

Part 2A of Form ADV: Firm *Brochure*

Item 1 Cover Page

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This brochure provides information about the qualifications and business practices of Klingman and Associates, LLC. If you have any questions about the contents of this brochure, please contact us at 212-867-7647 or clooser@klingmanandassociates.com. 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 Klingman and Associates, LLC also is available on the SEC's website at www.adviserinfosec.gov.

Item 2 Material Changes

Klingman and Associates, LLC has had no material changes since its last brochure update January 21, 2010.

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Item 4 Advisory Business

Klingman and Associates, LLC ("K&A" or "Firm"), owned by Gerard Klingman is an Independent Registered Investment Adviser, was established in 2001 and has been registered with the SEC since 2007. K&A provides investment advisory services primarily to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and other types of corporations. Individuals associated with K&A will provide its investment advisory services. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on behalf of K&A. Such individuals are known as Investment Adviser Representatives ("IARs").

K&A primarily invests in the following types of securities for Clients:

- Equity securities (exchange listed, over-the-counter, and foreign issuers)
- Corporate debt securities (other than commercial paper)
- Municipal securities
- Investment company securities (variable life insurance, variable annuities, and mutual fund shares)
- U.S. government securities
- Options contracts on securities

While the above represent K&A's primary securities mix, there may be occasions when it will provide Clients advice on other types of securities.

Advice is tailored to individual Client's needs. Client's needs are identified by the collection of pertinent information through interviews with Clients and financial planning, as applicable. Clients may be able to impose reasonable restrictions on their accounts. Reasonable restrictions may include the designation of particular securities or types of securities that should not be purchased in their account (i.e. Company XYZ or companies involved in a particular industry, etc.), or should be sold if held in their account. However, in some cases, since investment discretion has been delegated to K&A or a third-party manager, K&A or the manager may determine that the implementation of such a restriction may be impractical. In the event such a determination is made, the Client will be notified promptly.

ASSET MANAGEMENT SERVICES

K&A provides continuous advice to a Client regarding investment of Client funds based on the individual needs of the Client. Each client, after reviewing the client's age, income needs, tax bracket, investment experience, risk tolerance and other relevant issues, is assigned to a Model. K&A will manage advisory accounts on a discretionary and/or non-discretionary basis. Account supervision is guided by the stated objectives of the Client (i.e., capital appreciation, income, growth, or speculation). These services are offered as part of the PASSPORT Program ("PASSPORT") sponsored by Raymond James & Associates ("RJA"), a broker dealer affiliated through ownership and control with Raymond James Financial Services ("RJFS"), a registered investment adviser and a full-service licensed broker dealer, with whom K&A's Managing Member and other associated persons are registered as broker dealer representatives.

From time to time, Advisory Clients may have pre-existing investments that they do not want actively managed by K&A. These Clients may request that K&A incorporate these holdings into a single account to facilitate future management and reporting. K&A will initially consolidate these unsupervised assets into a single account within the Client's existing portfolio. These assets will not be actively managed by K&A although they will be incorporated into the Client's semi-annual summary reports prepared by K&A.

PASSPORT Account

The PASSPORT Account ("PASSPORT") is an investment advisory account, administered by RJA, which offers Clients, on a discretionary or non-discretionary basis, the ability to pay an advisory fee on the assets in their account and a nominal transaction charge in lieu of a commission for each transaction. These services are offered nationwide in all fifty states, the District of Columbia and Puerto Rico.

Generally, the Client's IAR provides investment advice on a non-discretionary basis. There is a minimum

investment of \$25,000 for PASSPORT Accounts, although smaller accounts may be accepted based upon the specific circumstances of an account.

The Client Agreement may be terminated by the Client or K&A at any time upon providing notice pursuant to the provisions of Client Agreement. In the event of termination of this Agreement, K&A will refund to the Client the prorated portion of the fee for the quarter of termination.

