

# **Ladenburg Thalmann Asset Management Inc.**

## ***Investment Consultant Services (ICS) Wrap Fee Program Brochure***

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**This 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).**

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## **Material Changes**

This Brochure has been updated from the March 23<sup>rd</sup>, 2015 version.

There are no material changes.

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**

### ***Consulting Services***

Each client has a financial consultant, who may be an advisory representative of Ladenburg Thalmann Asset Management Inc. (“LTAM”), Triad Advisors, Inc., Triad Hybrid Solutions, LLC., Investacorp Advisory Services, Inc., Securities America Advisors, Inc., KMS Financial Services, Inc., SSN Advisory, Inc. or Arbor Point Advisors, LLC. Triad Advisors, Triad Hybrid Solutions, LLC., Investacorp Advisory Services, Inc., Securities America Advisors, Inc., KMS Financial Services, Inc., SSN Advisory, Inc., and Arbor Point Advisors, LLC. are affiliates of LTAM, as described in “Other Financial Industry Activities and Affiliations” below. The financial consultant may also be registered as, or an advisory representative of, an investment adviser that is not affiliated with LTAM. The financial consultant may be a broker-dealer representative of Ladenburg Thalmann & Co Inc., Triad Advisors, Investacorp, Inc., KMS Financial Services, Inc., Securities Service Network, Inc., or Securities America, Inc. Clients who wish to participate in the Ladenburg Thalmann Investment Consultant Services Program (“ICS”) will enter into an ICS agreement. The ICS agreement will set forth which investment advisory entity is providing consulting services in connection with the client’s account.

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 ICS Program. Based on the information provided, the financial consultant assists the client in selecting one or more managers available through the Program (“ICS Managers”), which may include LTAM, to provide discretionary management services for the client’s account from those available through ICS.

### ***Portfolio Management***

ICS Managers manage ICS accounts on a discretionary basis in accordance with the investment strategy 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 ICS Managers to deviate from the investment decisions they would otherwise make in managing the account.

Client’s initial selection of ICS Manager(s) and the designation of which assets will be managed by each manager shall be set forth in the ICS agreement. LTAM shall notify each ICS Manager of the client’s designation and shall notify manager about any reasonable investment restrictions the client has placed on the investments in the accounts. The selection of each ICS Manager will not be effective until accepted by that manager. The ICS Manager is entitled to decline management of an account for any reason. Client understands that an account may be unmanaged for a period of time before the account is both accepted by the ICS Manager and funded to meet the manager’s minimum account size. Client understands that each ICS Manager selected to manage account assets will have investment discretion over the applicable Account.

In addition to the manager having investment discretion over the investment in the account, the client may grant LTAM discretionary authority to replace any ICS Manager selected, add one or more additional ICS Managers, or reallocate assets among selected ICS Managers at any time. Clients may also replace or add a manager by notifying their financial consultant or LTAM in writing of both the new manager and the manager to be replaced, if applicable, subject to acceptance by LTAM. For any period between terminating an old manager and acceptance of the account by a new manager an account will be not be managed, but the Wrap Fee will continue to be charged to the account as described below.

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

A broker-dealer affiliated with LTAM and the financial consultant typically executes trades for accounts in ICS. The specific broker-dealer will be named in the ICS agreement. If a LTAM financial consultant is providing consulting services, the broker-dealer will generally be Ladenburg Thalmann & Co. Inc. If a Triad Advisors financial consultant is providing consulting services, Triad Advisors will generally also act as broker-dealer. If an Investacorp Advisory Services, Inc. financial consultant is providing consulting services, Investacorp Inc. will generally act as broker-dealer. If a Securities America financial consultant is providing consulting services, Securities America Inc. will generally act as broker-dealer. If a registered broker-dealer representative who is registered separately as an investment adviser is providing consulting services, one of the affiliated broker-dealers will generally act as broker-dealer. In certain cases, client may direct that transactions for the client's ICS account be executed through an unaffiliated broker-dealer named by the client in the ICS agreement.

