflicts of interest.

### ***Custody***

An unaffiliated entity acts as custodian for PIM accounts. The custodian is named in the client’s PIM agreement. In most cases National Financial Services, LLC (“NFS”) will act as custodian for PIM accounts. Clients will receive account statements from the broker-dealer, bank or other qualified custodian holding the clients’ assets. Clients should carefully review those statements. Clients who also receive account reviews from LTAM should compare them to the account statements they receive from the qualified custodian. The account statements received from the qualified custodian are the official statement of clients’ accounts. Any account information provided by LTAM is for informational purposes only.

### ***Fees and Compensation***

Each account in PIM will generally be charged an asset-based fee (“Wrap Fee”) on a quarterly basis. The Wrap Fee will be calculated based on the value of the PIM assets in the account. The rate or rates used to

calculate the Wrap Fee are subject to negotiation between the financial consultant and each client. The actual fee rates paid by the client will be set forth in the client's PIM agreement. The maximum annual Wrap Fee rates are:

| <b>Value of Account Assets</b> | <b>Maximum Annual Program Fee Rate</b> |
|--------------------------------|--|
| \$50,000 – \$500,000           | 3.00%                                  |
| \$500,001 – \$1,000,000        | 2.50%                                  |
| \$500,001 – \$2,000,000        | 2.25%                                  |
| Over \$2,000,001               | 2.00%                                  |

The Wrap Fee rate may be either a flat annual fee rate (maximum rate of 3.00%) or will be a blended fee using two or more of the rate tiers set forth above. The blended rate is calculated by charging a lower rate on the assets above the designated tiers. The Wrap Fee will generally be charged in advance. However, certain clients may be charged in arrears. Certain clients may also be charged monthly rather than quarterly. Whether the Wrap Fee is charged in advance or in arrears, or quarterly or monthly, is set forth in the client's PIM agreement.

Regardless of the actual quarterly Program Fee rate or the value of the assets in the account, the minimum fee charged to accounts in PIM each quarter will generally be \$175. The imposition of the minimum fee may cause the effective Wrap Fee rate (expressed as a percentage) to be greater than the fee rates specified in the client's PIM agreement.

Either party at any time upon written notice may terminate the PIM agreement and a *pro rata* portion of any Wrap Fee paid by the client in advance will be remitted to the client based on the number of days left in the quarter following receipt of the notice of termination by LTAM. When the Wrap Fee is paid in arrears, a *pro rata* portion of the Wrap Fee will be due by the client based on the number of days elapsed during in the quarter prior to receipt of the notice of termination.

The Wrap Fee covers the advisory services provided by the financial consultant, program administrative services provided by LTAM, transaction charges and commissions in connection with execution of transactions through Ladenburg Thalmann & Co. Inc. ("LTCO"), and custodial services (unless otherwise agreed between the custodian and the client). LTAM also shares a portion of the Wrap Fee with the LTAM financial consultant. LTCO will also receive a portion of the Wrap Fee for the execution of transactions and generally pays part of its compensation to the custodian.

PIM may cost a client more or less than purchasing such service separately depending on the frequency of trading in the PIM accounts, commissions charged at other broker-dealers for similar products, fees charged for like services by other advisers and broker-dealers and other factors.

The Wrap Fee does not cover:

- Brokerage commissions or other charges resulting from transactions not effected through LTCO;
- "Mark-ups" and "mark-downs" or "dealer spreads" that broker-dealers, including affiliates of LTAM, may receive when acting as principal in certain transactions;
- Short term redemption fees that may be charged in connection with certain funds (see below);
- Any additional custodial services contracted for directly by the client with the custodian;
- Certain costs or charges that may be imported by LTCO or the custodian, including costs associated with exchanging foreign currencies, odd-lot differentials, IRA fees, transfer taxes, exchange fees, wire transfer fees, postage fees, and other fees or taxes required by law.