ADDITIONAL DISCLOSURES ABOUT AMS PROGRAMS:

INVESTMENT OF CASH RESERVES

With respect to cash reserves of advisory Client accounts, the custodian of the account assets will determine where cash reserves are held. The custodian may offer one or multiple options to different account types (such as non-taxable and managed accounts). In addition, the custodian may, among other things, consider terms and conditions, risks and features, conflicts of interest, current interest rates, the manner by which future interest rates will be determined, and the nature and extent of insurance coverage (such as deposit protection from the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation). The custodian may change an investment option at any time by providing the Client with thirty (30) days advance written notice of such change, modification or amendment. As of July 2010, Cash Sweep Options include the Raymond James Bank Deposit Program ("RJBDP"), the Credit Interest Program ("CIP") sponsored by RJA, and a proprietary class of money market funds (the "Eagle Class - JP Morgan Money Market Funds") of the JP Morgan Prime Money Market Fund and JP Morgan Tax Free Money Market Fund, managed by J.P. Morgan Investment Management, Inc. offered by Eagle Asset Management, Inc. ("Eagle," an affiliate of Raymond James).

Raymond James Bank (an affiliate of Raymond James), and the interest rate it offers may differ from the yield on the Eagle Class - J.P. Morgan Money Market Funds and the CIP, but Raymond James Bank generally earns more than the interest it pays on such balances. The Eagle Class - JP Morgan Money Market Funds are offered by Eagle through an agreement with J.P. Morgan. Under the agreement, Eagle, Eagle Fund Services, Inc. and Eagle Fund Distributors, Inc., (together, the "Eagle Affiliates") and Raymond James and its affiliate Raymond James Financial Services, Inc. are compensated by the Eagle Class - JP Morgan Money Market Funds and J.P. Morgan for, among other things, distribution costs, shareholder record-keeping activities, and the coordination and administration of the funds. Raymond James & Associates generally earns a higher rate of interest on CIP balances than the interest rate it pays on such balances. The income earned by the Eagle Affiliates and RJA is in addition to the asset-based fees that RJFSA receives from these accounts.

Where an unaffiliated third party acts as custodian of account assets, Client and/or the custodian will determine where cash reserves are held.

Cash balances arising from the sale of securities, redemptions of debt securities, dividend and interest payments and funds received from customers are invested automatically on a daily basis. When securities are sold, funds are deposited on the day after settlement date. Funds placed in a Client's account by personal check usually will not be invested until the second business day following the day that the deposit is credited to the Client's account. Due to the foregoing practices, RJA may obtain federal funds prior to the date that deposits are credited to Client accounts and thus may realize some benefit because of the delay in investing such funds.

For further information please refer to the Cash Sweep Options disclosure statement, a copy of which is available from your IAR, or is available on the Raymond James public website, www.raymondjames.com.

RETAINER SERVICES

Certain Clients of K&A may have significant assets and interests that require ongoing advice outside the scope of traditional advisory services. The complexity of these Clients' circumstances and the nature of their assets require a more intensive and comprehensive solution to their financial planning needs.

To address the needs of these Clients, K&A:

1) assesses the financial opportunities, obligations, and challenges faced by each Client;

- 2) educates the Client about their financial situation, goals and concerns;
- 3) coordinates action by the Client and appropriate professionals (e.g., portfolio managers, attorneys, accountants, bankers, insurance agents, brokers, bookkeepers) to address these goals and concerns.

The first phase of K&A's work is to have an in-depth personal interview with the Client to help us understand the Client's personal life ambitions and how those ambitions may be impacted by the Client's past, current and future financial situation. This allows K&A to help the Client develop financial strategies that are carefully aligned with the Client's vision of personal success. K&A then gathers, organizes, and evaluates data information about the Client's past, current and anticipated financial situation, including information about personal and family investment experience, business/career, spending and saving, taxes, estate plans, insurance, debt, special needs, etc.

K&A then helps the Client assess the challenges, opportunities, and obligations that affect his or her current and future financial situation. For each threat, opportunity, or obligation that is not adequately managed, K&A designs actions to do so. K&A regularly meets with the Client to review investment performance and other areas specified during the assessment and planning phase. K&A will also evaluate how the Client's life and financial situation have changed to determine whether K&A can recommend new tools or strategies to manage the Client's current and future financial situation.

In general, K&A gathers required information through in-depth personal interviews. Information gathered includes a Client's current financial status, future goals, and attitudes towards risk. K&A also assists in the establishment of custodial accounts and investment management relationships not provided by K&A, review and monitoring of investments relative to the Client's overall investment strategy and appropriate benchmarks, and the effect of those accounts on a Client's overall financial situation.

