

Form ADV Part 2A  
Investment Advisor Brochure

SIGNATURE INVESTMENT ADVISORS, LLC<sup>®</sup>

**Cover Page**

This Form ADV Part 2A (Investment Advisor Brochure) provides information about the qualifications and business practices of Signature Investment Advisors, LLC ("SIA").

SIA is an affiliated company to Signature Estate & Investment Advisors, LLC ("SEIA") and as such utilizes the affiliated website and other related identities.

If you have any questions about the contents of this brochure, please contact us at 310-712-2323 or [contactus@seia.com](mailto:contactus@seia.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of training.

Additional information about SIA also is available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Attached are the Brochure Supplements for Deron McCoy (SIA Director of Investment Strategy), Richard Johnston-Nott, and Andrew Lin.

Also attached are SIA's Privacy Notice and Business Continuity Program.

Date of last revision: May 18, 2012

HEADQUARTERS  
2121 AVENUE OF THE STARS  
SUITE 1600  
LOS ANGELES, CALIFORNIA 90067

2010 MAIN STREET  
SUITE 350  
IRVINE, CALIFORNIA 92614

3452 E. FOOTHILL BL.  
SUITE 1140  
PASADENA, CALIFORNIA 91107

8607 WESTWOOD CENTER DRIVE  
3RD FLOOR  
VIENNA, VIRGINIA 22182

1815 VIA EL PRADO  
SUITE 100  
REDONDO BEACH, CALIFORNIA 90277

TELEPHONE 310.712.2323  
FACSIMILE 310.712.2345

TELEPHONE 800.472.1066  
FACSIMILE 949.705.5199

TELEPHONE 626.795.2944  
FACSIMILE 626.795.2994

TELEPHONE 703.893.2550  
FACSIMILE 703.893.4595

TELEPHONE 310.712.2322  
FACSIMILE 310.712.2377

[WWW.SEIA.COM](http://WWW.SEIA.COM)

Securities offered through Signator Investors, Inc., Member FINRA, SIPC, 2121 Avenue of the Stars, Suite 1600, Los Angeles, CA 90067  
(310)712-2323.

SIA and its investment advisory services are offered independent of Signator Investors, Inc., and any subsidiaries or affiliates.

©2012 The Consortium<sup>®</sup> as to portions of this document



# Material Changes to Investment Advisor Brochure

## **Summary of Material Changes**

The purpose of this section is to discuss only material changes since the last annual update of SIA Investment Advisor Brochure.

The initial brochure for SIA was filed on April 18, 2012.

### *Delivery:*

Within 120 days of our fiscal year end we will deliver our annual Summary of Material Changes if there have been material changes since the last annual updating amendment.

## **Table of Contents**

Cover Page .....	1
Summary of Material Changes.....	1
Table of Contents .....	2
Advisory Business .....	3
Fees and Compensation .....	5
Performance-Based Fees And Side-By-Side Management .....	7
Types of Clients and Account Minimums .....	7
Methods of Analysis, Investment Strategies.....	7
Risk of Loss.....	8
Disciplinary Information.....	9
Other Financial Industry Activities and Affiliations .....	10
Code Ethics, Participation/Interest In Client Transactions, Personal Trading .....	10
Brokerage Practices .....	12
Review of Accounts and Reports on Accounts.....	14
Client Referrals & Other Compensation .....	14
Custody .....	15
Investment Discretion .....	15
Voting Client Securities .....	15
Financial Information .....	15
Part 2B Supplement Group Brochure .....	16
Privacy Notice .....	21
Business Continuity Program .....	22

## **Advisory Business**

### **Advisory Firm**

Signature Investment Advisors, LLC® ("SIA") spun off from Signature Estate & Investment Advisors, LLC® ("SEIA") and is currently an affiliated company as of November 2011. This allows for a separation of services offered by each company. SEIA has been providing Investment Advisory Services since 1997. Both firms are Registered Investment Advisors under the Investment Advisers Act of 1940.

The principal owner (directly or through a holding company) is Brian D. Holmes, founder, President, CEO, and Secretary. Mr. Holmes has been in the financial services industry since 1984.

Certain assets under management will be transferred from SEIA to SIA upon SIA's registration as an investment advisor.

### **Advisory Services**

Clients work with their personal Investment Advisor Representative ("Financial Advisor") to determine the appropriate Wealth Management Service to match the client's need.

- Signature Elite
- Signature Allocation Series
- Seminars

#### **◆ Signature Elite ◆**

SIA provides investment supervisory services under a program called "Signature Elite." Signature Elite is a six-step investment management process designed to assist clients with their financial goals and objectives.

- Determining investors needs and objectives
- Assessing risk tolerance and investor suitability
- Reviewing asset allocation
- Implement strategic plan
- Rebalance and monitor portfolio
- Comprehensively report the results

Signature Elite is a **non-discretionary** service. Clients will approve the asset allocation prior to implementing the investments. Prior to making changes, the SIA Financial Advisor will call the client and make a recommendation for client approval. The portfolio is monitored on a continuous basis.

When reviewing the asset allocation with clients, the SIA Financial Advisor may recommend stocks, bonds, mutual funds, closed-end mutual funds, exchange traded funds ("ETFs"), exchange traded notes ("ETNs") and preferred stocks.

Clients will also be working with a Financial Advisor from Signator Investors, Inc. ("SII") who refers the Signature Elite account. The SII Financial Advisor as "solicitor" or "designee" on behalf of SIA may assist in the initial data gathering and development of the Investment Policy Statement ("IPS") on behalf of the client. However, all trading activity will be discussed between the client and the SIA Financial Advisor, Deron McCoy, Director of Investment Strategy, or one of his staff persons as identified by the attached brochure supplement.

