

# **Investacorp Advisory Services, Inc.**

**SEC File No. 801-57738**

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**<http://www.investacorp.com>**

This brochure provides information about the qualifications and business practices of Investacorp Advisory Services, Inc. If you have any questions about the contents of this brochure, please contact us at (305) 557-3000 or [ias@investacorp.com](mailto:ias@investacorp.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.

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

## Material Changes

On July 28, 2010, the United States Securities and Exchange Commission (“SEC”) published “Amendments to Form ADV” under the Investment Advisers Act of 1940 (“Advisers Act”) which amends the disclosure document that we provide to clients as required by SEC Rules.

- Item 4 - Ownership Changes: Ladenburg Thalmann Financial Services, Inc. is now a wholly-owned subsidiary of Advisor Group Holdings, Inc which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners LLC.
- Item 10 – Other Financial Activities and Affiliations: This section was amended to disclose new related persons that are operationally separate from Securities America Advisors, Inc. but under common control of parent company Advisor Group Holdings, Inc.

We may update this Brochure at any time. If we make any material changes relating to Item 9 (disciplinary information), we will provide you either (i) a copy of our Form ADV Part 2A that includes or is accompanied by a summary of material changes or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV Part 2A. We urge you to carefully review all subsequent summaries of material changes as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest and disciplinary history.

If you would like a full copy of this Brochure at no charge, please download it from the SEC website or you may contact IAS’s Chief Compliance Officer, at 305-557-3000 or [ias@investacorp.com](mailto:ias@investacorp.com).

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# Advisory Business

## **About the Firm**

Investacorp Advisory Services, Inc. (“IAS”) is an investment advisory firm and has been in business since April 4th, 1984. IAS is a wholly-owned subsidiary of Ladenburg Thalmann Financial Services, Inc. (LTFS). LTFS provides a diverse array of financial products and services through a number of subsidiaries. LTFS has several other affiliates registered as investment advisors, an investment company, insurance broker, broker/dealers and a trust company. LTFS is a holding company primarily engaged in business through its subsidiaries.

LTFS is a wholly-owned subsidiary of Advisor Group Holdings, Inc. which is owned primarily by a consortium of investors through RCP Artemis Co-Invest, L.P., an investment fund affiliated with Reverence Capital Partners LLC. The consortium of investors includes, RCP Genpar Holdco LLC, RCP Genpar L.P., RCP Opp Fund II GP, L.P., and The Berliniski Family 2016 Trust.

## **Types of Advisory Services**

IAS offers several types of advisory services, alone or in combination, including: 1) financial planning and related consulting services; 2) retirement plan services; 3) investment management services; and 4) third-party asset management consulting services. All of these services are tailored to the individual needs of each client based on the client’s investment objectives, risk tolerance, investment time horizon, and similar factors. In providing these services, IAS will honor any investment guidelines or reasonable restrictions imposed by the client. Client-imposed restrictions or guidelines will affect investment performance. When IAS provides these services with respect to less than all of the client’s investable assets, the objectives, risk, time horizon and similar factors used to inform IAS recommendations will be those that apply to the portion of the client’s investable assets which IAS is responsible, which will often differ from the factors that would apply if IAS were providing services with respect to all of the client’s investable assets.

## **Financial Planning and Related Consulting Services**

IAS, through certain IARs, may provide financial planning and related consulting services by providing an evaluation to clients that have entered into one of our IAS Financial Consulting Services Agreements (“Agreement”). Financial planning and related consulting services may include, but not be limited to, the following: estate planning, retirement planning, financial planning, education planning, asset allocation, variable product analysis, insurance needs analysis, as well as, other planning issues and investment recommendations. IAS offers its financial analysis consultation services on an hourly, fixed fee or reoccurring payment basis depending upon the complexity of the services, as negotiated through the Agreement, between the IAR and client.

The personal consultations to clients are intended to address the client’s individual questions, financial needs, and personal circumstances. The consulting services may encompass a wide variety of issues and topics, including investment recommendations. The client has sole responsibility for determining whether to implement any recommendations made during any personal consultation. The client may, but is not required to, implement any of the recommendations through IAS as investment adviser or through any of its affiliates. If the client chooses to use IAS or an affiliate to implement any recommendations, those activities are separate and distinct from the consulting services provided by IAS under a consulting services agreement.

## **Plan Sponsor and Plan Participant Services**

IAS Investment Advisor Representatives provide investment consulting services to sponsors of retirement plans (“Plan Sponsors”) and may also provide investment consulting services to retirement plans for the benefit of its participants and their beneficiaries (collectively the “Participants”). These services may include: identifying funds for the Plan Sponsor’s review and final selection based on the selection criteria stated in the Plan’s investment policy statement; assisting in enrollment and communication meetings for plan participants; and assisting Plan Sponsor in reviewing quarterly fund performance reports. Retirement Plan Services are either “fiduciary services” or “non-fiduciary services” as defined under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). When providing fiduciary services, IAS will provide those services to the plan as a fiduciary under ERISA Section 3(21)(A)(ii) and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. In most scenarios, IAS does not serve as a “fiduciary” as the term is defined in Section 3(38) of ERISA, however an affiliate such as Ladenburg Thalmann or another third party manager can act as a 3(38) Investment Manager. However, under limited circumstances, IAS’ Investment Advisor Representatives may serve as a 3(38) fiduciary when approved in writing by the Home Office Compliance Department.