Certain securities, such as over-the-counter stocks and fixed income securities are traded primarily in "dealer"

markets. In such markets, securities are directly purchased from, or sold to, a financial institution acting as a dealer, or "principal." Dealers executing principal trades typically include a "mark-up," "mark-down," and/or spread in the net price at which transactions are executed. When LTCO executes a transaction for a security traded in the dealer markets, LTCO either will execute the transaction as agent through a dealer unaffiliated with LTCO, or as principal in accordance with applicable law. Clients in the Program will not pay commissions or separate transaction charges to LTCO in connection with these transactions, however, the client will bear the cost (including any mark-up, mark-down, and/or spread) imposed by the dealer as part of the price of the security. Thus, the dealer will receive compensation in connection with most principal trades. LTAM has a conflict of interest in using an LTCO to execute principal transactions because LTCO will receive compensation in connection with the trade as dealer, which is in addition to the Program Fee. For more information about how this conflict of interest is addressed, see the "Additional Information" section below.

In addition to the Wrap Fee, each mutual fund or exchange-traded fund (ETF) in which a client may invest also bears its own investment advisory fees and other expenses. Mutual funds may be available directly from the funds pursuant to the terms of their prospectuses and without paying the Wrap Fee and ETFs may be available outside of the Program without paying the Wrap Fee, subject to applicable commissions and/or transaction charges. Further, to the extent that cash used for investment through PIM comes from redemptions of the client's mutual fund or other investments outside of PIM, there may be tax consequences or additional cost from sales charges previously paid and redemption fees incurred. Such redemption fees would be in addition to the Wrap Fee on those assets.

LTCO and/or the custodian will receive payments from certain mutual funds (including money market funds) pursuant to a 12(b)-1 distribution plan or other such plan as compensation for distribution or administrative services and are distributed from the fund's total assets. These fee arrangements will be disclosed upon request of a client and are available in the applicable fund's prospectus. The financial consultant may receive a portion of these fees received by LTCO in his or her capacity as a registered representative of LTCO. This receipt of compensation creates a conflict of interest because the financial consultant has an incentive to recommend investments that pay compensation to LTCO.

Some of the funds purchased for PIM accounts may be funds that have a class of shares that can be purchased with no transaction fee charged by the broker-dealer or custodian ("NTF fund shares"). This creates a potential conflict of interest for financial consultants when recommending or selecting certain funds for accounts. For clients paying a Wrap Fee LTAM will pay less of the Wrap Fee to the broker-dealer or custodian if the account purchases NTF fund shares instead of other fund shares that have an associated transaction fee. Thus, LTAM will receive more compensation. There may be a share class of the same fund that is available with a transaction fee that has a lower expense ratio than the NTF fund share class. Fund shares with lower expense ratios generally have better performance. In addition, there may be other funds without an NTF fund share classes that would have better performance, but are not purchased for accounts because of the transaction fee. The financial consultants generally address this conflict by only purchasing NTF fund shares for accounts over other available fund shares only after determining that doing so would likely not have a material effect on the account's performance.

The broker-dealer or custodian will charge a redemption fee if NTF fund shares are sold within a specified period of time of their purchase. In addition to the short term redemption fee charged by the broker-dealer or custodian in connection with NTF fund shares, certain funds also have a short term redemption fee that will be described in the fund's prospectus. Financial consultants generally manage accounts to minimize these fees. However, certain client actions, such as redemption requests or strategy changes, may cause the account to incur these fees, which are in addition to the Wrap Fee.

In addition, LTCO typically receives compensation in connection with cash held in accounts. For most accounts, the Bank Deposit Sweep Program (the "BDSP") is the only vehicle available for cash balances (from

deposits to the account, securities transactions, dividend and interest payments and other activities) in the account. LTCO will receive a fee in connection with the BDSP based on the value of the cash in the program. This fee will reduce the amount of interest that clients receive in connection with cash held in their accounts. LTCO will not receive a fee in connection with the BDSP with respect to cash in certain retirement accounts. In such cases, the fee will be retained by the custodian. The financial consultant will not receive any portion of the BDSP fee received by LTCO. For more information, see the disclosure document available through a LTAM financial consultant or at: <http://www.ladenburg.com/bank-deposit-sweep-programs>.

