

## **Levitt Capital Management, LLC**

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### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Levitt Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 561-893-9901. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Levitt Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Levitt Capital Management, LLC is 111543.

Levitt Capital Management, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 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.

Generally, Levitt Capital Management LLC will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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## Item 4 Advisory Business

Levitt Capital Management, LLC is a registered investment adviser based in Boca Raton, Florida. We are organized as a limited liability company under the laws of the State of Florida. We have been providing investment advisory services since 2000. Robert S. Levitt is our principal owner.

As used in this brochure, the words "we", "our" and "us" refer to Levitt Capital Management, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### Portfolio Management Services

We provide discretionary portfolio management services in accordance with your individual investment objectives. If you participate in our discretionary portfolio management services, we require you to grant us discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your 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 your approval prior to each transaction. We will also have discretion over the broker or dealer to be used for securities transactions, and over the commission rates to be paid. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. In limited circumstances we may also provide non-discretionary services.

Currently, our annual fee for portfolio management services is equal to 1.25% of the market value of your assets under our management or a minimum of US \$37,500 per annum. In special circumstances, and in our sole discretion, we may negotiate a lesser management fee. Thus, existing client relationships may be subject to a different fee schedule.

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. For the initial quarter of portfolio management services, the first quarter's fees will be calculated on a pro rata basis, which means the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

We will send you an invoice showing the amount of our advisory fee that is deducted from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

Either party may terminate the portfolio management agreement at any time by providing written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management 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.

Investors in privately held investment companies managed by our firm should refer to the offering documents of such companies for further information regarding fee arrangements.

## **Types of Investments**

We recommend various types of securities and we do not necessarily recommend one particular type of security over another. When appropriate for your circumstances, we may offer advice on partnerships investing in a variety of alternative investment techniques. Those alternative techniques include, but are not limited to, statistical arbitrage, risk arbitrage, convertible arbitrage, alternative fixed debt, venture capital, macroeconomic, short bias, emerging market and country specific investment strategies. We may also use direct participation in investment partnerships or fund of fund arrangements, and we may recommend that certain qualified clients invest in hedge funds. Additionally, we may also advise you on any type of investment held in your portfolio at the inception of our advisory relationship, or on specific types of investments at your request.

## **Assets Under Management**

As of February 29, 2012, we manage \$359,152,507.00 in client assets on a discretionary basis, and \$3,530,946.00 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

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

### **Additional Fees and Expenses**

In addition to, and exclusive of, our investment advisory fees disclosed under the *Advisory Business* section above, you will also be charged brokerage commissions, transaction fees, and other related costs and expenses for trade execution. These transaction charges are paid to, and retained by, the account custodian for its clearance and execution services. We do not receive any portion of these commissions, fees, or costs. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section below.

As part of our investment advisory services to you, we may invest, or recommend that you invest, in shares of registered investment companies, exchange traded funds, hedge funds, and/or other specialty investments. You should be aware that such companies/investments typically assess a management fee to investors and, in certain cases, may charge administrative, servicing and/or other fees, including performance fees. Any fees paid to such companies or their affiliates are separate and in addition to the fees that you pay us for investment advisory services.

If you have mutual funds and/or limited partnerships in your portfolio, you are effectively paying both our firm and the investment advisors or general partners for management of your assets because the mutual funds and limited partnerships charge a management fee that is charged to all holders of mutual funds and limited partnerships. If you place mutual fund shares or interests in limited partnerships under our management, you are subject to our direct management fee and the indirect management fee of the advisors. In some cases, we use fund of fund arrangements for limited partnerships only. In those cases, you are paying fees to the general partners of the investment partnership, the general partners of the fund of funds, and our firm's direct management fee. You should review all fees charged by mutual funds, our firm, and others to fully understand the total amount of fees you will pay specific to these types of investments.