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 affiliated 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.

In certain cases, the financial consultant may recommend/require that clients establish brokerage accounts to maintain custody of clients' assets and to effect trades for their accounts with a brokers-dealer that is not affiliated with the financial consultant or LTAM ("Unaffiliated Broker"). The Unaffiliated Broker will be named in the ICS agreement. The final decision to select an Unaffiliated Broker is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA account holder. The Unaffiliated Broker may provide financial consultant or LTAM with access to its institutional trading and customer services, which may not be available to retail investors. These services are generally available to independent advisers on an unsolicited basis; however, certain Unaffiliated Brokers only provide the services at no charge as long as a designated amount of the adviser's clients' assets are maintained in accounts with the Unaffiliated Broker. This may create a conflict of interest as the financial consultant may have an incentive to recommend an Unaffiliated Broker over other broker-dealers.

Unaffiliated Brokers may make available other products and services that benefit the financial consultant or LTAM, but may not benefit the clients' accounts. These benefits may include national, regional or LTAM/investment adviser specific educational events organized or sponsored by the Unaffiliated Broker. Other potential benefits may include occasional business entertainment, software, research, support functions, and or professional services provided by the Unaffiliated Broker. Thus, a financial consultant's recommendation/requirement that clients maintain their assets in accounts at a particular Unaffiliated Broker may be based in part on the benefit the investment adviser of the availability of certain products and services provided by the Unaffiliated Broker and not solely on the nature, cost or quality of custody and brokerage services provided by the Unaffiliated Broker, which may create a potential conflict of interest.

### ***Custody***

An unaffiliated entity acts as custodian for ICS accounts. The custodian is named in the client's ICS agreement. In most cases National Financial Services, LLC ("NFS") will act as custodian for ICS accounts.

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

Each account in ICS 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 ICS assets in the account. The rate or rates are used to calculate the Wrap Fee are subject to negotiation between the financial consultant, LTAM, and each client. The actual fee rates paid by the client will be set forth in the client’s ICS agreement. The maximum annual Wrap Fee rates are:

<b>Value of Account Assets</b>	<b>Maximum Annual Fee Rate</b>
Up to \$500,000	3.00
Next \$500,000	2.75
Next \$1,000,000	2.50
Assets Over \$2,000,000	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 ICS agreement.

Regardless of the actual quarterly Program Fee rate or the value of the assets in the Account(s), the minimum fee charged to accounts in ICS 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 ICS agreement.

Either party at any time upon written notice may terminate the ICS 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 consulting services provided by the financial consultant, the portfolio management services provided by ICS Manager(s), ICS Manager selection, other advisory and program administrative services provided by LTAM, execution of transactions through the broker-dealer named in the agreement and custodial services (unless otherwise agreed between the custodian and the client).

LTAM’s portion of the Wrap Fee as program sponsor ranges from 0.05% to 1.00%. Triad Advisors, Triad Hybrid Solutions, LLC, Securities America Advisors, Arbor Point Advisors, LLC, KMS Financial Services, Inc., SSN Advisory, Inc. or Investacorp Advisory Services, Inc. may receive a portion of the fee for supervision and administrative services, if one of its financial consultants is providing consulting services. If the broker-dealer for the account is Ladenburg Thalmann & Co. Inc. (“LTCO”), Triad Advisors, Securities America, Inc. KMS Financial Services, Inc., Securities Service Network, Inc., or Investacorp Inc., the broker-dealer will also receive a portion of the Wrap Fee for the execution of transactions and generally pays part of its compensation to the custodian. If the financial consultant is independently registered as an investment adviser, the broker-dealer with whom the financial consultant is associated may be receiving a portion of the Wrap Fee for certain administrative services provided. The ICS Manager’s portion of the fee (which is retained by LTAM if it acts as ICS Manager) ranges from 0.20% to 0.75%. The ICS Manager may share its fee with third parties that it contracts with to provide it with services in connection with the accounts.