Plan participants may separately engage our affiliate; Ladenburg Thalmann Asset Management, Inc. (“LTAM”) to manage retirement plans for the benefit of its participants and their beneficiaries (collectively the “Participants”). These services are provided in conjunction with other services provided to plans and Participants by LTAM. The services provided by IAS are set forth in the agreement with the plan sponsor and may include: coordination and participant enrollment; investment monitoring and review services; and individual participant services. The services provided by LTAM are also set forth in the plan sponsor agreement. For more detail about these services, see the LTAM disclosure brochure.

## **Investment Advisor Representative Managed Account Services**

IAS Investment Advisor Representatives (“IARs”) may also manage client accounts through various account structures available through the IAS investment advisor representative managed account services programs, including STRUCTURE, STRUCTURE PLUS, and ARCHITECT. Accounts in STRUCTURE, STRUCTURE PLUS and ARCHITECT are managed on a discretionary basis. As a result, Client hereby grants IAS complete and unlimited trading discretion to manage the STRUCTURE, STRUCTURE PLUS and ARCHITECT Accounts. Pursuant to this grant of discretion, Client authorizes IAS to invest and reinvest the assets in each Account

at such time and in such manner as IAS in its discretion shall determine, and to act on Client's behalf in all other matters necessary or incidental to the trading in each Account, without discussing individual transactions or actions with Client in advance. The granting of trading discretion does not authorize IAS to withdraw funds or assets from the Account. Any investment restrictions imposed by Client may cause IAS to deviate from the investment recommendations it otherwise would make pertaining to the Account.

The available account structures include programs under which the client has flexibility to pay for individual transaction charges or pay an asset-based fee that includes trading charges.

The account program that IAS offers under which clients pay an advisory fee plus transaction charges is "STRUCTURE". The account programs that IAS offers under which clients pay an all-inclusive advisory fee with no individual ticket costs are ARCHITECT, PARALLEL, and STRUCTURE PLUS. Clients authorize and direct IAS to execute transactions for these accounts through Investacorp. Additional information on ARCHITECT, PARALLEL, and STRUCTURE PLUS programs can be found in the IAS WRAP Program Brochure.

Several factors may influence the selection of the account program including, but not limited to: the client's preference for an all-inclusive fee vs. transaction charges per trade on certain or all securities, account size, anticipated trading frequency, anticipated securities to be traded, management style, and long-term investment goals. These factors may lead to total fees being more expensive in various programs.

The IAR's services are tailored to the individual needs of clients. The IAR assists the client in connection with establishing and monitoring of client investment objectives, risk tolerance, asset allocation goals, and time horizon. Clients have the opportunity to place reasonable restrictions or constraints on the way their accounts are managed; however, such restrictions may cause the IAR to deviate from a strategy or recommendations that the IAR would have made if such restrictions or constraints were not in place. Thus, the account's performance may be lower than it otherwise would have been. The services that IAS provides under some or all of these investment options may be available from other providers for lesser fees. In addition, clients may buy securities (e.g., mutual funds, exchange-traded funds, etc.) outside of our investment advisory programs without incurring the fees associated with our programs. The services provided under each of the non-wrap fee programs are as follows:

**STRUCTURE**

IARs may recommend to clients investments from a diverse group of securities, which may include exchange listed and NASDAQ traded stocks, bonds and warrants, as well as exchange traded real estate investment trusts, select fee-based non-traded alternative investment products, secondary market closed-end investment company securities, secondary market unit investment trusts, NTF mutual funds, load-waived mutual funds purchased at Net Asset Value ("NAV"), no-load mutual funds, select variable annuity products, cash equivalents, and other securities. This program will be custodied at National Financial Services, Inc. ("NFS") and administered directly on the NFS platform.

***Individual Client Needs and Restrictions***

IAS tailors its advisory services to the individual needs of clients. Clients may impose reasonable restrictions on investing in certain securities or types of securities.

***Assets Managed***

IAS managed \$1,756,853,951 billion of assets on a discretionary basis and \$479,653,328 million of assets on a non-discretionary basis.

***Third-Party Asset Management Consulting Services***

IAS offers access to third-party asset managers who offer a wide range of asset classes and strategies through which our clients can invest. Our investment adviser representatives will typically recommend and assist the client in selecting these third-party managers, and will consult with the client regarding those services.

The third-party managers recommended by IAS will typically manage accounts using investment discretion, meaning that the client is not required to approve every proposed transaction. The client typically grants discretion to the third-party manager in a separate agreement between the client and the third-party manager. IAS may assist clients by recommending that assets be allocated among multiple managers, but IAS does not have discretion to select the manager or to allocate or re-allocate the client's assets.