Additional expenses associated with the specific underlying investment funds such as, redemption fees may apply. Certain mutual funds used in the PIM Program may charge a redemption fee if shares are redeemed within a specified period of time. Clients may incur redemption fees in the event that a sell is executed or model update is implemented. Redemption fees vary by fund and are described in each fund's prospectus.

In addition, LTAM financial consultants may recommend securities for PIM accounts in initial public offerings and/or secondary offerings ("new issues"). If LTCO acts as an underwriter or manager for such offerings, or is a part of the selling group, it will receive compensation equal to either all or a portion of "gross spread" (the difference between the price the client pays for the security and the price at which LTCO purchased the securities). The advisory fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement.

Most LTAM financial consultants are also registered broker-dealer representatives of LTCO. LTCO may share a portion of payments received from a mutual fund or in connection with an initial public offering, a secondary offering, and/or a private placement with these LTAM financial consultants. These financial consultants may also receive compensation, such as 12(b)-1 or services fees, in connection with the sale of funds, including the Alternative Strategies Fund. Therefore, the LTAM financial consultants have an incentive to recommend certain mutual funds over others. In addition, the LTAM financial consultants have an incentive to recommend securities where LTCO acts as underwriter or manager or is part of the selling group.

The financial consultant recommending the PIM Program to the client may receive more compensation than if the client participated in other programs offered by LTAM or paid separately for investment advice, brokerage, and other services. Thus, the financial consultant may have a financial incentive to recommend the PIM Program over other programs or services.

## **Account Requirements and Types of Clients**

The minimum amount of assets required to open an account in the PIM Program is \$50,000.

LTAM may waive these minimums under certain circumstances. Should the market value of an account fall below the stated minimum, LTAM will have the right to require that additional monies be deposited to bring the account value up to the required minimum, or close the account.

The following types of clients may participate in PIM: individuals, including high net worth individuals, including small business owners, pension and profit sharing plans, trusts, estates and charitable organizations, corporations or other business entities, Taft-Hartley plans, and not for profit entities.

## **Portfolio Manager Selection and Evaluation**

LTAM financial consultants are the only portfolio managers available through PIM.

### ***Individual Needs of Clients and Restrictions***

LTAM financial consultants tailor their advisory services to the individual needs of the client in the PIM program. Clients inform their financial consultant of their investment objectives, risk tolerance, and

investment time horizon and give their financial consultant any applicable investment policies, guidelines, or reasonable restrictions. Clients may impose reasonable restrictions on the investments in their accounts, including designating particular securities or types of securities that should not be purchased for an account. Any restrictions imposed by a client may cause the financial consultant to manage the account differently than he or she would in the absence of such restrictions. Thus, the account may not perform as well.

A client also may request that LTAM manage the client's account in accordance with client-specified investment guidelines or policies or otherwise implement a strategy in the client's account in a manner that may differ from that in which LTAM would otherwise implement the strategy in the account. The advisor representative will communicate any such instruction to LTAM. LTAM may either reject these changes or reject the account.

### ***Other Types of Accounts***

LTAM provides advice through other programs and services, which include other Wrap Fee programs. These programs and services are described in different disclosure documents which are available upon request. These programs and services generally are not managed using the same securities, strategies and funds used in PIM.

### ***No Performance-based Fees***

Neither LTAM nor any of its supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

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

Financial consultants manage accounts in PIM using various types of investment strategies.