<b>ICS Wrap Fee Components</b>	<b>Range of Fees (Maximum Annual Program Fee)</b>
LTAM Sponsor Fee	0.05% - 1.00%
Financial Consultant Fee	0.25% - 1.50%
ICS Manager Fee	0.20% - 0.75%
Brokerage/Clearing/Custody Fee	0.05% - 0.25%
<b>Total Fee Range</b>	<b>0.55% - 3.00%</b>

The Wrap Fee does not cover:

- Brokerage commissions or other charges resulting from transactions not effected through the broker-dealer named in the client's ICS agreement
- Compensation received by dealers executing principal trades, including any "mark-up," "mark-down," and/or spread in the net price at which transactions are executed
- Short term redemption fees that may be charged in connection with certain funds (see below)
- Any internal management operating fees or expenses imposed or incurred by a mutual fund or other pooled investment vehicle
- Any additional custodial services contracted for directly by the client with the custodian
- "Mark-ups" and "mark-downs" or "dealer spreads" that broker-dealers, including affiliates of LTAM, may receive when acting as principal in certain transactions
- Certain costs or charges that may be imported by the broker-dealer or custodian named in the client's ICS agreement or third parties, 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

Further, to the extent that cash used for investment through ICS comes from redemptions of the client's mutual fund or other investments outside of ICS, 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.

The broker-dealer and/or 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 fees received by the broker-dealer create a conflict of interest because LTAM affiliates receive more compensation if funds with higher 12(b)-1 fees are selected. The financial consultant may receive a portion of these fees received by the broker-dealer in his or her capacity as a registered representative of the broker-dealer. This receipt of compensation creates a conflict of interest because the financial consultant has an incentive to recommend strategies that utilize funds that pay compensation to the financial consultant. In addition, certain affiliated broker-dealers receive compensation from funds in their Premier Fund programs. For more information about this compensation, see the "Additional Information" section below,

If the client directs ICS Managers to execute transactions through an Unaffiliated Broker, the client may pay a Wrap Fee. If the client pays a Wrap Fee, the financial consultant (or the financial consultant's investment adviser) will generally pay the broker-dealer a transaction charge for each trade in the account. The cost of these trades is covered by the Wrap Fee. Thus, financial consultant (or the financial consultant's investment adviser) will earn more compensation if fewer transactions are executed for the accounts. In addition, this could create a potential disincentive to trade securities. This conflict of interest is mitigated because the financial consultant who pays the cost of the transactions is not managing the account, and the ICS Managers

manage these accounts in the same way that they manage accounts that execute through LTCO or another affiliated broker-dealer.

Certain clients who direct ICS Managers to execute transactions through an Unaffiliated Broker will not pay a Wrap Fee. These clients will pay one fee (“Program Fee”) that covers all of the services covered by the Wrap Fee except for execution of transactions and custodial services, which the client will pay for separately. The maximum Program Fee is 2.50%. The client may be charged a separate asset-based fee for execution of transactions through the broker-dealer named in the agreement and for custodial services or the client may pay separate transaction charges and custodial fees. The fee structure will be set forth in the ICS agreement or in other documents provided to the client.