Though K&A will support and coordinate action by the Client regarding these concerns, implementation of the appropriate financial strategies depends upon the Client taking action and is entirely at the Client's discretion. Recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

The Client may terminate the Annual Retainer Agreement within five business days after the date when all parties have signed the agreement without penalty. After this five-day period, either party may terminate the agreement upon written notice to the other. The retainer fee will be pro-rated for the period in which the cancellation notice was given. As fees are payable in arrears, refunds are not applicable.

FINANCIAL PLANNING and CONSULTING SERVICES

K&A also provides advice in the form of a Financial Plan. Clients purchasing this service will receive a written report, providing the Client with a detailed financial plan designed to achieve his or her stated financial goals and objectives. In general, the financial plan will address any or all of the following areas of concern:

- PERSONAL
- EDUCATION
- TAX & CASH FLOW
- DEATH & DISABILITY
- RETIREMENT
- INVESTMENTS
- ESTATE
- INSURANCE

K&A gathers required information through in-depth personal interviews. Information gathered includes a Client's current financial status, future goals, and attitudes towards risk. Related documents supplied by the Client are carefully reviewed, including a questionnaire completed by the Client, and a written report is prepared. Should a Client choose to implement the recommendations contained in the plan, K&A suggests the Client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the Client's discretion.

Should a Client choose to implement the recommendations contained in the financial plan, the affiliated persons of K&A generally make recommendations with respect to products and services offered by RJFS and its affiliates. However, the decision to implement any recommendation rests exclusively with the Client, and the Client has no obligation to implement any such recommendations through RJFS or its affiliates.

General Consulting: Clients can also receive investment advice on a more limited basis. This may include advice on only isolated areas of concern such as estate planning, retirement planning, reviewing a Client's existing portfolio, or any other specific topic.

K&A also provides specific consultation and administrative services regarding investment and financial concerns of the Client. Additionally, K&A provides advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/or annuity advice.

Consulting services are terminated upon completion of the hourly consulting session. The Client may terminate a Financial Planning Agreement within five business days after the date when all parties have signed the agreement without penalty. After this five-day period, either party may terminate the agreement upon written notice to the other. Client may incur a pro rata charge for bona fide financial planning and/or consulting services rendered prior to such termination.

As of December 31, 2010, K&A had the following in assets under management:

Discretionary	Assets: \$674,835,510
Non-Discretionary	Assets: \$2,336,301
Total	Assets: \$677,171,811

Privacy Policies

Protecting its customers' private information is paramount for K&A. As such, the Firm has instituted policies and procedures to ensure that customer information is kept private and secure. K&A does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties except as required by or permitted by law. In the course of servicing a Client's account, K&A may share some information with its service providers, such as transfer agents, custodians, broker/dealers, accountants, and attorneys. K&A restricts internal access to nonpublic personal information about the Client to those employees who need access to such information in order to provide products or services to that Client. K&A also maintains physical, electronic, and procedural safeguards to protect its Clients' information.

For our California Clients, California law imposes additional requirements beyond federal law for residents of that state. Consistent with these laws, we do not share information with third parties for accounts with a primary mailing address in those states except as required or permitted by applicable federal and state law.

A copy of the Firm's privacy policy notice will be provided to each Client prior to, or contemporaneously with, the execution of the advisory agreement. Thereafter, K&A will deliver a copy of the current privacy policy notice to its Clients annually.

Item 5 Fees and Compensation

PASSPORT Account

The advisory fees for PASSPORT Accounts are as follows:

BLENDED RATE FEE SCHEDULE

PASSPORT Fee investments:

Account Value	Total Fee
First \$200,000	1.50%
Next \$300,000	1.25%
Next \$500,000	1.00%
Next \$4,000,000	0.80%
Next \$5,000,000	0.60%
Next \$15,000,000	0.40%
Greater than \$25,000,000	0.25%

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value on the last business day of the previous calendar quarter, and becomes due the following business day. Cash reserves balances will be included in the open-end mutual fund section for billing purposes. Cash reserve balances which exceed 20% of the Account Value at the time of billing will be included for fee purposes only if such balances did not exceed 20% of the Account Value at the end of the previous quarter. Otherwise, the balance in excess of 20% will not be included in the Account Value for fee purposes. Account Value shall mean the total absolute value of the securities in the account, long or short, plus all credit balances, including any declared dividend and interest income accrued during the period, with no offset for any margin or debit balances.