The main sources of information applicant may use include financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filing with the SEC and company press releases. The investment strategies used to manage accounts may include long term purchases, short term purchases, selling securities within 30 days, short sales, margin transactions, and option writing. LTAM financial consultants may have access to third party vendors that provide support services in portfolio design and strategy implementation. Examples of third party sources used to assist in managing assets are S&P Research, Independent Research, Bloomberg, Morningstar Workstation, various ETF & fund screeners, economic news services, statistical ratings organizations and asset allocation software or proposal systems. Our firm may use these tools along with an investor profile or questionnaires to recommend a portfolio or a selection of securities that will assist a client to achieve their objectives and risk tolerances.

Each investment style, strategy, and investment entails varying degrees of risk. There can be no assurance that a particular investment or strategy will be successful or that clients will not suffer losses. Results generated by for each account will differ, and the investment advice provided to an individual will differ from client to client. Investment performance is not guaranteed, and the financial consultant's past performance with respect to a client's account or other accounts does not predict future performance. The investment strategies used to manage accounts may include long term purchases, short term purchases, selling securities within 30 days, short sales, margin transactions, and option writing.

**Margin risk:** Leverage increases a portfolio's risk as price swings are amplified in a margin account and clients can lose more funds than deposited if value of securities decline.

**Options risks:** An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells their option in the secondary market nor exercises it prior

to its expiration will necessarily lose their entire investment in the option. An option writer may be assigned an exercise at any time during the period the option is exercisable.

Starting with the day it is purchased, an American-style option is subject to being exercised by the option holder at any time until the option expires. This means that the option writer is subject to being assigned an exercise at any time after they have written the option, until the option expires or until they have closed out their option position in a closing transaction. By contrast, the writer of an European-style or capped option is subject to assignment only when the option is exercisable or, in the case of a capped option, when the automatic exercise value of the underlying interest hits the cap price. For more information regarding the risks of options, please read the 'Characteristics and Risks of Standardized Options' brochure, which can be found at [www.optionsclearing.com](http://www.optionsclearing.com).

### ***Voting Client Securities***

Unless a Client specifically reserves the right to vote proxies in writing, LTAM will vote proxies for securities in the accounts in accordance with LTAM's policies and procedures regarding proxy voting. These proxy voting policies and procedures contain guidelines that LTAM follows in order to minimize conflicts of interest and to ensure that it votes proxies in a manner consistent with the best interests of its clients. A copy of these policies and procedures is available upon request. Further, clients may obtain information from LTAM on how their proxies were voted by submitting a written request to LTAM.

## **Client Information Provided to LTAM**

As described in "Services, Fees and Compensation" above, clients inform their financial consultant of their investment objectives, risk tolerance, and investment time horizon and give their financial consultant any applicable investment policies, guidelines, or reasonable restrictions.

Clients may impose restrictions on the investments in their accounts, including designating particular securities or types of securities that should not be purchased for an account.

A client also may request that LTAM manage the client's account in accordance with client-specified investment guidelines or policies or otherwise implement a strategy in the client's account in a manner that may differ from that in which LTAM would otherwise have recommended.

The client must promptly inform their assigned financial consultant of material changes in their financial circumstances or investment objectives. The financial consultant will periodically discuss, at least once a year, whether the management of the account continues to reflect the investment objectives and financial requirements of the client.

## **Client Contact with LTAM**

Clients are encouraged to contact their financial consultant directly.

## **Additional Information**

### ***Disciplinary Information***

There are no legal or disciplinary events that are material to an evaluation of LTAM's advisory business or the integrity of its management.

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

Ladenburg Thalmann Financial Services Inc. owns 100% of LTAM and Ladenburg Thalmann & Co. Inc., ("LTCO"). LTCO is a registered broker-dealer. LTAM financial consultants are generally also broker-dealer

representatives of LTCO. Thus, LTCO generally shares any commensuration it receives in connection with PIM accounts with the applicable LTAM financial consultant, to the extent permitted by applicable law.