Whenever a client selects the services of a third-party manager, the client will receive a disclosure brochure similar to this one describing the manager and the services it provides. The client may also receive a disclosure brochure or brochure supplement describing each individual portfolio manager selected. Clients should read these disclosure brochures carefully before deciding whether to select a particular portfolio manager.

Ladenburg Thalmann Asset Management ("LTAM"), a company affiliated with IAS, is among the third-party managers we recommend to our clients. IAS has a conflict of interest in recommending the services of LTAM because a IAS affiliate receives a larger portion of the platform fee than it would if IAS selected an unaffiliated third-party manager. To manage this conflict of interest, IAS has policies and procedures in place to ensure that the third-party managers selected are well suited to clients' financial needs and goals. For more information, see the section discussing LTAM under the heading "Other Financial Industry Activities and Affiliations" below.

IAS currently recommends the following third-party programs to its clients. Other programs may be available through PARALLEL or added to this list at IAS's discretion. Similarly, IAS may remove a program from this list at any time.

LBS Capital Management	BTS Asset Management	Maple Capital Management
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FTJ Fund Choice	Hanlon Investment Management, Inc.	Symmetry Partners
Brinker Capital	Loring Ward Capital Management	P & A Retirement Plan
CLS Investment Firm, LLC	Wasmer Schroeder & Co., Inc.	Neimann Capital Management, Inc.
Envestnet Asset Management	Genworth Financial Wealth Management	Lockwood Advisors
Morningstar Investment Services, Inc.	SEI Investments	Ladenburg Thalmann Asset Management Inc.
Credit Suisse	Weatherstone Capital	Karpus Investment Management
Swan Asset Management	Meeder Investment Management	

## Fees and Compensation

### ***Compensation/Reimbursement of Expenses to Ladenburg Thalmann Financial Services Inc. (LTFS) and affiliates***

Ladenburg Thalmann and its Affiliates are also affiliated with SEC registered investment advisory firms, which include Ladenburg Thalmann Asset Management Inc., Securities America Advisors, Inc., Arbor Point Advisors, LLC, Triad Advisors, Inc., Triad Hybrid Solutions, LLC, SSN Advisory, Inc., Investacorp Advisory Services, Inc., and KMS Financial Services, Inc., (together “Ladenburg Thalmann Advisors”). Ladenburg Thalmann Advisors has also created the Strategic Partners Program for independent investment advisors. Investment advisors are selected to participate based on several criteria including, investment strategy, investment performance, transaction reporting capabilities and training and wholesaling support. In exchange for certain benefits, such as an opportunity to participate in Ladenburg Thalmann’s national conferences and broader access to our representatives, investment advisors in the Strategic Partners Program pay to participate in the program by sharing with Ladenburg Thalmann Advisors a portion of the revenue generated by distributing their products and services and or paying a specified annual dollar amount. Ladenburg Thalmann Advisors representatives may also receive reimbursements, marketing and distribution allowances, due diligence fees, or other compensation based on deposits and/or assets under management directly from third-party asset manager program sponsors for the costs of marketing, distribution, business and client development, educational enhancement, and/or due diligence reviews incurred by Ladenburg Thalmann Advisors and/or Ladenburg Thalmann Advisors representatives relating to the promotion or distribution of the program sponsor’s products or services. Ladenburg Thalmann Advisors Strategic Partners pay a flat annual fee. In addition to a flat fee, which may be up to \$430,000 per year, Strategic Partners pay basis points on sales on assets, or a percentage of the Partner’s net advisory fee derived from assets invested through their models. It is important to understand that none of the payments made by the firms participating in the program are paid or directed to any representative who utilizes the services of these investment advisors. For a list of Strategic Partners and additional information on the program, please contact your Representative or visit [www.investacorp.com](http://www.investacorp.com).

### ***Third-Party Asset Management Consulting Services***

The fees that clients pay in connection with the third-party programs are set forth in the program agreement that clients sign. For more information about these fees, see the applicable program brochure.

Most third-party program sponsors charge a fee that is inclusive of the fees paid to IAS for its services as predetermined by the third-party sponsor. In certain instances within our Parallel program, IAS charges a separate fee for the services it provides in addition to the fees charged by the third-party sponsor. In no instances will IAS receive an annualized advisory fee of more than 2.34% on third-party program accounts.

Clients may also incur certain fees or charges imposed by third-party entities other than IAS and the IARs in relation to investments made through or deposited into accounts in third-party programs. These charges are set forth in the applicable brochure provided by the third-party sponsor.

Clients may terminate their participation in third-party investment advisor programs and receive refunds of any prepaid fees, as stated in the applicable brochure provided by the third-party sponsor.

### ***Plan Sponsor and Plan Participant Services***

In exchange for the services provided to Plan Sponsors, IAS and Ladenburg Thalmann Asset Management (its affiliate) will charge an annual fee of up to 0.65% based on the value of the Plan assets. The fee is paid at the end of each month or each quarter in arrears. Plan Sponsors may terminate their agreements at any time upon thirty days’ written notice. If the Plan Sponsor services are terminated during any period except on the last business day of a quarterly period, the fee will be assessed pro rata based on the number of days that services were provided. If the fee is to be paid out of Plan assets, the Plan Sponsor generally authorizes the Plan record keeper to calculate and instruct the custodian to deduct the fee from the Plan assets and pay it to LTAM; otherwise LTAM will send the Plan Sponsor an invoice and payment of which is generally due in full within ten business days.