### ◆ Signature Allocation Series ◆

SIA provides investment supervisory services under a program called “Signature Allocation Series.” Signature Allocation Series is a six-step investment management process designed to assist clients with their financial goals and objectives. Signature Allocation Series uses the same six-step process used in Signature Elite.

Services are based on the individual needs of the client. An initial interview and data gathering questionnaire is undertaken to determine the client’s financial situation and investment objectives. The client is given the opportunity to impose reasonable restrictions on the management of the account. Clients have the ability to leave standing instructions with the Financial Advisor to refrain from investing in particular securities or types of securities, or invest limited amounts of securities.

At least quarterly, the Financial Advisor will notify the client in writing to contact the Financial Advisor if there have been any changes in the client’s financial situation or investment objectives, or to impose or modify account restrictions. The Financial Advisor will contact or attempt to contact the client annually on these matters. It is the client’s responsibility to notify the Financial Advisor at any time there are changes. Clients may call in at any time during normal business hours to discuss directly with the Financial Advisor about the client’s account, financial situation, or investment needs.

A qualified custodian maintains Client funds and securities in a separate account for Client under Client’s name. The client will retain rights of ownership of all securities and funds in the account to the same extent as if the client held the securities and funds outside the program. Clients will receive from the custodian/brokerage firm timely confirmations and at least quarterly statements containing a description of all transactions and all account activity. In addition to custodial statements, SIA sends quarterly reports to clients.

The portfolio is supervised (monitored) on a continuous basis. SIA’s Director of Investment Strategy (Deron McCoy) will automatically rebalance the portfolio back within the asset allocation range as needed, without contacting the client. (Mr. McCoy’s brochure supplement is attached to this brochure.) This is a **discretionary** account. SIA will have the limited power of attorney to select securities to be bought and sold, and the quantities (subject to the restrictions in the Investment Policy Statement).

When reviewing the asset allocation with clients, clients will work with the Financial Advisor to create an Investment Policy Statement that will identify the asset allocation classes, investment styles, and other trading guidelines.

Signature Allocation Series (“Signature 1, 2, 3 & 4”) is an investment management platform with four variations used as the foundation for the client’s portfolio. Each platform employs different investment vehicles according to the chart below. The Investment Policy Statement will indicate which of the Series is used as the base model, but which can be further customized based on client need.

Platform	Mutual Funds	Exchange Traded Products	Individual Bonds	Individual Stocks
Signature 1 (S1)	<input checked="" type="checkbox"/>			
Signature 2 (S2)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Signature 3 (S3)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Signature 4 (S4)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

### ♦ Seminars ♦

SIA provides seminar services. These seminars may include presentations on current events, economic trends and cycles, market cycles, investment fundamentals, financial products, equities, fixed income, alternative investments, and/or financial planning strategies. A fee is not charged to those in attendance.

## **Fees and Compensation**

### Fees for Advisory Services

#### ♦ Signature Elite & Signature Allocation Series Fees ♦

Fees for **Signature Elite** and **Signature Allocation Series** are computed at an annualized percentage of assets under management including cash balances. The sliding scale below shows the fee ranges generally charged at certain dollar breakpoints.

<u>Equity/Blended</u>	<u>Fixed Income</u>	<u>Portfolio Value Between</u>
0.75 - 1.50%	0.50 - 1.50%	\$ 250,000 - \$ 499,999
0.60 - 1.35%	0.45 - 1.00%	\$ 500,000 - \$ 999,999
0.50 - 1.25%	0.40 - 0.90%	\$1,000,000 - \$1,999,999
0.40 - 1.10%	0.35 - 0.80%	\$2,000,000 - \$2,999,999
0.35 - 1.00%	0.30 - 0.70%	\$3,000,000 - \$4,999,999
0.30 - 0.90%	0.25 - 0.65%	\$5,000,000 - \$9,999,999
0.25 - 0.80%	0.15 - 0.55%	\$10,000,000 - \$19,999,999
0.20 - 0.75%	0.10 - 0.45%	\$20,000,000 - and above

Most portfolios are managed as equities or blended. Only some portfolios are managed as fixed income. The Fixed Income grid is for portfolios with over 90% fixed income.

The actual fee for any portfolio is negotiated based on the unique objectives of each client, the complexity of the investment plan, types of assets held in the account, and other factors. Fees are negotiable. The negotiated (actual) fee may be more or less than the ranges reflected in the fee schedule. The negotiated fee will be stated in the Engagement Agreement.

These fees are for advisory services only and do not include fund expenses, transaction fees or commissions, which may be charged separately by the broker/dealer custodial firm.

The fees are payable quarterly in arrears. Fees begin accruing when accounts become linked to us or when funded. To allow for additional account setups, transfers, final strategy discussions, etc., at our discretion, SIA can delay the initial fee accrual date up to 45 days. Written agreement between the client and Financial Advisor is required for fee accrual date delays beyond 45 days. The first payment is assessed and due at the end of the first calendar quarter and will be assessed pro rata in the event the Agreement is executed at any time other than the first day of the current calendar quarter. Subsequent payments are due and will be assessed on the first day after the end of each calendar quarter based on the value of the account assets under supervision as of the close of business on the last business day of that quarter. Fees may be waived at our discretion, on the value of large deposits made shortly before the end of the quarter.

**For Signature Elite the minimum Household Portfolio (aggregate of all accounts in the same household) size is \$500,000, subject to the below clarifications:**

**Signature Elite:**

- The minimum annual fee per client Household Portfolio is **\$3,500, billed as a minimum quarterly fee of \$875.** (Single account sizes under \$20,000 will not be billed a management fee).