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

We charge performance-based fees to "qualified clients," clients investing in our "Partnership" and not those in our separately managed account program, having a net worth greater than \$2,000,000 or for whom we manage at least \$1,000,000, immediately after entering into an agreement for services. Performance-based fees are fees based on a share of capital gains or capital appreciation of a client's account. The amount of the performance based fee we charge is negotiated on a client-by-client basis and will be clearly set for the in the executed agreement for services.

We manage accounts that are charged performance-based fees while at the same time managing accounts (perhaps with similar objectives) that are not charged performance-based fees ("side-by-side management"). Performance-based fees and side-by-side management may create conflicts of interest, which we have identified and described in the following paragraphs.

Performance-based fees may create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a senior officer of our firm periodically reviews client accounts to ensure that investments are suitable and that the account is being managed according to the client's investment objectives and risk tolerance.

Performance based fees may also create an incentive for our firm to overvalue investments which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments, which do not have a readily ascertainable value.

Side-by-side management might provide an incentive for our firm to favor accounts for which we receive a performance-based fee. For example, we may have an incentive to allocate limited investment opportunities, such as private placements and/or specialty investments, to clients who are charged performance-based fees over clients who are charged asset based fees or fixed fees only. To address this conflict of interest, we have instituted policies and procedures that require our firm to allocate investment opportunities in an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees.

## Item 7 Types of Clients

Our clients include individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. In general, we require a minimum of \$3,000,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size; however, where we waive the minimum account size, we have the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

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

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

- Charting Analysis - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.

- **Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- **Technical Analysis** - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- **Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and trends.
- **Long Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- **Short Sales** - securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.

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

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

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

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the "Highest Cost" accounting method for calculating the cost basis of your investments.

### **Risk of Loss**

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

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

When appropriate for a client's circumstances, we may offer advice on partnerships investing in a variety of alternative investment techniques, for example, hedge funds, real estate and operating companies, and private equity. A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner does not usually invest

any capital, but has management authority and unlimited liability. That is, the general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and confine their participation to their capital investment. That is, limited partners invest a certain amount of money and have nothing else to do with the business. However, their liability is limited to the amount of the investment. In the worst case scenario for a limited partner, he/she loses what he/she invested. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership.

## **Item 9 Disciplinary Information**

Levitt Capital Management, LLC has been registered and providing investment advisory services since 2000. Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

## **Item 10 Other Financial Industry Activities and Affiliations**

Robert Levitt, Managing Member of our firm, is also the Director of Levitt Capital Management (BVI) Corp. an investment adviser registered in the British Virgin Islands. Mr. Levitt spends up to 25% of his professional time in this capacity. We expect that clients of Levitt Capital Management (BVI) Corp. may invest in the same securities as clients of our firm since both advisers rely on research conducted by Mr. Levitt. Transactions in such securities for offshore clients are placed with different brokers than those in the US. They may also be placed at different times. Therefore, transactions in such securities for clients of Levitt Capital Management (BVI) Corp. may be placed ahead of transactions for clients of our firm and as a result, you may receive different prices than those received by clients of Levitt Capital Management (BVI) Corp.

Where appropriate, you may be solicited to invest as a limited partner in a private limited partnership in which we serve as the general partner and investment adviser. The current limited partnership(s) includes the following:

- LCM Global Diversified Fund I, L.P. (the "Partnership"), a Delaware limited partnership. The primary objective of the Partnership is to seek absolute positive return regardless of a rise or fall in the equity or fixed income markets. The Partnership's portfolio consists of domestic and foreign equity and debt securities, U.S. Government securities, debt obligations of foreign governments, supranational debt and currencies. Clients should refer to the Partnership's offering documents for a full description of relevant information including the risks, investment objectives and financial requirements regarding investments in the Partnership.