Client authorizes and directs RJA as Custodian to deduct asset-based fees from the Client's account; Client further authorizes and directs the Custodian to send a quarterly statement to the Client which shows all amounts disbursed from Client's account, including fees paid to K&A. Client understands that the brokerage statement will show the amount of the asset-based fee, the value of the assets on which the fee was based, and the specific manner in which the fee was calculated.

Investments which will be included in the asset value of the Client's account for the purpose of calculating the fee compensation to K&A for advisory services are hereinafter referred to as "Fee Investments." These investments may include open-end mutual funds offered with no sales commission or load, publicly traded closed-end mutual funds, common and preferred stocks, American Depository Receipts, options, real estate investment trusts, corporate bonds, U.S. Government and Government agency bonds, mortgage backed and municipal bonds, and any other investment that may, from time to time, be designated as a Fee Investment.

Other investments may be bought or sold by the Client in the account but will be defined as "Fee Exempt Investments." These investments generally include new or secondary securities offerings, including brokered certificates of deposit. Should a Client buy any of these securities, the Client will pay directly or indirectly, a commission which is defined by the terms of the offering as stated in the prospectus or trade confirmation of the security. Unless otherwise agreed to by the Client, K&A and RJFA, said investments will be exempt from the inclusion of the account value subject to the Firm's fee for a period of twelve (12) months from the date of purchase. After the twelve (12) month period from the date of purchase, Fee Exempt Investments will revert to Fee Investments.

Certain investments, when transferred into or held within the account, or as otherwise agreed to by Client, Adviser and RJFS will be included in a separate "Administrative-Only Investments" category. Said investments are held for administrative purposes only and will be exempt from the Advisory Fee but subjected to the following annual Administrative-Only Investment incremental fee schedule: 0.09% on the first \$1,000,000 and 0.05% above \$1,000,000. The total account value will be used when determining the respective billable rate for the Fee Investments and

Administrative-Only Investments.

For purposes of determining PASSPORT Fees, PASSPORT accounts, which meet the criteria for related accounts, will be combined to determine if a lower fee will apply. Related accounts will be combined for fee purposes so that each account will pay a fee, which is calculated on the basis of the total of all aggregated accounts.

Additionally, there is a nominal Processing Fee for the execution of each trade, as follows:

SECURITY TYPE	PROCESSING FEE
Exchange Traded Equities: Listed and OTC	\$15
Closed End Mutual Funds	\$15
Exchange Traded Funds	\$15
Mutual Funds	\$15
Real Estate Investment Trusts/Unit Investment Trusts	\$15
Preferred Stocks	\$25
Options Contracts	\$25
Bonds	\$25

In addition to the foregoing transaction charge, the Client will incur a charge in the amount of \$4.00 per transaction for handling and postage charges. The Client may also incur charges for other account services provided by RJA not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for legal or courtesy transfers of securities.

Cash Rule Conflict

Participants in the PASSPORT program with cash or money market investments, which exceed 20% of the total market value of Client's account at the time of billing, will be included for fee purposes only if the account did not exceed 20% in cash or money market investments at the end of the previous quarter. Otherwise, the balance in excess of 20% will not be included in the value of Client's account for fee purposes. This fee billing provision is intended to equitably assess advisory fees to Client assets for which an ongoing advisory service is being provided, and the exclusion of excess cash from the advisory fee is intended to benefit Clients holding substantial cash balances (as a percentage of the total individual account value) for an extended period of time. However, this provision may pose a financial disincentive to an IAR, as the portion of cash or money market investments will not be included in the asset-based fee charged to the account. This may cause an IAR to reallocate a Client account from cash or money market investments to advisory fee eligible investments in order to avoid the application of this provision and therefore receive a fee on the full asset value in a Client's account(s).

Clients should understand that the annual advisory fees charged in the PASSPORT programs are in addition to the management fees and operating expenses charged by open-end, closed-end and exchange-traded funds. To the extent that a Client intends to hold fund shares for an extended period of time, it may be more economical for the Client to purchase fund shares outside of these programs. Clients may be able to purchase mutual funds directly from their respective fund families without incurring the Firm's advisory fee. When purchasing directly from fund families, Clients may incur a front- or back-end sales charge.