LTAM will charge participants who elect to enroll in Ladenburg Thalmann Discretionary Professionally Managed Program Account an



annual fee of up to 0.15% based on the value of the Plan assets in their accounts. The fee is paid at the end of each quarter in arrears. Clients generally authorize the Plan's record keeper to calculate and instruct the custodian to debit the fee directly from the client's account. Participants may terminate their Ladenburg Thalmann Discretionary Professionally Managed agreements at any time upon thirty days' written notice and a pro rata portion of the fee will be assessed based on the number of days that services were provided. Notwithstanding the above, Plan Sponsor and participants may terminate their Agreement without penalty within five (5) business days after the Agreement has been signed by the client and accepted by LTAM.

The fees paid for plan sponsor and participant services described above cover only the services provided by IAS and LTAM under the agreement with the Plan Sponsor or participants, as applicable. Plan Sponsor and/or participants will also pay separate fees for custody, third party administrative services, and for trustee or other third party services. In addition, each mutual fund or exchange-traded fund ("ETF") in which a client may invest also bears its own investment advisory fees and other expenses. Fund transactions may also be subject to applicable commissions and/or transactions charged by the platform chosen by the Plan Sponsors.

The value of the assets will be based on information provided by the third party administrator of the plan or the plan's custodian. LTAM does not independently verify this information nor does LTAM guarantee the accuracy or validity of such information. The third party administrator will generally calculate the fee owed to LTAM and debit the applicable plan accounts.

### ***Financial Planning and Related Consulting Services***

IAS offers its financial analysis consultation services on an hourly, fixed fee or reoccurring payment basis depending upon the complexity of the services, as negotiated through the Agreement, between the IAR and client. The IAR may charge an hourly rate of up to \$300, a fixed fee of up to \$10,000 or an annual percentage rate of no more than 1.50%, based on the value of the assets subject to the Financial Consulting Services Agreement. On a case-by-case basis, dependent upon the facts and circumstances, the IAS CCO may permit a fee in excess of the before-mentioned fees. In such situations, the IAS CCO will document the reason for the increased fee. IAR reserves the right to require pre-payment of up to one-half of the quoted fee for the hourly or fixed fee rate, clients can be billed monthly or quarterly, in advance or in arrears, for the annual percentage rate, at the time the client signs the Agreement. The Fee covers only financial planning and related consulting services provided by IAS under the financial consulting services agreement.

In addition to the consulting fee that clients pay to IAS, clients who choose to implement the recommendations will incur certain fees and charges imposed by custodians, brokers, third party investments and other third parties such as fees charged by managers. The fees and charges include: Brokerage commissions, Transaction Fees, Exchange fees, SEC fees, Custodial Fees, Deferred sales charges (on MF or annuities), Odd-Lot differentials, Deferred sales charges (charged by MFs), Transfer taxes, Wire transfer and electronic fund processing fees, and Commissions or mark-ups/mark-downs on security transactions and margin interest on debt balances.

Each mutual fund, exchange-traded fund ("ETF") or private fund in which a client may invest also bears its own investment advisory fees and other expenses. Fund transactions are also subject to applicable commissions, transaction charges or other fees.

If the client chooses to implement any portion of the recommendations through IAS or an affiliate, IAS and its affiliates will receive additional compensation. For example, if the client decides to implement a portion of the recommendations through an IAS advisory program, the client will pay program fees to IAS in connection with the program as part of the total advisory fee that is negotiated with the IAS IAR, who will generally receive a portion of advisory fees for services rendered under the IAS program.

Similarly, if the client decides to implement a portion of the recommendations through a brokerage account at Investacorp, the client will pay commissions to Investacorp. The fee that a client pays to IAS for consulting services will not be reduced if compensation is paid to IAS, Investacorp, or its affiliates for other services. Investacorp may receive distribution or service ("trail") fees from the sale of certain mutual funds (including money market funds) pursuant to a 12(b)-1 distribution plan or other such plan as compensation for distribution or administrative services and are distributed from the fund's total assets. All 12(b)-1 fees incurred by the client will be fully rebated to applicable account. In addition, Investacorp receives compensation in connection with cash held in the account. Investacorp receives compensation from the custodian based on the value of credit balances in the accounts. If cash is swept into a money market fund, Investacorp receives compensation based on the value of assets in these funds as broker-dealer. Thus, IAS and the IAS IAR have an incentive to recommend that the client select a money market fund as a sweep vehicle that pays more compensation to Investacorp than other funds. These fee arrangements will be disclosed upon request of a client and are available in the applicable fund's prospectus. Clients may purchase securities through broker-dealers in initial public offerings, secondary offerings and special purpose acquisition company transactions. An affiliate of Investacorp may act as an underwriter or manager for such offerings, and as such, will receive compensation equal to either all or a portion of "gross spread" (the difference between the price the client pays for the security and the price at which it purchased the securities). Investacorp may also receive a portion of the gross spread as a member of the selling syndicate. The advisory fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement.