**Signature Allocation Series**

- There is no annual minimum fee per client however; the absolute **minimum Household Portfolio size for Signature Allocation Series is \$250,000.**
- SIA enforces the following single account portfolio minimums for Signature Allocation Series:
  - Signature 1 – The absolute single account minimum is \$50,000
  - Signature 2 – The absolute single account minimum is \$50,000
  - Signature 3 – The absolute single account minimum is \$100,000
  - Signature 4 – The absolute single account minimum is \$100,000

In some cases, clients may combine Signature Elite and Signature Allocation Series assets with other client portfolios (“Householding”) for the purposes of meeting the minimum annual fee or minimum Household Portfolio size.

Declines in account value due to declines in the markets will not trigger the annual minimum (\$3,500) household fee calculation (client withdrawals will trigger the annual fee minimum calculation). Likewise, at our discretion, if the client is on a tiered billing schedule, the decline in account value due to market declines will not trigger a higher fee.

**General Fee Disclosures**

Payment of fees may be paid direct by the client, or client may authorize the custodian holding client funds and securities to deduct SIA advisory fees direct from the client account in accordance with statements prepared and submitted to the custodian by SIA. The custodian will provide periodic account statements to the client. Such statements will reflect all fee withdrawals by SIA. It is the client’s responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

Fees are not collected for services to be performed more than six months in advance.

In addition to fees paid for advisory services with respect to clients’ investments in mutual funds, clients pay additional fees on the investment because the mutual funds also pay advisory and/or management fees to an investment advisor.

For **Signature Elite** and **Signature Allocation Series**, services will continue until either party terminates the Engagement Agreement on immediate written notice. If termination occurs prior to the end of a calendar quarter, SIA maintains the right to invoice for fees due on a pro-rata basis.

As of the date of termination SIA will no longer be the investment advisor of record. All assets will be held at the custodian and it will be Client's responsibility to instruct the custodian and monitor the

account as to the final disposition of assets. SIA will not take any other action, unless specifically notified by the Client.

The Advisory Agreement contains a pre-dispute arbitration clause. Client understands that the agreement to arbitrate does not constitute a waiver of the right to seek a judicial forum where such a waiver would be void under the federal securities laws. Arbitration is final and binding on the parties.

Financial Advisors of our firm are also Registered Representatives of a broker/dealer, and as such may receive commission-based compensation for the sale of securities and other investment products. SIA and its Financial Advisors do not double-dip (*definition of double-dipping: "For brokerage firms, when a broker puts commissioned products into a fee-based account."*), and will either receive fee-based compensation or commissions on specified assets, not both. Mutual funds recommended under advisory services will be "no-load" or "load-waived." Clients are not obligated to purchase investment products recommended, or to purchase through our firm or affiliated firms.

### **Performance-Based Fees And Side-By-Side Management**

SIA does not charge performance-based fees. (A fee that is based on gains in the client account.)

### **Types of Clients and Account Minimums**

SIA provides advisory services to individuals, trusts, estates, and business entities.

Requirements for opening or maintaining an account are described in the section on fees and compensation.

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

SIA's Department of Investment Management and Economic Strategy ("DIMES") is responsible for the research and development of SIA's asset allocation targets. DIMES uses the principles found in Modern Portfolio Theory, proprietary research, and third-party research. Underlying this approach is:

- Strategic Macro Asset Allocation, which is based on asset class and style through the use of computer software models, based on capital market assumptions and modern portfolio theory principles.
- Tactical Micro Allocation, which is based on business cycle, global and domestic macro / micro-economic conditions and other potential event-driven opportunities.

*DIMES analysis and investment selection are driven by a two-prong approach to filter the investment universe of each asset class and style down to specific investments that meet SIA's standards.*

- Quantitative metrics focus on identifying potential investments with consistent, good risk-adjusted performance returns based on mathematical and statistical methods and analysis.
- Qualitative metrics focus on the "quality" of potential investments that meet the above quantitative standards. DIMES focuses on attributes of investments that cannot be directly captured by quantitative measurement.

Allocation strategies and potential investments are then presented at SIA's Investment Committee meeting for final discussion and determination. SIA's Investment Committee includes the six Senior Partners of the firm (Brian Holmes, Mark Copeland, Paul Taghibagi, Gary Liska, Vince Dileva, Theodore Saade), the Director of Investment Strategy (Deron McCoy) and two alternating Financial Advisor/Associates. The Financial Advisor/Associate members are chosen each year. The Investment Committee meets monthly to monitor global economic cycles, track investment trends, and provide research on investment vehicles and third party money managers.

While the client's Financial Advisor will apply the asset allocation strategy to their client's individual accounts and monitor the portfolios, the Investment Committee performs an oversight of the Financial Advisors' client portfolios. Some SIA Advisors may use Technical Analysis in addition to the methods described above.

## **Risk of Loss**

Financial markets are volatile and there are risks in all types of investment vehicles, including "low-risk" strategies. Client at all times shall elect unilaterally to follow or ignore completely, or in part, any information, recommendation, or advice given by SIA. There is no guarantee that the investment strategy selected for client will result in client's goals being met, nor is there any guarantee of profit or protection from loss. **For investments sold by prospectus, client should read the prospectus in full.**

SIA predominantly utilizes the following investment vehicles in our portfolios: Stocks, bonds, mutual funds, closed-end funds, Exchange Traded Funds ("ETFs") and Exchange Traded Notes ("ETNs").