Clients should also understand that the shares of certain mutual funds offered in these programs may impose short-term trading charges (typically 1%-2% of the amount originally invested) for redemptions generally made within short periods of time. These short-term charges are imposed by the funds (and not the Firm) to deter "market timers" who trade actively in fund shares. Clients should consider these short-term trading charges when selecting the program and/or mutual funds in which they invest. These charges, as well as operating expenses and management fees, which may increase the overall cost to the Client by 1%-2% (or more), are available in each fund's prospectus.

Clients should also understand that certain open-end mutual funds, which may be acquired by Clients, may, in addition to assessing management fees, internally assess a distribution fee pursuant to section 12(b)-1 of the Investment Company Act of 1940, or an administrative or service fee. Such fees are included in the calculation of operating expenses of a mutual fund and are disclosed in the fund prospectus. IARs of K&A, who are registered representatives of RJFS, have elected to not accept 12b-1 distribution fees in relation to the PASSPORT program.

Clients participating in the PASSPORT program will be reimbursed with any 12b-1 fees.

Clients should also understand that certain no-load variable annuities may be offered in the PASSPORT program and may be charged an advisory fee. The annual advisory fees charged for these no-load variable annuities are in addition to the management fees and operating expenses charged by the insurance companies offering these products.

Clients should also understand that more sophisticated investments such as short sells and margins may be offered in the PASSPORT programs. Fees for advice and execution on these securities are based on the total asset value of the account. While a negative amount may show on a Client's statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create a conflict of interest where an IAR may have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

A Client's total cost of each of the services provided through these programs, if purchased separately, could be more or less than the costs of each respective program. Cost factors may include the Client's ability to:

- 1) obtain the services provided within the programs separately with respect to the selection of mutual funds,
- 2) invest and rebalance the selected mutual funds without the payment of a sales charge, and
- 3) obtain performance reporting comparable to those provided within each program.

When making cost comparisons, Clients should be aware that the combination of multiple mutual fund investments, advisory services, custodial and brokerage services available through each program may not be available separately or may require multiple accounts, documentation, and fees. If an account is actively traded or the Client otherwise may not qualify for reduced sales charges for fund purchases, the fees may be less expensive than separately paying the sales charges and advisory fees. If an account is not actively traded or the Client otherwise would qualify for reduced sales charges, the fees in these programs may be more expensive than if utilized separately.

The Client's IAR may have a financial incentive to recommend a fee-based advisory program rather than paying for investment advisory services, brokerage, performance reporting and other services separately. A portion of the annual advisory fee is paid to the Client's IAR, which may be more than the IAR would receive under an alternative program offering or if the Client paid for these services separately. Therefore, the Client's IAR may have a financial incentive to recommend a particular account program over another. IARs do not receive a financial incentive to recommend and sell proprietary mutual funds versus non-proprietary funds. However, because compensation structures vary by product type, IARs may receive higher compensation for certain product types. In addition, your IAR may receive incentive compensation for utilizing a particular account program.

The Firm believes the charges and fees offered within each fee-based program are competitive with alternative programs available through other firms and/or investment sources, yet makes no guarantee that the aggregate cost of a particular program is lower than that, which may be available elsewhere.

Clients that terminate the advisory agreement(s) within the first five (5) business days of entering into the advisory agreement will have any advisory fees that were charged refunded back to them.

All above quoted fees may be negotiated within the stated fee schedule; however, certain circumstances may dictate an exception from the set range.

Advice offered by K&A may involve investments in mutual funds. Clients are hereby advised that all fees paid to K&A for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (as described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there may be transaction charges involved when purchasing or selling securities. K&A does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the Client's funds or securities. In addition to K&A's advisory fees, Clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the

Client's accounts. The Client should review all fees charged by K&A, mutual funds, brokers and custodians to fully understand the total amount of fees to be paid by the Client.

RETAINER SERVICES

K&A charges Clients a fixed fee for this service, typically ranging from \$5,000 to \$100,000, as agreed upon with the Client. An estimate for total hours may be determined at the start of the advisory relationship, and Clients will be billed semi-annually in arrears. This fee may be waived if K&A determines that the Advisory fee is sufficient to cover the cost of providing these services. K&A may pay Retainer Service Client legal and/or accounting fees out of the fee paid to K&A.

The Client may terminate the Annual Retainer Agreement within five business days after the date when all parties have signed the agreement without penalty. After this five-day period, either party may terminate the agreement upon written notice to the other. The retainer fee will be pro-rated for the period in which the cancellation notice was given. As fees are payable in arrears, refunds are not applicable.

