

Lebenthal Diversified Asset Management Inc.

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FORM ADV PART 2A

BROCHURE

This brochure provides information about the qualifications and business practices of Lebenthal Diversified Asset Management Inc. ("LDAM"). If you have any questions about the contents of this brochure, please contact us at 516-785-1800 or tkatovitz@lebenthal.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

LDAM is an investment adviser registered with the SEC. Registration of an investment adviser does not imply a certain level of skill or training. The oral and written communications of an investment adviser are intended to provide you with information to assist in your determination as to whether or not to retain the services of that investment adviser.

Additional information about LDAM also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 29, 2021 we have no material changes to report.

A copy of our current brochure may be requested by contacting Thomas Katovitz at (516)785-1800 or tkatovitz@lebenthal.com. We will provide you with a copy of our current brochure at any time without charge.

Information about your Advisory Representative may be found in the supplements to our brochure.

Lebenthal Diversified Asset Management Inc.
CRD Number 167243
SEC No. 801-77960

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Item 4 Advisory Business

Description of Firm

Lebenthal Diversified Asset Management Inc. ("LDAM, we, us, our, ours"), located in Hauppauge, New York, is a corporation formed in 2011 under the laws of New York. Dominick Tavella is the President and principal owner. LDAM is registered as an investment adviser with the SEC.

Our investment advisory services are limited to Sub-Advisory services offered to investment advisers and Portfolio Management services offered to Qualified Retirement Plan Services.

Sub-Advisory Asset Management Services

LDAM offers sub-advisory services to affiliated and unaffiliated third party money managers (the "Primary Investment Adviser"). As part of these services, we will manage assets delegated to our firm by the Primary Investment Adviser. While we are responsible for the overall management of the assets delegated to our firm, we will not communicate investment recommendations or selections directly to the Primary Investment Adviser's individual clients (the "Client" or the "Investor").

Discretionary Portfolio Management Services

Our sub-advisory services include discretionary portfolio management services. Our investment advice and strategies are tailored to meet each Investor's needs and investment objectives. In order to provide tailored services, we rely on the Primary Investment Adviser to provide us with each Investor's investment objectives, risk tolerance, and other relevant information that will assist us in developing a strategy that enables our firm to provide continuous and focused investment advice and/or to make investments on the Investor's behalf.

As part of our portfolio management services, we may customize an investment portfolio for the Investor in accordance with their risk tolerance and investing objectives. We may also invest the assets according to one or more model portfolios or strategies developed by our firm. Once we construct an investment portfolio for the Investor, or select a model portfolio, we will monitor the portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and or upon notice from the Primary Investment Adviser of any changes in Investor's financial circumstances.

Primary Investment Advisers that utilize our discretionary portfolio management services will be required to grant us discretionary authority to manage the Investor's account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on the Investor's behalf. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without obtaining the Primary Investment Advisers' or the Investor's approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for the Investor's account) by providing our firm with your restrictions and guidelines in writing.

As referenced above, we may invest Investor assets according to one or more model portfolios developed by our firm. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Assets that are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model. Nonetheless, the Primary Investment Adviser may impose restrictions on investing in certain securities or types of securities in the Investor's account. In such cases, this may prevent us from investing in certain models that are managed by our firm.

Qualified Retirement Plan Services

LDAM provides portfolio management services to sponsors of qualified retirement plans. These services are offered on both a discretionary and non-discretionary basis. The Advisory Representative will work with the plan sponsor accordingly under the terms of the advisory agreement. As part of those services, the Advisory Representative may also provide education and limited advisory assistance to qualified plan participants upon request.

LDAM also provides the following services to sponsors and participants of qualified retirement plans:

ERISA 3(38) Portfolio Management Services

Under this arrangement, LDAM manages "model portfolios" which are unitized and offered as investment alternatives to participants of qualified retirement plans. LDAM does not charge any portfolio management fees for this service. These model portfolios are typically only offered in conjunction with one of the fiduciary services described below.

ERISA 3(38) Fiduciary Investment Advisory Services

Under this arrangement, LDAM enters into an agreement with the qualified plan sponsor under which LDAM will have full discretion over the selection, monitoring and replacement of investments at the plan level. LDAM also provides participant education and investment advice (for no additional fee) but does not have discretion over the investment selection at the participant level.

ERISA 3(21) Fiduciary Investment Advisory Services:

Under this arrangement, LDAM acknowledges a fiduciary role in the investment decision making process but does not have discretion over the selection or replacement. Such authority remains with the plan sponsor. LDAM also provides participant education and investment advice (for no additional fee) and does not have discretion over the investment selection at the participant level.