SIA is disclosing those risks and opportunities for our investment strategy or for particular types of securities used. The main risks associated with the financial markets and the securities we recommend to clients are:

- **Market Risk** - Market risk applies mainly to stocks, but can also apply to other securities SIA recommends. This is the most familiar of all risks. Also referred to as volatility, market risk is the day-to-day fluctuation in a securities' price. As a whole, stocks tend to perform well during a bull market and poorly during a bear market. Volatility is not so much a cause but an effect of certain market forces. Volatility is a measure of risk because it refers to the behavior, or "temperament", of your investment rather than the reason for this behavior. Because market movement is the reason why people can profit from stocks, volatility is essential for returns, and the more unstable the investment the more chance there is that it will experience a dramatic change in either direction. Stock investments can and will go down in value during adverse market conditions, just as they can deliver sizeable gains during favorable market conditions.
- **Financial Risk** - Financial risk is the additional risk a shareholder bears when a company uses debt in addition to equity financing. Companies that issue more debt instruments would have higher financial risk than companies financed mostly or entirely by equity.
- **Business Risk** - A company's risk is composed of financial risk, which is linked to debt, and business risk, which is often linked to economic climate. If a company is entirely financed by equity, it would pose almost no financial risk, but it would be susceptible to business risk or changes in the overall economic climate.

- **Management Risk** - This term refers to the risk of the situation in which the company and shareholders would have been better off without the choices made by management.
- **Liquidity Risk** - The risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss.
- **Interest Rate Risk** - Interest rate risk is the risk that an investment's value will change as a result of a change in interest rates. This risk affects the value of bonds more directly than stocks.
- **Credit Risk** - Credit risk is the risk that a company or individual will be unable to pay the contractual interest or principal on its debt obligations. This type of risk is of particular concern to investors who hold bonds in their portfolios. Government bonds, especially those issued by the federal government, will normally have the least amount of default risk and with corresponding lower interest rates, while corporate bonds tend to have the highest amount of default risk but also higher interest rates. Bonds with a lower chance of default are considered to be investment grade, while bonds with higher chances are considered to be below investment grade ("junk bonds"). Bond rating services, such as Standard & Poors ("S&P"), give investors their opinions on which bonds are investment-grade, and which bonds are "junk".
- **Currency Risk** - When investing in foreign countries you must consider the fact that currency exchange rates affect asset prices. Currency risk applies to all financial instruments that are in a currency other than your domestic currency. As an example, if you are a resident of America and invest in a Canadian stock priced in Canadian dollars, even if the share value appreciates, you may lose money if the Canadian dollar depreciates in relation to the American dollar.
- **Country Risk** - A collection of risks associated with investing in a foreign country. These risks include political risk, exchange rate risk, economic risk, sovereign risk and transfer risk, which is the risk of capital being locked up or frozen by government action. Country risk can reduce the expected return on an investment and must be taken into consideration whenever investing abroad.

The risks of **Mutual Funds** and **ETFs** depend on the underlying securities they hold, as well as added manager risk, which refers to the manager underperforming their benchmark. Stock funds have similar risks as stocks, just as bond funds have similar risks as bonds. Some ETFs that trade infrequently will have an added liquidity risk.

All **debt securities** are subject to interest rate risk and credit risk. High yield securities, which are debt securities rated below investment grade, face higher credit risk and downgrade risk (the chance that a credit rating agency will downgrade their rating / opinion on the safety of the security) than other debt securities.

### **Disciplinary Information**

SIA does not have any disclosure items.

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel.

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

SIA is not, but the Financial Advisors of the firm are licensed as securities registered representatives. The Financial Advisors of SIA, as Registered Representatives, are licensed with Signator Investors, Inc. ("SII"). SII is a general securities broker/dealer, registered with the Securities and Exchange Commission, and member of the Financial Industry Regulatory Authority. SII is a wholly-owned subsidiary of John Hancock U.S.A. ("JHUSA"). JHUSA is a diversified financial services company engaged in the design and sale of investment and insurance products. JHUSA is the US operating subsidiary of Manulife Financial Corp., (NYSE, MFC) based in Canada. The client is under no obligation to purchase securities recommended through us, SII, JHUSA, or other affiliated companies.

SIA is independently owned, and is not owned by JHUSA or any of its affiliated companies. As such, JHUSA is not responsible for the investment advisory services provided by SIA.

Financial Advisors of SIA are also Financial Advisors of Signature Estate & Investment Advisors, LLC ("SEIA"). Both SIA and SEIA offer investment advisory services. Financial Advisors and other associated persons of SEIA may also act in other capacities such as insurance activities, and would have additional disclosures if/when acting under SEIA. It is not anticipated that SIA clients will be clients of SEIA. However, if a client were to receive services of SEIA, then the client would receive the SEIA disclosure document.

### **Code Ethics, Participation/Interest In Client Transactions, Personal Trading**

#### **Code of Ethics**

SIA maintains a Code of Ethics. The Code of Ethics sets forth standards of conduct expected of advisory personnel; requires compliance with federal securities laws; and, addresses conflicts that arise from personal trading by advisory personnel. Clients may request a copy of the Code of Ethics.

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

JHUSA and its affiliated companies offer proprietary mutual funds. From time to time, Financial Advisors/registered representatives may recommend to their clients, the purchase of these mutual funds. This would be when the recommendation is suitable for the client and meets their investment objectives. Clients are not obligated to purchase these funds.

#### **Personal Trading**

At times the interests of SIA and/or its access persons correspond with our client's interests. We may invest in the same securities that are recommended to clients. SIA's policy is designed to avoid conflicts of interest with our clients. We will not violate the Advisor's fiduciary responsibilities to our clients.