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

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

Some of the funds utilized by LTAM when managing certain strategies in ICS 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 LTAM when selecting funds for certain client accounts. For clients paying a Wrap Fee, LTAM or the financial consultant, as applicable, will pay less of the Wrap Fee to the broker-dealer or custodian if LTAM purchases NTF fund shares for client accounts instead of other fund shares that have an associated transaction fee. Thus, LTAM or the financial consultant will receive more compensation unless the Wrap Fee paid by the client is reduced. LTAM generally utilizes these fund shares for accounts with lower opening values. In addition, financial consultants may request that LTAM utilize NTF fund shares when managing ICS strategies for their clients. LTAM will generally honor such requests. 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. LTAM addresses this conflict by only purchasing NTF fund shares for accounts over other available fund shares if it determines 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. LTAM manages 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, the broker-dealer typically receives compensation in connection with cash held in ICS Program accounts. For most accounts where Ladenburg Thalmann & Co. Inc., Securities America, Inc., Triad Advisors, Inc., or Investacorp, Inc. (each an “Affiliated Broker-Dealer”) is the broker-dealer, 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. Certain retirement accounts at some Affiliated Broker-Dealers may be offered other sweep vehicles, such as a money market fund. The Affiliated Broker-Dealer 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. The Affiliated Broker-Dealer 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 recommending the LAMP Program will not receive any portion of the BDSP fee received by the Affiliated Broker-Dealer. For more information, see the disclosure document available through your financial consultant or at: <http://www.ladenburg.com/bank-deposit-sweep-programs>; <http://www.securitiesamerica.com/investors/products-services/bank-deposit-sweep-programs/>; <http://www.triad-advisors.com/customer-information>; or <http://www.investacorp.com/investacorp-investors/bank-deposit-sweep-programs.html>.

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

The minimum amount of assets required to open an account in ICS is \$100,000 for equity managers and \$250,000 for fixed income managers. These minimums are subject to negotiation and may vary depending on the investment manager and/or strategy.

Managers 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 ICS: individuals, including high net worth individuals, including small business owners, pension and profit sharing plans, including the plan participants, trusts, estates and charitable organizations, corporations or other business entities, Taft-Hartley plans, and not for profit entities.

Only clients who meet the definition of “qualified client,” as set forth in Rule 205-3(d)(1) of the Investment Advisers Act of 1940 will be able to select strategies that have a performance fee in addition to the Wrap Fee.

## **Portfolio Manager Selection and Evaluation**

LTAM selects the ICS Managers that are available through the ICS program. If the ICS Manager manages accounts using more than one investment strategy, LTAM may also select which of these investment strategies to include in ICS. Thus, portfolio managers included in ICS may manage accounts using an investment strategy that is not included in ICS. Each ICS Manager has entered into a contract with LTAM to manage client accounts as set forth in the ICS client agreement.

LTAM reviews portfolio managers and investment strategies to determine whether they should be included in ICS. These reviews generally employ a multi-phase approach to researching and selecting suitable managers. Managers are evaluated using data and information from several sources, including the manager and, if available, independent databases. Among the types of information analyzed are historical performance, investment philosophy, investment style, historical volatility and correlation across asset classes. Also reviewed are the manager’s disclosure documents, marketing brochures, due diligence questionnaires and other relevant information that help demonstrate the manager’s investment process. LTAM does not, however, verify the accuracy of the information provided to our firm with outside data sources.

ICS Manager performance is monitored by LTAM. Managers who under-perform relative to the applicable asset class and or style will likely be removed from the program. LTAM practices careful judgment and discretion when determining whether to include each ICS Manager in the program. However, LTAM does not independently verify ICS Manager returns, but rather relies on the returns presented by the ICS Manager and/or third-party sources.

LTAM also uses a third-party database to monitor and evaluate investment managers' performance. The data is typically updated quarterly. The system provides customizable single manager reviews and reporting tools with statistics such as rate of return, standard deviation, alpha, beta, R squared, tracking error, Sharpe ratio, information ratio, etc. It also has customizable multi-manager comparisons, covering similar statistics on a total return and rolling return basis.

Financial consultants identify specific ICS Managers for particular clients based on asset size, any investment restrictions the client may wish to impose, any investment guidelines or policies that the client may have or other factors that may make a particular manager more desirable to the client. Clients are responsible for the initial selection of ICS Managers.