Wrap Fee Program

We are a portfolio manager of a wrap fee program sponsored and administered by Lebenthal Global Advisors, LLC ("LGA"). A wrap fee program is a type of investment program that provides clients with access to several money managers or mutual fund asset allocation models for a single fee that includes administrative fees, management fees, and commissions.

We manage wrap fee accounts on a discretionary basis. Wrap fee accounts are typically more appropriate for active accounts and are managed accordingly. If you participate in a wrap fee program, you will pay a single fee, which includes our money management fees, certain transaction costs, and custodial and administrative costs. You will also receive a separate Wrap Fee Program Brochure (Form ADV Part 2A *Appendix I*) from LGA explaining the program and costs associated with the program. You should also review this Part 2A thoroughly to evaluate any differences between our portfolio management services offered through LGA's Wrap Fee Program versus the portfolio management services that are available on a non-wrap basis. The overall cost you will incur if you participate in a wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

Types of Investments

We primarily offer advice on mutual funds and exchange-traded funds ("ETFs"). Refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* below for additional disclosures on this topic.

However, in addition to mutual funds and ETFs, we may also advise on various types of investments based on the stated goals and objectives. We may also provide advice on any type of investment held in the portfolio at the inception of our advisory relationship.

Since our investment strategies and advice are based on each account's specific financial situation, the investment advice we provide may be different or conflicting with the advice we give to another account regarding the same security or investment.

Assets Under Management

As of December 31, 2021, we provide continuous management services for \$627,227,705 in client assets on a discretionary basis.

Item 5 Fees and Compensation

Fees for Sub-Advisory Asset Management Services

Each account will be charged an asset-based fee ("Advisory Fee") in advance on a quarterly basis. LDAM's Advisory Fee for portfolio management ranges up to 2.00%. The Advisory Fee will be calculated based on the value of the assets in the account on the last day of the previous quarter, as determined by the account custodian. The Advisory Fee is subject to negotiation between LDAM and the Primary Advisor. The actual fee rates charged will be set forth in the client's Agreement with the Primary Advisor and paid by the Primary Advisor.

The Advisory Fee only covers the portfolio management services provided by LDAM. The Advisory Fee does not include administrative services, costs for trade execution of transactions through the broker-dealer and custodial services, which are charged by the client's designated broker-dealer or assumed by the Primary Advisor.

Qualified Retirement Plan Services

Since the advisory services we provide to each Qualified Retirement Plan is customized, our fees will be negotiated with the plan sponsor or named fiduciary on a case-by-case basis.

You may terminate the pension consulting services agreement upon 30 days written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. If you are not participating in a wrap fee program you will also incur transaction charges and/or brokerage fees when purchasing or selling securities. If you are participating in a wrap fee program, the Primary Investment Adviser will incur the transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

Compensation for the Sale of Securities

Certain persons providing investment advice on behalf of our firm are registered representatives with Lebenthal Financial Services LLC ("LFS"), a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons receive compensation in connection with the purchase and sale of securities or other investment products, including asset-based sales charges, service fees or 12b-1 fees, for the sale or holding, of mutual funds. Compensation earned by these persons in their capacities as registered representatives is separate and in addition

to our advisory fees. This practice presents a conflict of interest because persons providing investment advice to advisory clients on behalf of our firm who are registered representatives have an incentive to recommend investment products based on the compensation received rather than solely based on your needs.

While persons providing investment advice to advisory clients on behalf of our firm can select or recommend mutual fund investments in share classes that pay 12b-1 fees, it is our policy that these persons do not select or recommend share classes that pay 12b-1 fees for your advisory account. However, in the event that we inadvertently receive a 12b-1 fee on an advisory account, we will rebate the 12b-1 fee to your advisory account. However, it is important to note that these persons, when acting in their separate capacities as registered representatives, can select or recommend that your brokerage account purchase mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above.

Compensation for the Sale of Insurance Products

Certain persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Item 6 Performance-Based Fees and Side-By-Side Management

We do not charge performance-based fees for any of the services described in this brochure. Performance-based fees are generally based on a percentage of the capital gains on and/or appreciation of the client account assets.

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. We do not participate in side-by-side management.

Item 7 Types of Clients

We offer investment advisory services to other investment advisers, as sub-advisors. We also provide advisory services to pension and profit-sharing plans, including Taft Hartley plans (collectively "the Plan"). Depending on the scope of the advisory agreement with the Plan, we may also be engaged by the Plan to offer certain assistance to plan participants. In doing so, the plan participants are not considered clients of LDAM.