Mutual funds are purchased or redeemed at a fixed net asset value price set by the fund company. Transactions in mutual funds by access persons are not likely to have an impact on the prices of the fund shares. Access persons may buy or sell these funds on the same day as clients. Limited partnership

offerings have a set number of units available for purchase. We will fulfill client subscriptions first, and access persons may invest if units are remaining.

For general securities transactions (e.g. stocks, bonds):

- We will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades.
- "Front-running" (trading shortly ahead of clients) is prohibited. "Shortly ahead" includes same day trading, and also is inclusive of a more broad period of time based on facts and circumstances.
- Should a conflict occur because of materiality (i.e. a purchase or sale of an access person's prior holding of a thinly traded security), disclosure will be made to the client(s) at the time of trading.
- Incidental trading not deemed to be a conflict (i.e. a purchase or sale of an access person's prior holding of a security which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

Additionally these access persons may trade in securities not recommended to clients, when the investment objectives differ. Financial Advisors may take additional risk in investing that is not recommended to clients. We are mindful that SIA and its access persons shall not misappropriate an investment opportunity that should first be offered to eligible clients.

SIA and its access persons will keep records of all personal securities transactions whether done through the firm or not. SIA monitors its access persons' personal security transactions on an on-going basis.

### Principal Trades

SIA does not participate in Principal trades.

### Agency Cross Transactions

SIA does not participate in Agency Cross Transactions.

## **Brokerage Practices**

### **Selection or recommendation of broker/dealers**

Because Financial Advisors of SIA are registered representatives with SII, if clients freely choose to implement financial planning recommendations through us on a commissionable trading basis, the broker/dealer is SII. SII performs "due diligence" on mutual funds, variable annuities and insurance products. Only those investments that meet firm requirements will be offered for sale to clients.

For Signature Elite and Signature Allocation Series, SIA recommends and clients may choose to implement trades and maintain custody of assets through a discount broker. The services of the Schwab Institutional division of Charles Schwab & Co. ("Schwab"), or Fidelity Investments ("Fidelity"), are recommended. The selection is made on the discount rates and execution services available to the client. Clients may pay transaction fees to Schwab or Fidelity for the purchase of "no-load" mutual funds. These firms provide clients with consolidated statements.

Schwab and Fidelity provides SIA with access to its institutional trading and custody services, which are typically not available to Schwab or Fidelity retail investors. The services at Schwab are made available at no charge, as long as a total of at least \$10 million of SIA's clients' assets are maintained in accounts at Schwab Institutional. Client accounts maintained in Schwab or Fidelity custody generally are not charged separately for custody, as Schwab and Fidelity are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or Fidelity.

SIA may "trade away" for bond transactions in order to seek best execution. These bonds will be custodied in the client's account at Schwab or Fidelity under a prime brokerage arrangement.

Some client accounts at Fidelity or Schwab may be "pledged". This means the assets in the account are pledged as collateral against a loan. These accounts will look and function like margin accounts. SIA will not recommend the purchase of securities on margin. SIA does not take part in the process of pledging the accounts and has no financial interest in the process.

SIA is not affiliated with Schwab or Fidelity. The Financial Advisors of our firm are not registered representatives of Schwab or Fidelity and do not receive any commissions or fees from recommending these services.

### **Soft Dollar Practices**

SIA may receive compensation from a brokerage firm in the form of research, products or services ("soft dollars"). When a firm uses client brokerage commissions to obtain soft dollars, the firm receives a benefit by not having to produce or pay for such items. A firm may have an incentive to select or recommend a broker/dealer based on soft dollars received, rather than best execution for the client.

SIA may receive compensation in the form of soft dollars from Schwab, Fidelity, or mutual fund companies through SII, for research services including reports and software.

SIA has access to research available through Schwab and Fidelity. This research is readily available to any investment advisor utilizing Schwab and Fidelity, and may be received by SIA on an unsolicited (un-requested) basis.

SIA understands its duty for best execution and considers all factors in making recommendations to clients. These research services may be useful in servicing all SIA clients, and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While SIA may not always obtain the lowest commission rate, SIA believes the rate is reasonable in relation to the value of the brokerage, research services and software provided and especially in light of the size and stability of our recommended custodians, in relation to lower commission competitors.

Schwab also makes available other soft dollar compensation for non-research products and services that benefit SIA but may not benefit its clients' accounts. Some of these other products and services assist SIA in managing and administering clients' accounts. These include software and other technology that provide access to client account data, facilitate trade execution, pricing information and market data, assist with back-office support, recordkeeping, and client reporting. Many of these services generally may be used to service all or a substantial number of SIA's accounts, including accounts not maintained at Schwab. Schwab may also provide other services intended to help SIA manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. Schwab may make these available through independent third-parties. Schwab may discount or waive fees it would otherwise charge for these services, or pay all or a part of the fees of a third party providing these services to SIA.

SIA's recommendation that clients maintain their assets at Schwab may be based in part on the benefit to SIA of the availability of some of the foregoing products and services and not solely on the quality or costs of services provided by Schwab, which may create a potential conflict of interest. SIA does not have discretion as to brokerage firms (except in the trade away bond situations as described herein) and therefore the client is always free to accept or reject any recommendation by SIA.

#### *Client Referrals from Brokers*

See the main section heading on Client Referrals and Other Compensation for disclosure.

#### *Trade Aggregation*

While individual client advice is provided each account, client trades may be executed as a block trade. This would apply only to those accounts and transactions that are entered on a discretionary basis (e.g., Signature Allocation Series) and to a very limited extent bond trades that are placed after market close. The Advisor encourages its existing and new clients to use the Advisor's "lead custodian."