FINANCIAL PLANNING and CONSULTING SERVICES

Financial planning and consulting fees will be charged in one of two ways:

1. As a fixed fee, typically ranging from \$2,000 to \$10,000; or
2. On an hourly basis, ranging from \$75 to \$600 per hour.

The exact fee is determined on a case-by-case basis, and is dependent on the nature and complexity of each Client's circumstances, as well as the individual conducting the work. All fees are agreed upon prior to entering into a contract with any Client.

All financial planning and consulting fees are due upon completion of the plan or consulting service. Consulting services are terminated upon completion of the hourly consulting session. The Client may terminate a Financial Planning Agreement within five business days after the date when all parties have signed the agreement without penalty. After this five-day period, either party may terminate the agreement upon written notice to the other. Client may incur a pro rata charge for bona fide financial planning and/or consulting services rendered prior to such termination.

General Information Regarding Advisory Services and Fees

The fees charged are calculated as described above, and are not charged based on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory Client (15 U.S.C. § 80b-5(a)(1)).

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

K&A does not have performance-based fees or utilize side-by-side management. The only fees charged to the Client are noted in *Item 5 Fees and Compensation*.

Item 7 Types of *Clients*

K&A provides investment advisory services primarily to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and other types of corporations.

A minimum of \$2,000,000 of assets under management per relationship is typically required for K&A's Advisory Services, although this account size may be negotiable under certain circumstances. For the purposes of achieving the minimum account size and determining the annualized fee, K&A will take into consideration all related accounts of a Client. "Related" accounts are accounts of an individual, his or her spouse, and their children under the age of 21, and includes individually owned accounts, individual IRAs, self-directed accounts (i.e., directed by individual participants) under an employee benefit pension plan ("ERISA plan"), and ERISA plans in which an individual is the sole participant.

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

Methods of Analysis

K&A typically uses Fundamental and Cyclical methods of analysis in its portfolios.

Fundamental analysis deals with the examination of all the material factors of the security, the company, industry in which the company operates, and the economy while cyclical analysis deal with the examination of the supply and demand of the securities as evidenced by market activity. The potential risks of using fundamental analysis are that the IAR is utilizing historical information, which may not predict the future outcome of a security. The potential risks of using cyclical analysis are the quality of the information being utilized to support the analysis and no expectation of a change to a cycle.

K&A does not represent, warrant, or imply that the services or methods of analysis employed by the Firm can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines.

Sources of Information

K&A obtains research from several sources including Morningstar, Dow Jones, Lipper, Standard & Poor's, and Raymond James, among others. The types of information the Firm receives includes:

- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services
- Annual reports, prospectuses, filings with the Securities Exchange Commission, and
- Company press releases

K&A Investment Models

Klingman and Associates, as part of its investment management process, has six Model portfolios. These Model portfolios are strategic asset allocation models that are based on a client's risk tolerance level. These models are titled (in ascending order of risk tolerance) as Income, Conservative, Moderate, Balanced, Growth and Aggressive Growth. In addition, based on Klingman and Associates Capital Markets Outlook which is produced quarterly, there is a tactical overlay to these asset allocation models. Each client, after reviewing the client's age, income needs, tax bracket, investment experience, risk tolerance and other relevant issues, is assigned to a Model.

K&A Investment Committee

The Klingman and Associates Investment Committee is comprised of Gerard Klingman, Nancy Brown, Craig Laub, Tatiana Sunik and Anya Shelekhin. This committee meets weekly and determines which mutual funds, exchange traded funds and other securities will be on K&A's Recommended Managers list. From this list Investment Adviser Representatives can populate the asset classes in a client's Model portfolio. These managers and funds are reviewed on an ongoing basis. Managers may be removed from the Recommended list to the Monitored list. These positions would be maintained in a client's account but would not be added to. If a manager or fund is removed from the Monitored list, the position would be sold in a client's account.

Investment Strategies

K&A primarily uses long term purchases as an investment strategy. However, in isolated cases a short term purchase or margin transaction strategy may be used. Clients investing in securities should be aware of the risks involved. Each investment strategy may entail unique risks including the possibility of incurring a loss. In a long term investment strategy, returns may be adversely affected by market downturns or inflation. A short term investment strategy is susceptible to current market volatility. Margin transactions could be subject to maintenance margin requirements, and margin loans must be repaid regardless of the underlying value of the securities purchased.