We do not impose a minimum investment account size to start and maintain an advisory relationship with us.

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

Investment Strategies

LDAM manages accounts using the following types of investment strategies:

1. **Diversified Strategies.** The Primary Advisor selects managed strategies, which may include growth, growth & income, income & growth, or income models. Each strategy is designed to be consistent with a certain combination of investment objectives, time horizon, and risk tolerance. Within each strategy, there may be multiple investment styles. Each Account in these strategies may consist of

mutual funds primarily, ETFs and exchange-traded notes ("ETNs") secondarily, which encompass the asset classes targeted for that strategy's asset allocation. The mutual funds are selected for these strategies based on due diligence conducted by LDAM, which evaluates the mutual funds on a variety of performance measures and recommends those with the best ratings for inclusion in the managed mutual fund strategies. LDAM periodically reviews each strategy and remove or replace those mutual funds that no longer meet the qualifications necessary for inclusion in the strategies.

2. **Diversified ETF Strategies.** The Primary Advisor selects managed strategies, which may include growth, growth & income, income & growth, or income models. Each strategy is designed to be consistent with a certain combination of investment objectives, time horizon, and risk tolerance. Within each strategy, there may be multiple investment styles. Each Account in these strategies may consist primarily of ETFs, mutual funds and ETNs secondarily, which encompass the asset classes targeted for that strategy's asset allocation. LDAM periodically reviews each strategy and remove or replace those ETFs and mutual funds that no longer meet the qualifications necessary for inclusion in the strategies.
3. **Diversified Tax Strategies.** The Primary Advisor selects managed tax sensitive strategies which may include growth, growth & income, income & growth, or income models. Each strategy is designed to be consistent with a certain combination of investment objectives, time horizon, and risk tolerance. Within each strategy, there may be multiple investment styles. Each Account in these strategies will consist of mutual funds, ETFs or ETNs, which encompass the asset classes targeted for that strategy's asset allocation. The mutual funds or ETFs and/or ETNs are selected for these strategies based on a variety of performance measures, ratings and tax sensitive investment strategies. LDAM periodically reviews each strategy and remove or replace those funds and ETFs that no longer meet the qualifications necessary for inclusion in the strategies.
4. **Specialty Strategies.** The Primary Advisor selects one of the specifically focused strategies. The Primary Advisor may select a specialty strategy which is designed with a combination of investment objectives, time horizon, and risk tolerance targeted to achieve a certain investment goal such as Municipal, US Equity, and Global Equity strategies. Each Account in these strategies will consist of individual stocks and bonds, mutual funds, ETFs, and/or ETNs which encompass the asset classes targeted for that strategy's asset allocation. The funds are selected for these strategies based on a variety of performance measures and ratings. LDAM periodically reviews each strategy and remove or replace those funds that no longer meet the qualifications necessary for inclusion in the strategies.

Methods of Analysis

LDAM will primarily rely on publicly available materials, financial publications, research materials prepared by others, annual reports, prospectuses, filings with the SEC, company press releases and timing services. LDAM employs a regiment of quantitative and qualitative investment criteria which allows Advisory Representatives to analyze potential funds and select funds for inclusion in the strategies we make available.

Below are some of the factors considered in selecting funds for the inclusion in the strategies:

- Top quartile of performance within its peer group
- Positive alpha, which indicates a funds relative performance to the risk being taken by the portfolio manager
- Perform well in bear markets
- Lead portfolio manager must have a minimum of 3 years' experience
- Have a portfolio composition that is consistent (greater than ninety five percent) with its corresponding asset class

Each investment strategy and fund entails varying degrees of risk. Clients are advised and should understand that:

- Asset allocation does not ensure a profit or protect against a loss;
- Past performance is not a guarantee of future results;
- Market conditions, interest rates, and other investment related risks may cause losses in their portfolio;
- Risk parameters established for their portfolio are guidelines only - the selected risk parameters may be

- exceeded and index comparisons may outperform their portfolio; and
- Their portfolio's value is subject to a variety of factors, such as liquidity and volatility of the securities markets.

Our main sources of information used to formulate investment advice and/or manage assets include financial publications, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, company press releases and timing services.

Our investment strategies may include long-term and short-term investments. You may place reasonable restrictions on the strategies to be employed in your account (such as, for example, the types of investments to be held in your account).