Other companies that are owned by LTFS and thus affiliated with LTAM are:

|   |                    |
|---|--------------------|
| Ladenburg Thalmann Fund Management, LLC (LTFM)  | 50% owned by LTAM  |
| Ladenburg Thalmann & Co. Inc. (LTCO)            | 100% owned by LTFS |
| Ladenburg Capital Agency Inc.                   | 100% owned by LTFS |
| Triad Advisors, Inc.                            | 100% owned by LTFS |
| Triad Hybrid Solutions, LLC.                    | 100% owned by LTFS |
| Investacorp, Inc.                               | 100% owned by LTFS |
| Investacorp Advisory Services                   | 100% owned by LTFS |
| Premier Trust, Inc.                             | 100% owned by LTFS |
| Securities America Financial Corporation (SAFC) | 100% owned by LTFS |
| Securities America, Inc.                        | 100% owned by SAFC |
| Securities America Advisors, Inc.               | 100% owned by SAFC |
| Arbor Point Advisors, LLC                       | 80% owned by SAFC  |
| KMS Financial Services, Inc.                    | 100% owned by LTFS |
| Securities Service Network, Inc. (SSN)          | 100% owned by LTFS |
| SSN Advisory, Inc.                              | 100% owned by SSN  |
| HCHC Acquisition, Inc. (HCHC)                   | 100% owned by LTFS |
| Highland Capital Brokerage, Inc.                | 100% owned by HCHC |

Certain principal executive officers of LTAM are also officers or employees of LTCO or Ladenburg Thalmann Financial Services Inc. They may also serve in an executive capacity at, Triad Advisors, Inc., Triad Hybrid Solutions, LLC, Investacorp Advisory Services, Inc., Securities America Advisors, Inc., Arbor Point Advisors, LLC, KMS Financial Services, Inc., SSN Advisory, Inc., or Premier Trust. These permitted additional responsibilities could be viewed as creating a conflict of interest in that the time and effort of the directors, officers, principals and employees of LTAM because they will not be devoted exclusively to the business of LTAM and may have conflicts of interest due to their loyalties to the different entities.

Certain of LTAM's principal executive officers, members of the LTAM investment committee and other individuals who determine investment advice given to clients are registered representatives of LTCO. LTAM financial consultants may recommend Premier Trust to provide trust and administrative services. Premier Trust provides full disclosure with respect to its trust and administrative services and related costs.

LTCO acts as a dealer with respect to certain securities, and as such, may execute transactions for LTAM clients as principal. As a dealer, LTCO may receive a "mark-up," "mark-down," and/or spread in the net price at which principal transactions are executed. This compensation is in addition to other compensation that client pays to LTAM and its affiliates under the Program. Thus, LTAM has a conflict of interest in deciding to execute trades through LTCO on a principal basis. LTAM addresses this conflict of interest in the following ways. After receiving disclosures about a specific principal transaction with LTCO, clients have the opportunity to reject the transaction before it is completed, to the extent required by applicable law. In addition, LTAM has policies and procedures in place to assure that clients receive best execution with respect to principal trades, regardless of whether the trade is executed by LTCO or an unaffiliated dealer.

LTAM financial consultants may also recommend to accounts securities issued in initial public and/or secondary offerings ("new issues") for which LTCO acts as an underwriter and/or a member of the selling group. LTAM has a conflict of interest in recommending these securities for several reasons. First, LTCO receives all or a portion of the gross spread (the difference between the price that the client pays for the security and the price that LTCO purchases the security for) in connection with such sales. This gross spread is generally 7%, but may be higher or lower in connection with certain offerings. LTAM financial consultants