Only accounts in the custody of the lead custodian would have the opportunity to participate in aggregated securities transactions. All trades using the lead custodian will be aggregated and done in the name of the Advisor. The executing broker will be informed that the trades are for the account of the Advisor's clients and not for the Advisor itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate. The aggregation should, on average, reduce slightly the costs of execution, and the Advisor will not aggregate a client's order if in a particular

instance the Advisor believes that aggregation would cause the client's cost of execution to be increased. The Custodian will be notified of the amount of each trade for each account. SIA and/or its Financial Advisors may participate in block trades with clients, and may also participate on a pro rata basis for partial fills, but only if clients receive fair and equitable treatment.

## **Review of Accounts and Reports on Accounts**

### **Review of Accounts**

**Signature Elite** accounts are supervised (monitored) on a continuous basis by the client's SIA Financial Advisor, Deron McCoy, Director of Investment Strategy.

**Signature Allocation Series** is supervised (monitored) on a continuous basis by Deron McCoy, SIA's Director of Investment Strategy.

The Investment Committee meets monthly to determine overall asset allocation strategies and perform oversight of the Financial Advisor's client portfolios. The Investment Committee is comprised of the six Senior Partners, two Financial Advisors, and the Director of Investment Strategy. The client's Financial Advisor (or the Director of Investment Strategy in the case of Signature Allocation Series) is responsible to monitor the account on the schedule outlined for the type of service.

### **Reports on Accounts**

Clients receive standard account statements from the qualified custodian or investment sponsor, in addition to reports prepared by SIA. Signature Elite and Signature Allocation Series clients receive quarterly reports from SIA. SIA quarterly reports include current and historic performance, performance by security, asset class and investment style summaries, a portfolio appraisal and statement of fees. Additional reports, by request, can be customized to meet the needs of the client. Clients have the option to receive hard-copy or electronic account statements from their custodian.

## **Client Referrals & Other Compensation**

### **Client Referrals From Brokers**

SIA receives referrals from SII as discussed below.

### **Referral Fees Paid**

SIA may compensate for client referrals. All solicitors agreements are in compliance with the Investment Advisers Act of 1940. In addition, all applicable federal and state laws will be observed. All clients procured by outside solicitors will be given full written disclosures by the solicitor, describing the terms and fee arrangements between SIA and the solicitor, prior to or at the time of entering into the advisory agreement.

SIA has entered into an agreement with SII to compensate for client referrals. SIA will pay all solicitor fees under this arrangement to SII, and it will be the responsibility of SII to reallocate a portion of the referral fee to its agent. As part of this arrangement, SEIA or SIA may also sponsor due diligence meetings, training sessions and other meetings for the SII solicitors.

### **Investment Committee**

Investment Committee members other than Deron McCoy receive nominal compensation from SIA, for serving on the committee's monthly meetings.

## **Custody**

SIA uses custodians for the safekeeping of customer's funds and securities as disclosed in the Brokerage Practices section. Under the SEC's definition of "custody," SIA is deemed to have custody of client funds solely because of the fee deduction authority granted by the client in the SIA Engagement Agreement.

Clients will receive account statements at least quarterly from the broker-dealer or other qualified custodian. Client is urged to compare custodial account statements against statements prepared by SIA for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

## **Investment Discretion**

A limited power of attorney will be obtained from clients. SIA will not have authority to withdraw funds or to take custody of client funds or securities, other than under the terms of the Fee Payment Authorization clause in the Agreement with the client.

**Signature Elite** accounts are non-discretionary. SIA has the authority to execute trades pre-approved by clients.

Under **Signature Allocation Series**, SIA will have the discretionary authority to determine the securities and the amount of securities to be bought or sold and to automatically rebalance/reallocate within an asset allocation range subject to the restrictions in the Investment Policy Statement. Signature Allocation Series is managed by SIA's Director of Investment Strategy, Deron McCoy, CFA, CFP®, CAIA. Mr. McCoy is the only person authorized to direct trades on a discretionary basis. Mr. McCoy's brochure supplement immediate follows this SIA Brochure.

The client will designate the broker/dealer to be used for trading and custodial services. SIA may "trade away" for bond transactions in order to seek best execution. The bonds will be custodied at the broker/dealer designated by the client under a prime brokerage arrangement.

## **Voting Client Securities**

SIA does not vote proxies and does not offer advice on corporate actions. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

## **Financial Information**

SIA does not have any disclosure items in this section. An investment advisor must provide financial information if a threshold of fee prepayments is met or, if there is a financial condition likely to impair the ability to meet contractual commitments; or, a bankruptcy within the past ten years.

Form ADV Part 2B  
Brochure Supplement

SIGNATURE INVESTMENT ADVISORS, LLC<sup>®</sup>

**Part 2B Supplement Group Brochure**

Name of Supervised Persons/IA Reps	Deron McCoy, Richard Johnston-Nott, Andrew Lin
Address	2121 Ave. of the Stars, Suite 1600, LA, CA 90067
Phone Number	310-712-2323
Date of Last Revision	May 18, 2012

Name of Registered Investment Advisor	Signature Investment Advisors ("SIA")
Address	2121 Ave. of the Stars, Suite 1600, LA, CA 90067
Phone Number	310-712-2323
Website Address	<a href="http://www.seia.com">www.seia.com</a>

This Brochure Supplement provides information about Deron McCoy and members of his staff that supplements the SIA brochure. You should have received a copy of that brochure. Please contact SIA Compliance if you did not receive SIA's brochure or if you have any questions about the contents of this supplement. Additional information about SIA supervised persons is available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Deron McCoy is the Director of Investment Strategy for SIA's Department of Investment Management and Economic Strategy ("DIMES"). DIMES is responsible for the research and development of SIA's asset allocation targets. Mr. McCoy manages the Signature Allocation Series and is the person authorized with discretionary trading for the portfolios in the Series. Mr. McCoy is the Financial Advisor for the Signature Elite accounts, and is assisted by the persons named in this supplemental brochure.