The Partnership may purchase securities that are not purchased by our firm for you as an individual client. Furthermore, the Partnership may purchase securities in foreign markets, which may entail risks that are not common to purchasing securities on domestic exchanges and/or for which transactions costs may be cost prohibitive for individual clients. In the event such securities are purchased for the Partnership and deemed suitable for our individual clients, we may purchase such securities for the Partnership ahead of your individual client account. As a result, you may not receive the same price received by the Partnership.



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

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

We have adopted a Code of Ethics that sets the standard of conduct expected to comply with applicable securities laws. 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. We adhere strictly to these guidelines. 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. You may contact us at 561-893-9901 to request a copy of our Code of Ethics.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

### **Agency Cross Transactions**

We may, when we consider the transaction to be in your best interest, instruct brokers to execute transactions where the broker acts as agent for both seller and buyer. In circumstances where the broker executes an agency cross, we undertake to confirm that the buyer and seller are not related parties and that the broker will execute the transactions at market price. Both the buyer and seller are charged an agency commission for such transaction. We will review all trades executed as an agency cross for compliance with our best execution policy. We do not directly or indirectly receive commissions or transaction-based compensation from cross trades. We will not execute a cross transaction between a client and a proprietary account, or an account that we have direct control over without pre-clearance from each participating client.

### **Internal Cross Transactions**

It may be the case that we effect a transaction between two or more of our managed accounts. This would occur where one client desires or needs to purchase certain securities which another client desires or needs to sell. In such transactions a potential conflict of interest exists in that one client may be disadvantaged by the transaction. For example, we could cause a transaction in a security to occur at a price above the market price for such security that would then be available on the open market, which would benefit the selling account and harm the buying account. As a fiduciary, we effect cross transactions only to the extent such transactions are consistent with our duty to obtain best execution, and seek to ensure that no client is disfavored by the cross trade. We will maintain a written record of each cross transaction annotated to disclose the terms of the transaction. In doing so, we do not receive additional compensation other than our advisory fees, as disclosed at Item 4 above.

### **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 our Associated Persons shall have priority over your account in the purchase or sale of securities. Specifically, our firm and our Associated Persons are generally subject to a 5-day blackout period when purchasing securities that have been purchased for or are being considered for client accounts.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

## **Item 12 Brokerage Practices**

We will recommend a custodian to clients such as State Street Bank and Trust, an unaffiliated and independent broker/dealer, among others, to open client accounts, hold funds and other services. Such recommendations will take into account a number of factors, some of which may include custodial fees charged for holding securities for the account, commission rates, quality of execution, and record keeping and reporting capabilities, among others.

When recommending a custodian, we will attempt to minimize the total cost for all brokerage services paid by the client. However, it may be the case that the recommended custodian charges a higher fee for a particular type of service, such as commission rates, than can be obtained from another custodian. Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered. We do not obligate ourselves to seek the lowest transaction charges in all cases except to the extent that it contributes to the overall goal of obtaining the best results for your account. There is no requirement that you use the broker that we recommend; however, we reserve the right to not accept your account if you choose to select a different broker or dealer.

### **Research and Other Soft Dollar Benefits**

In selecting or recommending a broker-dealer, we will consider the value of research and additional brokerage products and services a broker-dealer has provided or will provide to our clients and our firm. Receipt of these additional brokerage products and services are considered to have been paid for with "soft dollars." Because such services could be considered to provide a benefit to our firm, we may have a conflict of interest in directing your brokerage business. We could receive benefits by selecting a particular broker-dealer to execute your transactions, and the transaction compensation charged by that broker-dealer might not be the lowest compensation we might otherwise be able to negotiate. Most soft dollar arrangements are pursuant to formal agreements with the broker dealer. However in certain situations we may direct trades to broker dealers that we do not have a formal arrangement with because of the research they provide.

Products and services that we may receive from broker-dealers may consist of research data and analyses, financial publications, recommendations, or other information about particular companies and industries (through research reports and otherwise), and other products or services (software and data bases) that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Consistent with applicable rules, brokerage products and services consist primarily of computer services and software that permit our firm to effect securities transactions and perform functions incidental to transaction execution. We use the products and services in our general investment decision making, not just for those accounts whose commissions may be considered to have been used to pay for the products or services.