generally receive a portion of this compensation as broker-dealer representatives of LTCO. In addition, LTCO has a substantial interest—both financial and with respect to its reputation—in assuring that the offering is successful by having a large number of the securities purchased. Finally, in connection with certain offerings, LTCO has an obligation to purchase and resell a certain number of securities. Thus, because of its affiliation with LTCO, LTAM has incentives to recommend these investments in these offerings for these reasons, rather than based on a client's needs. To address these conflicts, LTAM has policies and procedures in place to make sure that securities in initial public offerings are recommended only to clients for whom they are suitable given the client's investment objectives and assets. In addition, clients are generally given transaction specific disclosure prior to the client's decision to invest in such securities. Securities acquired in initial public and secondary offerings may be oversubscribed and LTAM has policies and procedures in place for the allocation process. To address these conflicts, LTAM has policies and procedures in place to make sure that securities in initial public offerings are recommended only to clients for whom they are suitable given the client's investment objectives and assets.

LTAM is the investment adviser to Alternative Strategies Fund (LTAFX). The Alternative Strategies Fund is a closed end interval fund that invests in alternative investment products. LTCO is also the distributor of the fund and may receive commissions when executing trades on behalf of the fund. Prospectuses are available at [www.ltafx.com](http://www.ltafx.com) or by contacting the fund administrator toll-free at 1-877-803-6583.

In addition, LTAM owns 50% of Ladenburg Thalmann Fund Management, LLC ("LTFM"), which is a separately registered investment adviser. LTFM is an adviser to an open-end registered investment company, the Boyar Value Fund, Inc. This fund is an open-end diversified management investment company. LTCO is the distributor of the fund.

LTAM financial consultants may recommend that clients invest in the Boyar Value Fund or in the Alternative Strategies Fund, for which LTAM acts as investment adviser and LTCO acts as distributor. These recommendations create a conflict of interest because LTAM and LTCO generally receive more compensation in connection with the purchase of these funds than they do in connection with the purchase of other funds. In addition, these funds pay fees in connection with services or distribution, such as 12b-1 fees. These fees are paid to LTCO as broker-dealer. LTAM financial consultants may receive part of the compensation paid to LTCO in the financial consultant's capacity as a registered representative of LTCO to the extent permitted by applicable law. LTAM financial consultants may recommend shares in these funds to PIM accounts. This creates a conflict of interest because of the additional compensation that LTAM and LTCO receive in connection with these investments. LTAM has policies and procedures to address such conflicts of interest.

LTAM also provides a recommended list of securities to First Trust Portfolios, L.P. (First Trust), the sponsor of the Ladenburg Thalmann High Income Portfolio (UIT). LTAM receives a licensing fee of .10% which is based on assets raised within the UIT during the offering period. In addition, certain broker-dealers affiliated with LTAM, including LTCO, will receive a portion of a dealer concession or agency commission in connection with units of the UIT that they sell, if those units are subject to a sales charge. A higher concession percentage will be received by the affiliated broker-dealers if certain total sales levels of the UIT are met, as set forth in the UIT prospectus. Although, LTCO will not receive a concession on the sale of UIT units to PIM accounts because the sales are not subject to a sales charge, units sold to PIM accounts will count towards these sales levels. Thus, LTAM has a conflict of interest in recommending sales of the UIT

This is not the offer of or the solicitation of offers for any security which will be made only by prospectus. The fund's prospectus contains this and other information about the fund. The prospectus should be read carefully before investing.

### ***Code of Ethics and Personal Trading***

LTAM has adopted a Code of Ethics for all supervised persons of the firm describing our high standard of business conduct, and fiduciary duty to our clients. All supervised persons at our firm must acknowledge the terms of the Code of Ethics and personal securities transactions and holdings annually, or as amended. Our Code of Ethics sets forth detailed policies and procedures regarding the personal trading of its personnel.

LTAM's Code of Ethics Rules are designed to ensure that our personnel: a) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; b) at all times place the interests of our clients first; c) disclose all actual or potential conflicts; d) adhere to the highest standards of loyalty, candor and care in all matters relating to our clients; e) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and f) not use any material non-public information in securities trading. The Code of Ethics also establishes policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of these rules, LTAM personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of these rules.