Most IAS IARs are also registered broker-dealer representatives of Investacorp. Investacorp may share a portion of payments received from a mutual fund or in connection with an initial public offering, a secondary offering, and/or a private placement with these IARs. These IARs may also receive compensation or services fees, in connection with the sale of funds. Therefore, the IAR has an incentive to recommend implementing the recommendations made through the consulting services through Investacorp. This conflict of interest is heightened when the IAR recommends securities where Investacorp is a member of the selling syndicate because the IAR typically receives more compensation in connection with these securities than in connection with other types of securities. The IAR may also have a heightened conflict of interest when recommending funds that pay compensation, because the IAR may receive a portion of that compensation.

### ***Investment Advisor Representative Managed Account Services***

Generally, fees for investment advisory accounts are based on a percentage of the market value of assets under management including cash. The advisory fee compensates IAS for the asset management services, investment advice and recommendations provided. The value of the assets will be based on information provided by the custodian of the assets, the client or other third party, as applicable. IAS is entitled to rely on the financial and other information that the client, any custodian, or any other third party provides to IAS. IAS does not independently verify this information nor does IAS guarantee the accuracy or validity of such information. Clients generally instruct the custodian to take instructions from IAS to debit the fee from one of client's accounts. The fee structures for STRUCTURE are set forth below. In STRUCTURE, clients pay an advisory fee plus a platform fee and transaction charges.

### **STRUCTURE**

IAS charges an asset-based advisory fee at the beginning of each quarter for advisory services in advance which is equal to a maximum of 2.00% per annum based on the value of the assets for each account. The rates are subject to negotiation between IAS and each client. IAS pays all or substantially all of the advisory fee to the IAR. IAS will also receive a platform fee which is equal to a maximum annual fee of up to 0.20% based on the value of the assets in each account, which is charged to the client. The Platform Fee rate will be blended, i.e., as the value of the assets reaches various thresholds, the assets above each threshold will be charged successively the lower advisory fee rate. The Account will also be charged transaction charges at a price detailed at [www.investacorp.com](http://www.investacorp.com). This charge will not apply to transactions in mutual funds that have been designated by the Custodian as "NTF" or no-transaction charge funds. The actual fee rates paid by the client will be set forth in the client's agreement with IAS. The maximum annual advisory platform fee rates for STRUCTURE are:

STRUCTURE ACCOUNT BREAKPOINTS	
Account Size	Platform Fee
First \$250,000	0.20%
Next \$250,000	0.18%
Next \$500,000	0.15%
Next \$4,000,000	0.10%
Over \$5,000,000	Negotiable

STRUCTURE accounts will be subject to a minimum annual maintenance fee of \$100, which will be charged quarterly at \$25. The maintenance fee covers certain administrative services provided by IAS and its affiliates. These fees are in addition to the advisory and platform fees. If fees are suspended for any reason, IAS reserves the right to charge IAR for uncollected platform fees.

### **ALL ACCOUNTS**

In addition to the advisory fee and platform fee, accounts in STRUCTURE are assessed individual transaction charges. These transaction charges may be higher or lower than transaction charges or commissions that clients may pay at other broker-dealers.

The transaction charges are outlined on [www.investacorp.com](http://www.investacorp.com). The account programs that IAS offers under which clients pay an all-inclusive advisory fee with no individual ticket costs are ARCHITECT, PARALLEL and STRUCTURE PLUS. Factors such as account size and anticipated trading frequency may lead to total fees being more expensive in various programs. Additional information on the ARCHITECT, PARALLEL and STRUCTURE PLUS can be found in the IAS WRAP Program Brochure.

The transaction fees charged in the STRUCTURE program could bring the total charges with respect to the account to be in excess of 3%. Therefore, in certain limited circumstances, the total fees will be higher than that normally charged in the industry, and other investment advisors may provide the same or similar services at lower rates. Equity, ETF, and bond transaction charges may be based on a combination of a flat rate plus a percentage of the aggregate amount of the trade. In the Structure and Structure Plus programs, Investacorp Inc. or IAS may receive revenue from transactions executed at Custodian.

Each mutual fund, exchange-traded fund ("ETF") or private fund in which a client may invest also bears its own investment advisory fees and other expenses. Fund transactions are also subject to applicable commissions, transaction charges or other fees. Investacorp may receive distribution or service ("trail") fees from the sale of certain mutual funds (including money market funds) pursuant to a 12(b)-1 distribution plan or other such plan as compensation for distribution or administrative services and are distributed from the fund's total assets. All 12(b)-1 fees incurred by client will be rebated to applicable account. These fee arrangements will be disclosed upon request of a client and are available in the applicable fund's prospectus.