## ***Educational Background and Business Experience***

### **Education and Business Background**

Name: Deron McCoy, CFA, CFP®, CAIA, AIF®

Year of Birth: 1972

Education: University of California Los Angeles (UCLA), Los Angeles, CA  
BS Mathematics-Applied Science, Specialization in Economics, 1995

Business: SIA/SEIA, Los Angeles, CA – Director of Investment Strategy, DIMES  
9/01 - present  
Signator Investors, Inc., Los Angeles, CA – Registered Representative  
6/95 - present

Name: Richard Johnston Nott, CFP®

Year of Birth: 1986

Education: University of California Irvine (UCI), Irvine, CA  
BA in Economics and Sociology, 2009

Business: SIA/SEIA, Los Angeles, CA – Relationship Manager  
11/09 – present  
Signator Investors, Inc., Los Angeles, CA – Registered Representative  
11/09 – present  
United Capital Financial Advisors, Newport Beach, CA – Trading Associate  
01/08 – 11/09  
American Advisors Group, Irvine, CA – Analyst  
03/07 – 01/08  
National Cat Protection Society, Newport Beach, CA – Financial Consultant  
01/02 – Present

Name: Andrew Lin, CMFC®

Year of Birth: 1981

Education: University of California Los Angeles (UCLA), Los Angeles, CA  
BA in Psychology, 2004

Business: SIA/SEIA, Los Angeles, CA – Relationship Manager / Strategic Development  
12/2009 – present  
Signator Investors, Inc., Los Angeles, CA – Registered Representative  
12/2010 – present  
United Capital Financial Advisors, Newport Beach, CA – Director of Operations  
02/2007 – 12/2009  
Signature Estate and Investment Advisors, LLC., Los Angeles, CA – Analyst  
05/2004 – 02/2007

Mr. Lin also serves on the Client Advisory Board of Tamarac, Inc. since July 2011 and the Schwab & Co. Tech Ops & Service Advisory Board since May 2012. See more details at other business activities.

### **Professional Designations Qualifications**

Deron McCoy holds the following designations: CFP®, CFA, CAIA, AIF®

Richard Johnston-Nott holds the following designation: CFP®

Andrew Lin holds the following designation: CMFC®

**CFP®** – Certified Financial Planner is issued by the Certified Financial Planner Board of Standards, Inc.

Candidates must meet the following requirements:

- Complete CFP® education program or fulfillment by other specified credential
- Bachelor's degree (or higher) from an accredited college or university
- Pass CFP® certification exam
- 3 years of full-time personal financial planning experience
- Continuing education requirement of 30 hours every 2 years

**CFA** – Chartered Financial Analyst is issued by the CFA Institute

CFA certificants must meet the following requirements for regular membership:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience
- Complete and pass the CFA Program – a graduate-level self-study program culminating in three sequential six-hour exams
- Have at least 4 years of qualified work experience in the investment decision-making process
- Fulfill society requirements; which require two sponsor statements as part of each application
- Commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct
- Must be a regular member

**CAIA** – Chartered Alternative Investment Analyst

Candidates must meet the following requirements:

- Successfully pass both the Level I and Level II exams
- Become a member of the CAIA Association
  - Pass the Level II exam within three years of passing the Level I exam
  - Hold a U.S. bachelor's degree or the equivalent, and have more than one year of professional experience
  - Agree on an annual basis to abide by the Member Agreement

**AIF®** – Accredited Investment Fiduciary

Candidates must meet the following requirements:

- Complete the AIF training program
- Pass the final certification exam
- Continuing education requirement of 6 hours per year

**CMFC®** – Chartered Mutual Fund Counselor is issued by the College for Financial Planning. Candidates must meet the following requirements:

- Complete the self-study course (9 modules requiring 72-90 hours)
- Pass CMFC exam
- Continuing education requirement of 16 hours every 2 years

### ***Disciplinary Information***

An investment advisor and its supervised persons (IA Reps aka Financial Advisors) must disclose material facts about legal or disciplinary events that are material to a client's evaluation of the advisory business or of the integrity of the IA Rep. Deron McCoy, Richard Johnston-Nott, and Andrew Lin do not have any material disclosure items.

## ***Other Business Activities***

Deron McCoy is the Director of Investment Strategy for DIMES for both SIA and its affiliated company SEIA. Richard Johnston-Nott and Andrew Lin also serve in dual capacities for SIA and SEIA.

Deron McCoy, Richard Johnston-Nott, and Andrew Lin are associated with Signator Investors Inc. ("SII") as Registered Representatives. SII is a general securities broker/dealer having membership in the Financial Industry Regulatory Authority. SII is a wholly-owned subsidiary of John Hancock USA ("JHUSA") a diversified financial services company engaged in the design and sale of investment products.

Richard Johnston-Nott is also Financial Consultant of the National Cat Protection Society and approximately 20 hours monthly is devoted to performing this activity. National Cat Protection Society is a Public Charity 503(c)3 organization whose mission is the protection and welfare of felines. Richard Johnston Nott's activities include: Manager Due Diligence, Asset Allocation Reporting, & Staff Education. No solicitation of this business is made to clients.