The methodologies employed by Portfolio Managers and the associated risks, are described in their respective disclosure brochures. We analyze individual Portfolio Managers based upon their investment strategies, experience, performance track record, reputations, and fee arrangements.

The Advisor receives investment-related analysis with respect to the creation and maintenance of one or more model portfolios relating to one or more investment strategies ("Model Portfolio") from various model managers. The Advisor may recommend a client invest in one or more of the Model Portfolios in order to meet the client's financial objectives. The Advisor pays a license fee in consideration for the services provided by the model managers.

Tax Considerations

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

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

Other Risk Considerations

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

Liquidity Risk: The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

Credit Risk: Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

Inflation and Interest Rate Risk: Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

Horizon and Longevity Risk: The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

The use of margin, options and short sales are higher risk strategies. It is possible to lose all of the principal you invest, and sometimes more. In a cash account, your risk is limited to the amount of money that you have invested. In a margin account, your risk includes the amount of money invested plus the amount that has been loaned to you. When you short sell, your losses can be infinite.

Recommendation of Particular Types of Securities

We primarily recommend Exchange Traded Funds (ETFs) and Mutual Funds. However, we may advise on other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment

Mutual Funds and Exchange Traded Funds: Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

Item 9 Disciplinary Information

We have not been the subject of any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management.

Item 10 Other Financial Industry Activities and Affiliations

Registrations with Broker-Dealer

Certain persons providing investment advice on behalf of our firm are also registered representatives with Lebenthal Financial Services, LLC ("LFS"), a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

Insurance Agents

Certain persons providing investment advice on behalf of our firm are also licensed insurance agents in one or more states and may recommend the purchase of insurance products to you. They will receive commissions for the sale of such insurance products, including products they sell to you. The ability to receive commissions from the sale of insurance products presents a conflict of interest, in that it gives an incentive to recommend a particular insurance product over a different insurance product or a different investment, based on the compensation received, rather than on a client's needs. LDAM addresses these conflicts by disclosing this potential conflict to clients to assure that their interests are considered. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Affiliated Entities

We are affiliated with the entities referenced below through common control and ownership. We will recommend that you use the services of our affiliates if appropriate and suitable for your needs. Our advisory services are separate and distinct from the fees paid to our affiliates for their services.

Referral arrangements with an affiliated entity presents a conflict of interest for us because we may have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation charged by an affiliated firm is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.

Lebenthal Financial Services, LLC ("LFS")

Dominick Tavella, President and Chief Investment Officer, is a minority owner of Lebenthal Financial Services, LLC., a registered broker-dealer, member FINRA/SIPC. Mr. Tavella is also a registered representative of LFS.

Lebenthal Global Advisors, LLC (LGA)

Mr. Tavella is also a majority owner of LGA, a federally registered investment adviser. Mr. Tavella is also an investment adviser representative of LGA.

Lebenthal Partners LLC

Mr. Tavella owns 50% of Lebenthal Partners LLC, which owns the Lebenthal brand and trademark.

Diversified Financial Consultants

Mr. Tavella is also the principal owner of Diversified Financial Consultants, a management support company.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Description of Our Code of Ethics

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

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

Aggregated Trading

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("aggregated trading"). Refer to the *Brokerage Practices* section in this brochure for information on our aggregated trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

Item 12 Brokerage Practices

For our qualified retirement plan services, we will generally recommend Mid Atlantic Trust Company ("MATC"), a South Dakota non-depository trust company (the "Custodian"), to you for custody and brokerage services although we may agree to employ the services of one or more other custodians. The Custodian offers independent investment adviser services which include custody of client securities, trade execution, clearance and settlement of transactions.

For our sub-advisory services, we generally use the custodian recommended by the Primary Advisory.

We are independently owned and operated and not affiliated with the custodians we recommend or use. Our use of a particular custodian is, however, a beneficial business arrangement for us and for the custodian. Information regarding the benefits of this relationship is described below.

Our recommendation of a specific custodian is based in part on our existing relationships; the custodian's financial strength; reputation; breadth of investment products; and, the cost and quality of custody and brokerage services provided to you and our other clients.

The determining factor in the selection of a particular custodian to execute transactions for your accounts is not the lowest possible transaction cost, but whether they can provide what is in our view the best qualitative execution for investment transactions for your account.

In addition to brokerage and custody services, the Custodians may provide access to investments generally available to institutional investors; research; software; and, educational opportunities. The Custodians may also make available or arrange for discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. Thus, we receive economic benefits as a result of our relationship with the Custodians, because we do not have to produce or purchase the products and services listed above.

Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars.

Our recommendation of a specific custodian may be based in part on the economic benefit to us and not solely on the nature, cost or quality of custody and brokerage services provided to you and our other clients. This may create a conflict of interest for us. We nonetheless strive to act in your best interests at all times.

The Custodian may not charge separately for holding our client accounts but may be compensated by you through other transaction-related fees associated with the securities transactions they execute for your account.

Commissions and other fees for transactions executed through the custodians we recommend may be higher than commissions and other fees available if you use another custodian firm to execute transactions and maintain custody of your account. We believe, however, that the overall level of services and support provided to our clients by our recommended custodians outweighs the benefit of possibly lower transactions cost which may be available under other brokerage arrangements.

Many of the services described above may be used to benefit all or a substantial number of our accounts, including accounts not maintained through our recommended custodians. We do not attempt to allocate these benefits to specific clients.

Directed Brokerage

Persons providing investment advice on behalf of our firm who are registered representatives of Lebenthal Financial Services, LLC ("LFS") will recommend LFS to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from LFS unless LFS provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through Lebenthal Financial Services. It may be the case that LFS charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through LFS, these individuals (in their separate capacities as registered representatives of LFS) may earn commission-based compensation as result of placing the recommended securities transactions through LFS. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. However, if you do not use LFS, we may not be able to accept your account. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

Research and Other Soft Dollar Benefits

We do not have any soft dollar arrangements.

Aggregated Trading

Aggregated or "bunched trading" allows for the purchase or sale of a security for the accounts of multiple clients in a single transaction. If a bunched trade is executed, each participating client receives a price that represents the average of the prices at which all the transactions in a given bunch were executed. Executing a bunched trade allows transaction costs to be shared equally and on a pro rata basis among all the participating clients. If the order is not completely filled, the securities purchased or sold are distributed among participating clients on a pro rata basis or in some other equitable manner.

We may aggregate trades only when we reasonably believe that the combination of the transactions provides better prices for clients than had individual transactions been placed for clients.

Transactions for non-discretionary client accounts are generally not bunched with transactions for discretionary client accounts. Transactions for the accounts of our Advisory Representatives and employees may be included in bunched trades. They will receive the same average price and pay the same commissions and other transaction costs, as clients.

Transactions for the accounts of our Advisory Representatives or employees will not be favored over transactions for client accounts.

We are not obligated to include any client transaction in a bunched trade. Bunched trades will not be effected for any client's account if doing so is prohibited or otherwise inconsistent with that client's investment advisory agreement. No client will be favored over any other client.

Item 13 Review of Accounts

Dominick Tavella, President of LDAM, and Tom Katovitz, Chief Compliance Officer of LDAM will monitor investment accounts on an ongoing basis and will conduct account reviews at least annually, to ensure the advisory services provided are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to: contributions and withdrawals; year-end tax planning; market moving events; security specific events; and/or changes in your risk/return objectives.

You are strongly encouraged to advise your Primary Adviser of any changes in your personal circumstances, your investment goals or objectives, and your risk tolerances to ensure that your investments and investment strategies are most appropriate for you

The individuals conducting reviews may vary from time to time, as personnel join or leave our firm.

We will not provide you with regular written reports. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

Item 14 Client Referrals and Other Compensation

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with Lebenthal Financial Services, LLC, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

Item 15 Custody

We do not directly debit advisory fees from individual client accounts and we do not exercise custody over your funds or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities. If you have a question regarding your account statement or if you did not receive a statement from your custodian, contact your custodian directly.

Item 16 Investment Discretion

As previously noted, we offer our advisory services on a discretionary basis (meaning that we do not need advance approval from you to determine the type and amount of securities to be bought and sold for your account).

We may only exercise discretion if you or your Primary Advisor have provided that authority to us in writing. This authorization is typically included in the investment advisory agreement you enter with us or your Primary Advisor.

The discretionary authority you grant to us does not authorize us to choose the custodian through which transactions for your account will be executed or to negotiate brokerage fees or expenses. Additionally, our discretionary authority does not allow us to withdraw funds from your account (other than to withdraw our advisory fees which may only be done with your prior written authorization).

We will exercise discretion in a manner consistent with the stated investment objectives for your account.

Item 17 Voting Client Securities

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

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

Class Action Lawsuits

We do not take any action or give any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits.

Item 18 Financial Information

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you. We have not been the subject of any bankruptcy proceedings.