LTAM has discretionary authority to replace any ICS Manager selected by a client, add one or more additional ICS Managers, or reallocate assets among selected ICS Managers at any time. Factors that would cause LTAM to replace a ICS Manager may include but are not limited to the following: the ICS Manager does not perform as well as other managers with a similar investment strategy or style, a change in management personnel or a change in their strategy or discipline that is deemed no longer beneficial to LTAM or the client, the determination of significant risk or impairment as discovered through due diligence, a significant regulatory deficiency, or a violation of the terms of agreement held between the ICS Manager and LTAM. Clients may also replace or add a Manager by notifying Advisor in writing of both the new ICS Manager and the Manager to be replaced, if applicable, subject to acceptance by LTAM. For any period between terminating an Old Manager and acceptance of the account by a New Manager an account will be not be managed, but the Wrap Fee will continue to be charged to the account.

LTAM may provide clients with information about ICS Managers. The information may be prepared by LTAM or by a third party and is based on and/or incorporates information provided by ICS Managers and other third-party sources. LTAM believes that this information is accurate; however, LTAM does not independently verify or guarantee the accuracy or completeness of the information. LTAM shall have no liability with respect to information provided by portfolio managers. Performance information may be included in the information provided by LTAM or may be provided by portfolio managers. This performance is calculated by the portfolio managers themselves or by third parties. This performance is not calculated or verified by LTAM (except in the case of affiliated portfolio managers) or by a third party at LTAM's request. Thus, this performance may not be calculated on a uniform and consistent basis.

Clients will receive each ICS Manager's disclosure document. Clients should review the portfolio manager disclosure document carefully for important information about the portfolio manager, including risks associated with the selected strategy (if applicable). Each portfolio manager is solely responsible for the truthfulness, completeness, and accuracy of its own disclosure document. Neither LTAM nor the financial consultants are responsible for the performance of any ICS Manager. In addition, neither LTAM nor the financial consultants shall not be responsible for any act or omission of any ICS Manager or any misstatement or omission contained in any document prepared by or with the approval of any ICS Manager or any loss, liability, claim, damage, or expense, whatsoever, as incurred, arising out of or attributable to such misstatement or omission or any other action or omission by an ICS Manager.

Certain ICS Managers seek to execute and fill transactions for institutional and other non-Wrap Fee/separately managed program accounts prior to those for Wrap Fee/separately managed program accounts. This could have an adverse impact on the execution price clients receive if trades for institutional and non-sponsor program accounts impact the market and trading volume of the securities sought to be purchased with respect to the client's account. ICS Manager trading and execution practices are described more fully in each manager's disclosure document.

LTAM may act as an ICS Manager. LTAM has a conflict of interest in acting as ICS Manager and the financial consultant has a conflict of interest in recommending LTAM as an ICS Manager because if a client selects LTAM, LTAM and its affiliate will receive greater aggregate compensation. LTAM is not subject to the same selection and review criteria as other ICS Managers.

LTAM addresses this conflict by limiting its portfolio management activities in connection with the ICS program to situations where LTAM manages accounts pursuant to a model portfolio provided by a third party manager, where there is generally no other ICS Manager available to manage assets that have been allocated to a particular asset class or strategy, or where the client requests services with respect to certain assets in the account that no other ICS Manager can accommodate. In addition, LTAM may manage ICS assets when it is more appropriate for the client to fulfill part of an asset allocation with funds, rather than with individual securities. ICS assets managed by LTAM are generally held in a separate ICS account.

As with other ICS Managers, clients grant LTAM discretionary trading authority over the applicable ICS account. However, when the client selects a LTAM strategy under which LTAM manages accounts pursuant to a model portfolio provided by a third party manager, LTAM generally limits trading in the account to trades necessary to keep the account consistent with the model portfolio. For these strategies, LTAM enters into a contract with the third party money manager under which the manager agrees to provide the model portfolio to LTAM and to provide updates to that model portfolio to LTAM on a regular basis. In these cases, the third party manager has no responsibility to manage any client accounts and does not act as investment adviser to any specific clients. LTAM may enter trades for accounts directly or may contract with a third party to make trades in accordance with the model portfolio on LTAM's behalf.

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

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. Based on this information, the financial consultant assists the client in selecting an investment manager(s).