K&A primarily invests in the following types of securities for Clients:

- Equity securities (exchange listed, over-the-counter, and foreign issuers)
- Corporate debt securities (other than commercial paper)
- Municipal securities
- Investment company securities (variable life insurance, variable annuities, and mutual fund shares)
- U.S. government securities
- Options contracts on securities

Item 9 Disciplinary Information

K&A and its IARS have no disciplinary history.

Item 10 Other Financial Industry Activities and Affiliations

Securities Brokerage

The Managing Member and other associated persons of K&A are separately licensed as registered representatives of RJFS, a Financial Industry Regulatory Authority ("FINRA") member broker/dealer and federally covered investment adviser. As such, these individuals, in their separate capacities as registered representatives, will effect securities transactions, and will receive separate, yet customary compensation for effecting such transactions, including 12b-1 fees for the sale of investment company products in their capacities as registered representatives of RJFS. Other fees may be charged for services provided by RJFS. IARs may make differing recommendations with respect to the same securities to different advisory Clients. All recommendations made by IARs are specific to each Client's individual needs and current financial situation.

Insurance Agent or Broker

The Managing Member and other associated persons of K&A may have insurance company affiliations for which they may receive commissions.

While these individuals endeavor at all times to put the interest of the Clients first as part of K&A's fiduciary duty, Clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations. These individuals may spend as much as 5% of their time with all of these related activities.

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

Code of Ethics

The Firm has adopted a Code of Ethics, the full text of which is available to Clients and prospective Clients upon request. The Firm has several goals in adopting this Code. The Firm desires to comply with all applicable laws and regulations governing its practice, and the management of the Firm has determined to set forth guidelines for professional standards, under which all associated persons of the Firm are to conduct themselves.

The Firm has set high standards, the intention of which is to protect Client interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith, and fair dealing with Clients. All associated persons are expected to adhere strictly to these guidelines, as well as to the procedures for approval and reporting established in the Code of Ethics primarily related to personal securities transactions, and violations of the Code. In addition, the Firm maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Firm or any person associated with the Firm.

From time to time, K&A or persons associated with K&A may buy or sell securities that are recommended to its Clients or securities in which its Clients are invested. It is K&A's policy that associated persons of K&A shall not have priority over any Client account in the purchase or sale of securities. Under certain circumstances, exceptions to the trading policy may be made.

The foregoing does not apply to certain types of securities, such as obligations of the U.S. Government and shares in open-end mutual funds. Open-end mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds by advisory representatives are not likely to have an impact on the prices of the fund shares in which Clients invest.

Item 12 Brokerage Practices

The Firm currently uses RJA as its custodian. However, IARs are registered representatives of RJFS and will recommend RJFS to advisory Clients for plan implementation and brokerage services. These individuals are subject to FINRA Conduct Rule 3040 that restrict them from conducting securities transactions away from RJFS. Therefore, Clients are advised that such IARs are limited to conducting securities transactions through RJFS. Implementation of services through such individuals may present a conflict of interest to the extent that associated persons of K&A would receive normal and customary commissions as registered representatives of RJFS or licensed insurance agents resulting from any securities or insurance transactions. It may be the case that RJFS charges a higher fee than another broker charges for a particular type of service, such as transaction fees. Clients may utilize the broker dealer of their choice and have no obligation to purchase or sell securities through RJFS. However, if the Client does not use RJFS, the IAR will reserve the right not to accept the account.

The custodian may have their own fee and cost schedules they are entitled to as a custodian of the account. These fees and costs are completely independent of the Firm, and K&A does not receive any portion of these collected costs. Please see *Item 5 Fees and Compensation* for these costs.

RJA, as the custodian, is obligated to seek best execution for all trades; however, better executions may be available via another broker/dealer based on a number of factors including volume, order flow, and market making activity. By executing transactions with the above custodian, it is not guaranteed that a Client will receive the most favorable execution of their trades, which in turn may cost Clients more money.

K&A continuously reviews the accuracy, timeliness and execution of trades processed through RJFS. K&A selected RJFS for Client account custody and trade processing due to accessibility, electronic trading, efficient and professional service, technical support, and timely reporting to Clients. In addition, Client funds are fully covered through the excess SIPC coverage maintained by RJFS. RJFS prohibits K&A from utilizing any other broker-dealer for Client custody or securities trading. K&A periodically assesses the quality and value of the services offered by broker-dealers other than RJFS to assure that RJFS service and cost is fair and reasonable.