The test for determining whether a service, product or benefit obtained from or at the expense of a broker constitutes "research" under this definition is whether the service, product or benefit assists our firm in investment decision-making for discretionary client accounts. Services, products or benefits that do not assist in investment decision-making for discretionary client accounts do not qualify as "research." Also, services, products or benefits that are used in part for investment decision-making for

discretionary client accounts and in part for other purposes (such as accounting, corporate administration, recordkeeping, performance attribution analysis, client reporting, or investment decision-making for the firm's own investment accounts) constitute "research" only to the extent that they are used in investment decision-making for discretionary client accounts.

Examples of products or services that may constitute research, but only to the extent used by our firm in investment decision-making for discretionary Client accounts, include the following: general economic and market reviews, industry and company reviews, evaluations of investments, recommendations as to the purchase and sale of investments, newspapers, magazines, pricing services, quotation services, news services and computer facilities utilized by portfolio managers and analysts.

Before placing orders with a particular broker-dealer, we determine that the commissions to be paid are reasonable in relation to the value of all the brokerage and research products and services provided by that broker-dealer. In some cases, the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts charged by another broker-dealer that did not provide research services or products.

We do not exclude a broker-dealer from receiving business simply because the broker-dealer does not provide us with soft dollar research. However, we may not be willing to pay the same commission to such broker-dealer as we would have paid had the broker-dealer provided such products and services.

The products and services we receive from broker-dealers will generally be used in servicing all of our clients' accounts. Our use of these products and services will not be limited to the accounts that paid commissions to the broker-dealer for such products and services. In addition, we may not allocate soft dollar benefits to your accounts proportionately to the soft dollar credits the accounts generate. As part of our fiduciary duties to you, we endeavor at all times to put your interests first. You should be aware that the receipt of economic benefits by our firm is considered to create a conflict of interest.

We have instituted procedures governing soft dollar relationships including preparation of a brokerage allocation budget, mandated reporting of soft dollar irregularities, annual evaluation of soft dollar relationships, and an annual review of our brochure to ensure adequate disclosures of conflicts of interest regarding our soft dollar relationships.

Associated Persons of our firm may attend conferences offered by various vendors and/or wholesalers. These conferences may be available to Associated Persons of our firm at a discounted price or no cost.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Block Trades**

Generally, we will aggregate orders with respect to a security if such aggregation is consistent with achieving best execution for the various client accounts. When orders are aggregated, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account's participation in the transaction, subject to our discretion depending on factual or market conditions and the duty to achieve best execution. Clients participating in block trading may include LCM Global Diversified Fund and/or other proprietary or related accounts. Such accounts are treated as client accounts and are neither given preferential nor inferior treatment versus other client accounts.

When orders are aggregated, each participating account will receive the weighted average share price for all transactions in a particular security effected to fill such orders on a given business day.

As a general rule, allocations among accounts with the same or similar investment objective are made pro rata based upon the size of the accounts. There is no allocation to an account or set of accounts based on account performance or the amount or structure of management fees. However, the following factors may justify an allocation that deviates from the general rule:

1. Specific allocations may be chosen based upon an account's existing positions in securities.
2. Specific allocations may be chosen because of the cash availability of one or more particular accounts.
3. Specific allocations may be chosen based on a partial fill of the block trade.
4. Specific allocations may be chosen for tax reasons.
5. Specific allocations may be chosen based on required minimum trade lot sizes for foreign securities.

In the event we aggregate orders for thinly traded or other securities where the securities are not sufficient to allocate to all accounts deemed suitable to our clients, aggregated orders will be allocated on a random allocation basis. The random allocation process is computer generated and accomplished using our Order Management System and ensures impartial random allocations for all clients.