LTAM personnel are required to conduct their personal investment activities in a manner that is not detrimental to our advisory clients. They are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described above, there may be circumstances when LTAM personnel may buy and sell on behalf of its clients, securities of issuers or other investments in which they own securities or otherwise have an interest. The policy requires all Access & Supervised Persons (defined as investment personnel, which includes portfolio managers, research analysts and trading room personnel, operations and officers of LTAM, and other designated persons) to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics.

The Code of Ethics is enforced through compliance monitoring activities and surveillance. In cases where the firm discovers that an employee has violated a firm policy and/or procedure, the firm's code of business conduct or code of ethics, a state or federal law, regulation of FINRA, the SEC, or other regulatory agency, the Compliance Department will take appropriate steps to investigate the circumstances and will take action commensurate with the manner of the violation. Such actions could take the form of a written warning to the employee in conjunction with the firm's Legal Department, or be as serious as disciplinary action up to and including termination. Any such investigations will be brought to the appropriate regulator's attention, if necessary, which may result in a disclosure of the violation on the employee's U-4 form, if required.

A copy of the LTAM Code of Ethics may be obtained by writing to: Ladenburg Thalmann Asset Management Inc., 570 Lexington Avenue, 11th Floor, New York, NY 10022.

### ***Review of Accounts***

The financial consultant is primarily responsible for reviewing the accounts on an on-going basis to ensure that the investment strategy continues to be suitable for the client, taking into account any changes to the information provided by the client. LTAM generally reviews PIM accounts at least monthly. These reviews are performed by LTAM's Chief Compliance Officer and Branch Officer Managers.

LTAM or the financial consultant may provide clients with quarterly performance reviews of PIM accounts. LTAM and the financial consultant may not provide tax advice, and nothing in the performance review should

be construed as advice concerning any tax matter. Performance reviews are not a substitute for regular monthly account statements received from the custodian or Form 1099. Performance reviews should not be used to calculate fees or to complete income tax returns. Upon a client's specific request and subject to the relevant firm's policies and procedures and applicable law, the performance review may include information about assets outside the program. By including any such assets in the performance review, the firm is not undertaking to provide or be responsible for providing any services with respect to those assets.

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

LTAM may enter into agreements with third parties that will solicit clients for LTAM and receive compensation for referring clients to LTAM. In such instances, the third party solicitor will receive either a percentage of, or a set fee from, the fee charged to the client. If a solicitor is used in connection with a client's account, the structure and arrangement of the solicitation agreement, as well as the compensation paid to the solicitor, will be fully disclosed to the client, which disclosure will be acknowledged in writing by the client when participating in a LTAM program. The fee charged to a client is not affected by the use of a third-party solicitor in connection with client accounts, and a client will not be charged any additional fees for the use of such services.

#### ***Financial Information***

LTAM does not require prepayment of advisory fees six months or more in advance. LTAM has never been the subject of a bankruptcy petition.

## Ladenburg Thalmann Asset Management Inc. – Privacy Policy Brochure

| FACTS   |  | What does Ladenburg Thalmann Asset Management Inc. do with your personal information?   |                             |
|---|--|---|-----------------------------|
| Why?  |  | Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.   |                             |
| What?   |  | <p>The types of personal information we collect and share depend on the product or services you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>▪ Social Security Number</li> <li>▪ Identification</li> <li>▪ Income and Employment Information</li> <li>▪ Assets and Credit History</li> <li>▪ Investment Experience, investment objectives and risk tolerance</li> <li>▪ Account Transactions History</li> </ul> |                             |
| How?  |  | All financial companies need to share non-public personal information to run their everyday business. In the section below, we list the reasons financial companies can share their non-public personal information; the reasons Ladenburg Thalmann Asset Management Inc. (“LTAM”), together with our affiliates, choose to share; and whether you can limit this sharing.  |                             |
| Reasons we can share your personal information  |  | Does Ladenburg Thalmann share?  | Can you limit this sharing? |
| <b>For our everyday business purposes</b> – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus |  | Yes   | No                          |
| <b>For our marketing purposes</b> – to offer our products and services to you   |  | Yes   | No                          |
| <b>For joint marketing with other financial companies</b>   |  | No  | We do not share             |
| <b>For our affiliates’ everyday business purposes</b> – information about your transactions and experience.   |  | Yes   | No                          |
| <b>For affiliates to market to you</b>  |  | No  | We do not share             |
| <b>For nonaffiliates to market to you</b>   |  | No  | We do not share             |
| Questions?  | Go to <a href="http://www.ladenburg.com">www.ladenburg.com</a> |   |                             |