K&A IARs and related persons may receive research information through its broker-dealer affiliation on securities, market, and economic conditions. Raymond James does not impose surcharges on Clients for research. However, Raymond James does seek to do investment banking and other business with some companies covered by its research. Raymond James complies with all securities laws and regulations to manage these potential conflicts of interest. Additionally, Raymond James does not require that K&A IARs or related persons recommend any securities to Clients. However, the Firm also uses other sources of research as noted in *Item 8 Methods of Analysis, Investment Strategies and Risk of Loss*.

K&A will block trades where possible and when advantageous to Clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple Clients' accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows K&A to execute equity trades in a timelier, equitable manner and to reduce overall commission charges to Clients. However, no personal trades will ever be included in any Client blocks.

K&A does not have any soft dollar arrangements.

Item 13 Review of Accounts

While the underlying securities within Investment Supervisory Service Client accounts are continuously monitored, these accounts will be formally reviewed at least quarterly by the applicable Financial Adviser of K&A responsible for management of the account. K&A's Financial Advisers are Gerard Klingman, Nancy Brown, and Craig Laub.

More frequent reviews may be triggered by material changes in variables such as the Client's individual circumstances, or the market, political or economic environment. K&A's Chief Compliance Officer will also conduct periodic reviews of Client accounts.

Retainer, Financial Planning and Consulting Client accounts will be reviewed as contracted for at the inception of the advisory relationship.

In addition to the monthly statements and confirmations of transactions that Advisory Clients receive from their broker dealer, K&A will provide these and Retainer Clients with semi-annual reports that consist of a breakdown of the portfolio by asset class and a market commentary.

Financial Planning and Consulting Clients will receive no regular reports from K&A.

Item 14 *Client* Referrals and Other Compensation

K&A does not pay for or receive compensation for Client referrals. The Firm has no other types of compensation other than what is already noted in this brochure.

Item 15 Custody

K&A is deemed to have custody of Client's assets as defined by SEC Rule 206(4)-2, because there are certain instances in which Gerard Klingman is a trustee on Clients' account. All Clients will receive an account statement from the Custodian, which they should review carefully.

Item 16 Investment Discretion

Generally, Clients grant K&A discretion over the selection and amount of securities to be purchased or sold without obtaining their prior consent or approval. However, the Firm's investment authority may be subject to specified investment objectives, guidelines and/or conditions imposed by the Client.

For example, a Client may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio, restrictions or prohibitions of transactions in the securities of a specific industry, and/or directed brokerage. Clients may amend these limitations as required. Such amendments must be submitted in writing.

Discretion is typically granted via an Investment Advisory Contract which is executed by the Client. As owner of the securities in their account(s), Clients, even if discretion has been granted, also have the right to:

- 1) Withdraw securities or cash from their account(s), provided they maintain the minimum account balance, as appropriate, based on their particular account type;
- 2) Vote securities, or delegate the authority to vote securities to another person (i.e. proxies, tender offers, etc.);
- 3) Be provided written confirmation, in a timely manner, of securities transactions placed for their account; and
- 4) Proceed directly against any issuer (i.e. class action participation) and not be obligated to join other parties as a condition precedent to initiating such a proceeding.

Where K&A enters into non-discretionary arrangements with Clients, the Firm will obtain Client approval prior to placing any order on behalf of a Client account.

Item 17 Voting *Client* Securities

K&A will not vote proxies or render any advice regarding proxies solicited by or with respect to the issuers of securities held in Client accounts. Additionally, K&A will not take any action or render any advice with respect to any securities held in Client accounts, which are named in or are subject to class action lawsuits. K&A will, however, forward to Client any proxy materials or information received by the Firm regarding class action legal matters involving securities held in Client accounts. Where the Firm receives written or electronic proxy material or notice of a class action lawsuit, settlement, or verdict affecting securities owned by a Client, it will forward all notices, proof of claim forms, and other materials, to the Client. Electronic mail is acceptable where appropriate, if the Client has authorized contact in this manner.

Item 18 Financial Information

K&A does not solicit payments of \$500 per Client or more six (6) months in advance for services. The Firm has not been subject to bankruptcy and knows of no reason that its financial condition would be impaired in meeting its contractual obligations to Clients.