## **Item 13 Review of Accounts**

Certain Associated Persons of our firm, including our chief compliance officer, will monitor client portfolios as part of an ongoing process while regular account reviews are conducted at least quarterly. You are encouraged to discuss your needs, goals, and objectives with our firm, and to keep us informed of any changes in this information. Additional reviews may be conducted at your request, or based on various circumstances, including, but not limited to, contributions and withdrawals, year-end tax planning, quarterly from date of contract, imbalance of portfolio asset allocation, security specific events, and/or, changes in your risk/return objectives.

We will provide you with a quarterly report, which outlines your current position, security cost basis, and current market value. You will also receive performance analysis reports, which display the rates of return realized in your account. Additional reports are available upon request. You will also receive transaction confirmation notices and regular summary account statements, at least quarterly, directly from your account custodian.

We encourage you to reconcile our reports with those received from the qualified custodian. If you find your holdings differ between these two statements, please call our main office number located on the cover page of this brochure.

## Item 14 Client Referrals and Other Compensation

We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's *separate* disclosure statement at the time of the referral. We typically pay up to 20% of a referred client's annual investment management fee to the Solicitor. In other cases, we may pay a one-time, flat referral fee upon your signing an advisory agreement with our firm. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Where existing clients refer new clients to us, we may offer discounts or waivers of the advisory fee, and/or may compensate these existing clients separately for these referrals. In addition, we may make monetary donations to charitable organization on behalf of the referring client, to an organization of their choosing, as compensation for the referral. The referring client may or may not have an affiliation with the receiving charitable organization. Such agreements will comply with the requirements set forth in Rule 206(4)-3 of the Investment Advisers Act of 1940, including the requirement that the relationship between the solicitor and the investment adviser be disclosed to the prospective client at the time of the solicitation or referral. Applicable state laws may require such persons to become licensed as representatives of our firm or as an independent investment adviser. We will request that our clients acknowledge this arrangement prior to acceptance of the account for advisory services. Under these arrangements, the prospective client does not pay higher fees than our normal/typical advisory fees.

## Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact our firm at the telephone number on the cover page of this brochure.

We serve as investment adviser and General Partner to LCM Global Diversified Fund (the "Partnership"), a Delaware limited partnership, and pooled investment vehicle. In our capacity as General Partner of the Partnership, we will have access to the Partnership's funds and securities, and therefore have custody over such funds and securities. In accordance with the offering documents of the Partnership, we provide each investor in the Partnership with audited annual financial statements within 120-days of the Partnership's fiscal year end. If you are an investor in the Partnership and have questions regarding the financial statements or if you did not receive a copy of the financial statements, please contact Stephen J. Gray, Chief Compliance Officer, at 561-893-9901.

## Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary investment management agreement.

Clients are required to grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s), the broker or dealer to be used for each transaction, and over the commission rates to be paid without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Refer to the *Advisory Business* section above for more information on our discretionary management services.

## Item 17 Voting Client Securities

We will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.

In the event you wish to direct our firm on voting a particular proxy, you should contact our main office at the telephone number on the cover page of this brochure with your instruction.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

## Item 18 Financial Information

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.



## Item 19 State Registered Investment Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## Item 20 Additional Information

### Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our firm at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### Class Action Lawsuits

From time to time, securities held in your accounts may be the subject of class action lawsuits. Without exception, we have no obligation to determine if securities held by you are subject to a pending or resolved class action lawsuit. We also have no duty to evaluate your eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, we have no obligation or responsibility to initiate litigation to recover damages on your behalf if you may have been injured as a result of actions, misconduct or negligence by corporate management of issuers whose securities are held in your account.

Where we receive written or electronic notice of a class action lawsuit, settlement or verdict affecting securities you own, we will forward all notices, proof of claim forms and other materials, to you for further action. Electronic mail is acceptable where appropriate, and you authorize contact in this manner.

### Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.