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 the ICS Manager(s) 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 the ICS Manager would otherwise implement the strategy in the account. The financial consultant will communicate any restrictions or guidelines imposed by the client to LTAM, who will communicate them to the applicable ICS Manager(s). The ICS Managers may reject the restriction or the account if the manager deems the restriction to be unreasonable.

In the absence of client-specified investment restrictions, guidelines or policies and/or other modifications ICS Managers will generally manage accounts in a manner very similar to that of other clients who have selected the same manager(s).

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.

#### ***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 portfolio management strategies as LTAM use when acting as an ICS Manager.

### ***Performance-based Fees***

Clients in the ICS Program do not pay performance-fees- that is, fee based on a share of capital gains on or capital appreciation of the assets of a client.

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

Each investment strategy and managers portfolio entails varying degrees of risk. There can be no assurance that particular investment strategy or manager 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 managers past performance with respect to a client's account or other accounts does not predict future performance.

When managing ICS assets, LTAM generally utilizes mutual funds, other types of registered investment companies, exchange-traded-funds, or private funds. LTAM may purchase shares in the Alternative Strategies Fund, for which LTAM acts as investment adviser and LTCO acts as distributor. These purchases create a conflict of interest because LTAM receives more compensation in connection with the purchase of these funds than it does in connection with the purchase of other funds. In addition, these funds pay fees in connection with services or distribution, such as 12(b)-1 fees to LTCO.

The risks associated with investment in funds that invest primarily in private funds, such as the Alternative Strategies Fund, and investment directly in private funds entails a significant amount of risk. The types of risk include: loss of all or a substantial portion of the investment due to leveraging, short selling or other speculative practices; lack of liquidity in that there may be no secondary market for the fund or the securities that make-up the fund, and none may develop or expected to develop; volatility of returns; restrictions on transferring interests in the fund; absence of information regarding valuations and pricing; complex tax structures and delays in tax reporting; adviser risk; and less regulation and potentially higher fees than traditional mutual fund strategies.

LTAM may also invest ICS assets in funds that invest primarily in Real Estate Investment Trusts (REITs). Investing in REITs involves additional risk due to potential adverse developments affecting the real estate industry and real property, such as economic recession, changes in interest rates, oversupply, competition from other management companies, property acquisition risks, development overruns, project completion delays, rising borrowing costs and tightening of available capital, defaults and insolvencies of major tenants, property damage, security threats, natural disasters, environmental clean-ups and liability lawsuits. The impact of these risks on the share price of funds that concentrate in REIT investments can be high.

LTAM may also invest ICS assets in funds that invest primarily in futures. Investing in futures involves additional risk due to the use of derivatives which are often more volatile than other investments and may magnify the fund's gains and losses. Investors considering these types of investment should have a long-term investment horizon as funds trading futures may experience immediate and substantial loss or gain due to relatively small movements in the price of a futures contract.

For more information about the risks of investment in a particular fund, see the fund's prospectus or offering document, as applicable.

The client may also select LTAM as an ICS Manager to manage an account pursuant to a model portfolio provided by a third party manager. For these strategies, LTAM enters into a contract with the third party money manager under which the manager agrees to provide the model portfolio to LTAM and to provide updates to that model portfolio to LTAM on a regular basis. In these cases, the third party manager has no responsibility

to manage any client accounts and does not act as investment adviser to any specific clients. LTAM is responsible for managing the account in accordance with the model portfolio. These strategies have varying degrees of risk that depend on the specific model portfolio involved. LTAM will provide clients with additional information about the risk involved in a particular model portfolio if the client is interested in, and is eligible to select, that particular strategy.