The advisory fees and transaction charges do not cover charges imposed by third-parties for investments held in the account, such as contingent deferred sales charges or 12(b)-1 trails on mutual funds. The advisory and program fees also do not cover fees and charges in connection with:

Debit balances	Margin interest	Annuities
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Odd-lot differentials	IRA fees	Transfer taxes
Exchange fees	Wire transfers	Extensions
Non-sufficient funds	Mail grams	Legal transfers
Bank wires	Postage	“Surcharge” mutual funds
SEC fees or other fees or taxes required by law	Costs associated with exchanging foreign currencies	

For the majority of accounts, fees are payable quarterly in advance, and automatically deducted from the account pursuant to the advisory agreement and not billed separately to clients.

Subject to approval, IARs may trade on margin for client’s accounts, which could result in a high portfolio turnover ratio and higher transaction charges in accounts with such charges. Additionally, the use of margin may also result in interest charges, as well as, all other fees and expenses associated with the security or account involved.

Managed account services implemented through a brokerage account at Investacorp will result in the client paying commissions and fees to Investacorp under non fee-based programs. The fee that a client pays to IAS for managed account services will not be reduced if fees are paid to Investacorp, or its affiliates for other services. Investacorp may receive distribution or service (“trail”) fees from the sale of certain mutual funds (including money market funds) pursuant to a 12(b)-1 distribution plan or other such plan as compensation for distribution or administrative services and are distributed from the fund’s total assets. All 12(b)-1 fees incurred by client will be fully rebated to applicable account. In addition, Investacorp receives compensation in connection with cash held in the account. Investacorp receives compensation from the custodian based on the value of credit balances in the accounts. If cash is swept into the Bank Deposit Sweep Program, Investacorp receives compensation based on the value of assets in these funds as broker-dealer. Thus, IAS and the IAS IAR have an incentive to recommend that the client select a money market fund as a sweep vehicle that pays more compensation to Investacorp than other funds. These fee arrangements will be disclosed upon request of a client and are available in the applicable fund’s prospectus.

Advisory and platform fees are prepaid at inception of the account and within each calendar quarter. Clients may terminate their participation in a program at any time upon written notice and a prorated portion of advisory and platform fees that were prepaid will be refunded based on the number of days remaining in the quarter following receipt of the notice of termination. Such termination, however, will not affect the liabilities or obligations of the parties under the respective agreement arising from transactions initiated prior to such termination.

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

IAS does not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance based fees). Our advisory fee compensation is charged only as disclosed above.

## Types of Clients

IAS provides portfolio management services mostly to individuals, high net worth individuals, pension and profit-sharing plans, including plan participants, trust, estates and charitable organizations and foundations, corporations and other business entities. The minimum account size for the STRUCTURE and STRUCTURE PLUS programs is a market value of \$5,000. The minimum account size for ARCHITECT is \$50,000. IAS may waive these minimums under certain circumstances. Should the market value of an account fall below the stated minimum, IAS will have the right to require that additional monies be deposited to bring the account value up to the required minimum, or close the account. All other minimum account sizes are determined by the third-party (non-proprietary) program sponsor. Clients are discouraged from participating in these IAS programs if an account’s market value would be less than these applicable minimums.

## Methods of Analysis, Investment and Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. IAS does not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

IAS cannot offer any guarantees or promises that a client’s financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Third-Party Asset Management Consulting Services**

Factors IAS considers in selecting and monitoring third-party programs’ performance may include comparing the performance of accounts in the programs relative to certain market indices or asset allocation objectives, other money managers, and/or programs. Other factors include allocation and/or manager risk analysis, comparative of expenses, and other qualitative factors and analysis. For information about material risks related to the program or specific portfolio managers in the programs, see the appropriate disclosure brochure.

### ***Plan Sponsor and Plan Participant Services***

IAS relies on information provided by the Plan Sponsor, record keeper and LTAM in providing services to the Plan Sponsor and Plan Participants. The material risks involved depend on the investment selected by each Participant.

### ***Financial Planning and Related Consulting Services***

Investment advisor representatives may assist clients in determining the client's investment objectives, evaluating and selecting managers, funds, programs or portfolios, setting restrictions or limitations on the management of the account, explaining portfolio and transactions, and answering questions. The investment advisor representatives will also evaluate the overall investment strategy and performance of any third-party money manager or asset allocation program.

Factors to be considered in selecting and monitoring performance may include comparing a portfolio's performance relative to certain market indices or asset allocation objectives, other money managers, and/or programs. Other factors often include allocation and/or manager risk analysis, comparative of expenses, and other qualitative factors and analysis.

IAS advisor representatives may provide planning services primarily from financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. In order to determine a suitable course of action for an individual client, we shall perform a review of the variables that are presented. Such review may include, but would not necessarily be limited to, investment objectives, consideration of the client's overall financial condition, income and tax status, personal and business assets, risk profile, liquidity constraints and other factors unique to the client's particular circumstances.

Recommendations developed by the IAR are based upon their professional judgment; however, we cannot guarantee the results of any of their recommendations. Results may use simplifying assumptions that do not completely or accurately reflect your specific circumstances. No financial plan or report has the ability to accurately predict the future. As investment returns, inflation, taxes, and other economic conditions vary from assumptions, your actual results will vary (perhaps significantly) from those presented.