| Who We Are  |  |
|---|--|
| Who is providing This Notice  | Ladenburg Thalmann Asset Management Inc.   |
| What We Do  |  |
| How does Ladenburg Thalmann protect my personal information?  | <p>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.</p> <p>We train our employees in the proper handling of personal information. We require companies that help provide our services to you to protect the confidentiality of personal information they receive.</p>   |
| How Does Ladenburg Thalmann collect my personal information?  | <p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> <li>▪ Open an account;</li> <li>▪ Seek advice about your investments;</li> <li>▪ Enter into an investment advisory relationship;</li> <li>▪ Tell us about your investment or retirement portfolio;</li> <li>▪ Apply for insurance.</li> </ul> <p>We also collect personal information from others, such as credit bureaus, affiliates, or other companies.</p>  |
| Why can't I limit all sharing?  | <p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> <li>▪ Sharing for affiliates' everyday business purposes – information about your creditworthiness</li> <li>▪ Affiliates from using your information to market to you</li> <li>▪ Sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>  |
| Definitions   |  |
| Affiliates  | <p>Companies related by common ownership or control. They can be financial and nonfinancial companies. Our affiliates include, but not limited to, the following entities:</p> <ul style="list-style-type: none"> <li>▪ <i>Ladenburg Thalmann &amp; Co. Inc., member NYSE, NYSE_MKT, FINRA, and SIPC</i></li> <li>▪ <i>Ladenburg Thalmann Fund Management LLC; SEC registered investment adviser;</i></li> <li>▪ <i>Ladenburg Capital Agency Inc.;</i></li> <li>▪ <i>Investacorp, Inc., member FINRA, SIPC;</i></li> <li>▪ <i>Investacorp Advisory Services, Inc., SEC registered investment adviser;</i></li> <li>▪ <i>Triad Advisors, Inc., member FINRA, SIPC, SEC registered investment adviser;</i></li> <li>▪ <i>Triad Hybrid Solutions, LLC., SEC registered investment adviser;</i></li> <li>▪ <i>Premier Trust, Inc.</i></li> <li>▪ <i>Securities America, Inc.; member FINRA, SIPC;</i></li> <li>▪ <i>Securities America Advisors, Inc. SEC registered investment adviser;</i></li> <li>▪ <i>Arbor Point Advisors, LLC., SEC registered investment adviser;</i></li> <li>▪ <i>Highland Capital Brokerage;</i></li> <li>▪ <i>KMS Financial Services, Inc.; member FINRA, SIPC, SEC registered investment adviser;</i></li> <li>▪ <i>Securities Service Network, Inc.; member FINRA, SIPC;</i></li> <li>▪ <i>SSN Advisory; SEC registered investment adviser;</i></li> </ul> |
| Nonaffiliates   | <p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>▪ <i>LTAM does not share with nonaffiliates.</i></li> </ul>  |
| Joint marketing   | <p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>▪ <i>We do not currently have non-affiliated joint marketing partners.</i></li> </ul>   |
| Other important information   |  |
| This Privacy Policy Notice applies to products and services used primarily for personal, family, trusts, corporation or entity and ERISA account purposes. We reserve the right to change this Privacy Policy Notice, and any of the practices described within this policy, at any time. |  |