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

If LTAM is acting as an ICS Manager, LTAM will vote proxies for securities held in the accounts managed by LTAM, unless a client specifically reserves the right to vote proxies in writing. This delegation to LTAM may be revoked at any time by written notice to LTAM. LTAM has proxy voting policies and procedures which contain guidelines 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. Based on this information, the financial consultant assists the client in selecting ICS Manager(s). The financial consultant informs LTAM which ICS Manager(s) the client has selected in the account opening paperwork. The financial consultant also provides LTAM with information about the client. The financial consultant is responsible for communicating any changes to the ICS Manager(s) selected or client information to LTAM. LTAM communicates the information received by the financial consultants to the ICS Managers.

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. The financial consultant will communicate any restrictions imposed by the client, or any changes to these restrictions that the client makes, to LTAM. LTAM will communicate the information to the applicable ICS Managers. The ICS Managers may reject the restriction or the account if they deem the restriction to be unreasonable.

## **Client Contact with LTAM**

Clients are encouraged to contact their financial consultant to arrange for a consultation with LTAM and/or Managers. Clients are also free to contact LTAM or the ICS Managers 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. For more information about any disciplinary events that are material to an evaluation of Triad Advisors, Inc., Triad Hybrid Solutions, LLC, Investacorp Advisory Services, Inc., Securities America Advisors, Inc., KMS Financial Services, Inc., SSN Advisory, Inc., or Arbor Point Advisors, LLC, or separately registered financial consultant, please see their disclosure brochures.

### ***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. If the client’s financial consultant is an advisory representative of LTAM, LTCO will generally execute trades for the client’s ICS account. LTCO receives

compensation for these brokerage services, which it may share with LTAM financial consultants who are also registered broker-dealer representatives of LTCO.

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, Inc.	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
HCH 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., Securities Service Network, 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.

If Securities America, Inc., Investacorp Inc., or Triad Advisors is the broker-dealer on the account, LTAM may select funds for inclusion in LAMP models that are in one of their Premier Funds programs. Under Premier Funds programs, in exchange for certain benefits, such as broader access to the broker-dealer's registered representatives, mutual fund and variable annuity sponsors in the program are required to pay the broker-dealer for participation in the program by sharing with the broker-dealer a portion of the revenue generated from the sales of their products. Certain product sponsors also provide for the payment of a marketing allowance to the broker-dealer, which may be based upon a percentage of the amount of the sponsor's product purchased by clients. The broker-dealer, at its sole discretion, may share all or some of any marketing allowance payments with representatives as part of compensating them for marketing and distribution expenditures incurred promoting the sponsor's products. Although an affiliated broker-dealer may receive compensation in connection with investments in products in a Premier Funds program in connection with LAMP, no portion of any compensation received under the Premier Funds program is passed through to LTAM or your financial consultant in connection with LAMP. For the most current list of Premier fund families in a Premier Funds program, please ask your financial consultant or as applicable, visit [www.securitiesamerica.com](http://www.securitiesamerica.com) under Investor/Investors Information; send a written request to Investacorp Advisory Services at [ias@investacorp.com](mailto:ias@investacorp.com); or telephone Triad Advisors, Inc. at 770-840-6042.

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.

For more information about 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 separately registered financial consultant, please see their disclosure brochures.

### ***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.

For more information about affiliates and their code of ethics and personal trading, see the firm disclosure brochures for 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 the separately registered financial consultant. Information is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

The financial consultant is primarily responsible for reviewing the investment manager(s) selected by the client on an on-going basis to ensure that it continues to be suitable for the client, taking into account any changes to the information provided by the client. LTAM generally reviews ICS Managers and accounts at least quarterly. These reviews are performed by LTAM's Investment Committee and Compliance Officer.

LTAM or the financial consultant may provide clients with quarterly performance reviews of ICS 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 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. For information about client referrals made to Triad Advisors, Inc., Triad Hybrid Solutions, LLC, Investacorp Advisory Services, Inc., or Securities America Advisors, Inc., Arbor Point Advisors, LLC, KMS Financial Services, Inc., SSN Advisory, Inc., or separately registered financial consultant, please see their disclosure brochures.

### ***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. 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, Inc.;</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, Inc.; 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	
<p>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.</p>	