### ***Investment Advisor Representative Managed Account Services***

IARs may use charting, fundamental and/or technical analysis. The main sources of information that IAS advisor representatives may use include financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filing with the SEC and company press releases.

The IAS Investment Advisor Representative may recommend that the client purchase or sell general types of investment products, including specific securities which are consistent with the client's investment objectives and profile. Investments used to implement any investment advice, by the IAR, given to clients may include; long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), short sales, margin transactions, covered option strategies, etc. All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized (the securities were not sold to "lock in" the profit). Stock markets and bond markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets being managed, therefore, we cannot guarantee any level of performance or that you will not experience a loss of your account assets that you should be prepared to bear.

### ***Options Risk***

IARs may recommend or purchase options for accounts. An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells their option in the secondary market nor exercises it prior to its expiration will necessarily lose their entire investment in the option. An option writer may be assigned an exercise at any time during the period the option is exercisable. Starting with the day it is purchased, an American-style option is subject to being exercised by the option holder at any time until the option expires. This means that the option writer is subject to being assigned an exercise at any time after they have written the option until the option expires or until they have closed out their option position in a closing transaction. By contrast, the writer of an European-style or capped option is subject to assignment only when the option is exercisable or, in the case of a capped option, when the automatic exercise value of the underlying interest hits the cap price. For more information regarding the risks of options, please read the "Characteristics and Risks of Standardized Options" brochure, which can be found at [www.optionsclearing.com](http://www.optionsclearing.com).

### ***Margin Risk***

IARs may trade on margin in accounts. Leverage increases a portfolio's risk as price swings are amplified in a margin account and clients can lose more funds than deposited if value of securities decline.

## **Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the advisor or the integrity of their management. While IAS neither admitted nor denied the SEC's findings, the SEC found that IAS breached its fiduciary duty, had inadequate disclosures and was deficient in its compliance policies and procedures in connection with IAS's mutual fund share selection practices.

During January 1, 2014 to March 30, 2018 (the relevant period), the SEC found that IAS's IARs invested advisory clients in mutual fund share classes charging 12b-1 fees and that Investacorp, Inc., IAS's affiliated broker/dealer, received 12b-1 fees based on those

investments. While IAS neither admitted nor denied the SEC’s findings, the SEC found that IAS’ disclosure documents failed to adequately inform clients that this was a conflict of interest because less expensive share classes were available for the same fund and that this made IAS’ practice inconsistent with its duty to seek best execution for its clients’ transactions.

IAS self-reported to the Commission the violations discussed in the Order pursuant to the SEC Division of Enforcement’s (the “Division”) Share Class Selection Disclosure Initiative (“SCSD Initiative”). On March 11, 2019, the SEC entered an order against IAS (File Number 3-19037) in which IAS was instructed to cease and desist from committing or causing violations of Sections 206(2), 206(4) and 207 of the Advisers Act and Rule 206(4)-7 thereunder. IAS was also censured and ordered to pay disgorgement of \$437,764.47, and prejudgment interest of \$43,844.16. Clients can also refer to Investment Adviser Public Disclosure at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) for additional information.

Prior to the entry of the SEC’s order, IAS implemented several policies to address the mutual fund share class selection practices described in the SEC’s order. IAS now requires that its IARs complete all new purchases of mutual funds in advisory accounts at the lowest cost share class available to IAS, and IAS has worked with its clearing platforms to ensure compliance with this policy. Additionally, IAS has taken steps to convert mutual fund investments in all Class A shares (or comparable classes) to the lowest cost share classes available for the same funds at no costs or tax consequences to its existing advisory clients. For those shares that cannot be or have not yet been converted, IAS has implemented a policy to credit back any newly incurred 12b-1 fees to existing advisory clients.

## Other Financial Industry Activities and Affiliations

This section contains information about our financial industry activities and affiliations. We provide information about the material relationships and arrangements we have with any related persons, including broker/dealers and investment advisors. We identify if any of these relationships or arrangements create a material conflict of interest with clients and discuss how we address these conflicts. “Related persons” are defined as entities that we control or control us or are under common control with us.

IAS has arrangements with its affiliated broker-dealer, Investacorp, a Registered Broker-Dealer under which with the client’s authorization, Investacorp may effect and execute securities transactions for compensation pursuant to the investment advisory program that the client may choose. Ladenburg Thalmann Financial Services Inc. (“LTFS”) owns 100% of IAS and Investacorp.

IAS has the following affiliates, which are wholly-owned subsidiaries of Ladenburg Thalmann Financial Services, Inc., which is a wholly-owned subsidiary of Advisor Group Holdings, Inc. (AGHI).