Richard Johnston-Nott is also the Owner/Sole Proprietor of The Web Regents, a home based business that provides web-hosting services. Approximately 5 hours monthly is devoted to performing this activity. Richard Johnston Nott's activities include: Server Maintenance, Website Training, & Hosting Setup. No solicitation of this business is made to clients.

Andrew Lin is a Client Advisory Board Member for Tamarac Inc., a division of Envestnet, Inc. (NYSE: ENV), is a leading provider of integrated, web-based portfolio rebalancing, performance reporting and customer relationship management software for independent advisors and wealth managers. Tamarac enables investment advisors to run their businesses with greater efficiency, scale and profitability through our custodian agnostic technology platform and outsourced portfolio management services. Tamarac serves over 500 RIA firms, collectively managing more than \$250 billion in assets. Investment advisors that use Tamarac's solution range in size from managing less than \$10 million in assets to over \$10 billion. Tamarac was founded in 2000 and is headquartered in Seattle, WA. As a Client Advisory Board Member, Andrew Lin's activities are limited to consulting with Tamarac's Executive team on product and service development. Less than 2 hours / month is devoted to this activity.

Andrew Lin is also a member of the Schwab Technology, Operations & Service (TOS) Advisory Board. Schwab Institutional Services is a division of Charles Schwab & Co., Inc. (Schwab). Andrew Lin's activities are limited to consulting with Schwab Advisor Services to develop and enhance planned or existing Schwab products with the goal to better meet the needs of the end client. Less than 2 hours/month is devoted to this activity.

### ***Additional Compensation***

Deron McCoy receives a portion of revenues derived from management of discretionary services offered through DIMES. Mr. McCoy does not receive any securities commissions.

Richard Johnston-Nott and Andrew Lin do not receive additional compensation other than as disclosed herein.

### ***Supervision***

Deron McCoy serves on the Investment Committee, which provides research and formulates investment strategies. Mr. McCoy will apply the asset allocation strategy as he sees fit to discretionary client accounts. The Investment Committee performs oversight on the client portfolios.

Mr. McCoy supervises Richard Johnston-Nott and Andrew Lin.

The Chief Compliance Officer ("CCO"), Rachel Posner, monitors trading of all DIMES employees for compliance with securities laws. The CCO may be contacted at the phone number of the main office as shown on the cover page.





## **Privacy Notice**

### **NOTICE OF PRIVACY OF CONSUMER FINANCIAL INFORMATION**

Respect for clients' privacy is highly valued at Signature Investment Advisors, LLC and its affiliated company Signature Estate & Investment Advisors, LLC ("we") and your privacy is important to us. We understand that the trust you have placed in us is conditional upon our proper handling of your personal information.

Federal law gives you the right to know what information is being collected about you and how the information will be used.

We collect non-public personal information about you from the following sources:

- Information we receive from you on applications or other forms;
- Information about your transactions with us, our affiliates, or others; and
- Information that you specifically have had your other professional advisors forward to us.

We do not disclose any non-public personal information about our customers or former customers to anyone, except as required by federal or state law, or as directed by you – our customer.

- Under the law, we may disclose all of the information we collect to companies that perform support services on our behalf as necessary to affect, administer, or process a transaction, or for maintaining and servicing your account.
- As directed by you, we will be working with your other professional advisors and we will provide information in our possession that is reasonably requested by other advisors.

We do not give or sell information about you or your accounts to any other company individual or group.

We restrict access to non-public personal information about you to those employees who need to know that information to provide products or services to you. We maintain physical, administrative, and technical procedural safeguards that comply with federal standards to guard your non-public personal information.

You do not need to call or do anything as a result of this notice. It is meant to inform you of how we safeguard your non-public personal information.

Should you have any questions regarding our privacy procedures, please feel free to contact us at (310) 712-2323.



### **Business Continuity Program**

Signature Investment Advisors, LLC and its affiliated company Signature Estate & Investment Advisors, LLC seek to provide uninterrupted client service. We believe the stability of our business practices, as well as our technology systems, is vital to earning your trust, therefore we make every effort to provide uninterrupted service through a Business Continuity Plan aligned with rigorous SEC and FINRA requirements.

In the event of a natural or unnatural disaster that interrupts our normal business operations at our corporate headquarters at 2121 Avenue of the Stars, in Los Angeles, California; our comprehensive Business Continuity Plans include but are not limited to the following:

- Pre-defined alternate worksites and communications systems for all business critical functions.
  - 2010 Main St., Suite 350, Irvine, CA 92614 Ph 949-705-5188 or 800-472-1066 Fax 949-705-5199
  - 3452 E. Foothill Bl., Suite 1140, Pasadena, CA 91107 Ph 626-795-2944 Fax 626-795-2994
  - 8607 Westwood Center Dr., Suite 300, Vienna, VA 22182 Ph 703-893-2550 Fax 703-287-7122
  - 1815 Via El Prado, Suite 100, Redondo Beach, CA 90277 Ph 310-712-2322 Fax 310-712-2377
- Multiple data recovery backup systems.
- Various methods of communicating with and providing service to clients via the Internet, local offices and automated telephone forwarding services.
- Annual employee awareness and Business Continuity training.

While no contingency plan can eliminate all risk of service interruption or temporarily impeded account access, we continually assess, test, and update our Plan to mitigate all reasonable risk.

If we find it necessary to temporarily move our operations, we will attempt to notify you. Please understand that this may take from 24 to 48 hours or longer.

Please refer to the Business Continuity Programs of your custodian for additional key information. A complete copy of our Business Continuity Plan may be viewed in our office during regular business hours.

Sincerely,

A handwritten signature in black ink, appearing to read "BDH", is written over a light blue horizontal line.

Brian D. Holmes, MS, CFP®, CMFC  
President, CEO