Name	Type of Company	Ownership
Ladenburg Thalmann Financial Services, Inc. (LTFS)	Holding Company	100% owned by AGHI
Securities America Financial Corporation (SAFC)	Holding Company	100% owned by LTFS
Securities America, Inc. (SAI)	Broker-Dealer	100% owned by SAFC
Arbor Point Advisor, LLC (APA)	Registered Investment Adviser	Majority owned by SAFC
Ladenburg Thalmann Asset Management, Inc. (LTAM)	Registered Investment Adviser	100% owned by LTFS
Ladenburg Thalmann & Co. Inc. (LTCO)	Broker-Dealer	100% owned by LTFS
Ladenburg Capital Agency Inc.	Insurance Company	100% owned by LTFS
Ladenburg Thalmann Alternative, Inc.	Registered Investment Adviser(exempt from registration)	100% owned by LTFS
Triad Advisors, LLC	Registered Investment Adviser, Broker-Dealer & Insurance	100% owned by LTFS
Triad Hybrid Solutions, LLC	Registered Investment Adviser	100% owned by LTFS
Highland Capital Brokerage	Insurance Company	100% owned by LTFS
Investacorp, Inc.	Broker-Dealer	100% owned by LTFS
SSN Advisory, Inc.	Registered Investment Adviser	100% owned by LTFS
Premier Trust, Inc.	Trust Company	100% owned by LTFS
KMS Financial Services, Inc	Broker-Dealer/Registered Investment Adviser	100% owned by LTFS
Securities Service Network, LLC (SSN)	Broker-Dealer	100% owned by LTFS

Valor Insurance Agency, Inc.	Insurance Company	100% owned by LTFS
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IAS also has related persons, as they are under common control of LTFS's parent company, AGHI. IAS's affiliates below and your Advisory Representative cannot conduct or recommend business through these related persons, these relationships do not create a material conflict of interest. The following chart details the related persons, which are wholly owned subsidiaries of Advisor Group, Inc. (AGI), which is a wholly owned subsidiary of Advisor Group Holdings, Inc.

Advisor Group, Inc. (AGI)	Holding Company	100% owned by AGHI
Royal Alliance Associates, Inc. (RAA)	Registered Investment Advisor, Broker-Dealer	100% owned by AGI
Financial Service Company (FS Corp)	Holding Company	100% owned by AGI
FSC Securities, Corporation (FSC)	Registered Investment Adviser, Broker-Dealer	100% owned by FS Corp
SagePoint Financial Inc. (SPF)	Registered Investment Adviser, Broker-Dealer	100% owned by AGI
Woodbury Financial Services, Inc. (WFS)	Registered Investment Adviser, Broker-Dealer	100% owned by AGI
Vision2020 Wealth Management Corp	Registered Investment Adviser	100% owned by AGI

Ladenburg Thalmann Asset Management, Investacorp Advisory Services, Inc., Triad Hybrid Solutions, LLC, Triad Advisors, LLC, KMS Financial Services, Inc. and SSN Advisory, Inc. are SEC registered investment advisors and are wholly-owned subsidiaries of Ladenburg Thalmann Financial Services. Ladenburg Thalmann Alternative Inc. is also an investment advisor but is exempt from registration due to its limited regulatory assets under management. We are also affiliated with Ladenburg Thalmann & Co., Inc., Investacorp, Inc., Triad Advisors, LLC., KMS Financial Services, Inc. and Securities Services Network, LLC, which are registered full-service broker/dealers. Triad Advisors, LLC is also a licensed insurance entity, as are Ladenburg Capital Agency, Inc., Highland Capital Brokerage and Valor Insurance Agency, Inc.

Due to the interrelationship of these entities, conflicts of interest can arise that are not readily apparent to the client. In the course of its business operations, IAS, through its subsidiaries and through Ladenburg Thalmann Financial Services, can engage in marketing re-allowance or sponsorship arrangements with third parties, sub-advisors and brokerage firms to promote the distribution of investment products. These investment products can include variable annuity and insurance products, mutual funds, managed accounts and customized portfolios.

Certain LTAM programs are also available to IAS, Triad Advisors, Inc., and Premier Trust, Inc. LTAM may perform investment management, due diligence, sales support and/or other operational services for a portion of the fees paid by client in certain programs. LTAM is the distributor of the fund. IAS advisor representatives may recommend that clients invest in the Alternative Strategies Fund, for which LTAM acts as investment adviser and LTAM acts as distributor. LTAM may share a portion of payments received from a mutual fund, CIT, or in connection with an initial public offering, a secondary offering and/or a private placement with IAS Advisor Representatives. These recommendations create a conflict of interest because LTAM and LTAM generally receive more compensation in connection with the purchase of these funds than they do in connection with the purchase of other funds. In addition, these funds pay fees in connection with services or distribution, such as 12(b)-1 fees. These fees are paid to Investacorp as broker-dealer. IAS advisor representatives may receive part of the compensation paid to Investacorp in the advisor representative's capacity as a registered representative of Investacorp, Inc., to the extent permitted by applicable law. Investacorp and IAS have policies and procedures to address such conflicts of interest. IARs may recommend Premier Trust to provide trust and administrative services. Premier Trust provides full disclosure with respect to its trust and administrative services and related costs.

Investacorp and its registered representatives and IAS, and their investment advisor representatives can receive compensation for directing clients to products or services of affiliated Ladenburg companies. In addition, this has the potential to, but may not necessarily, result in additional assets under management with our firm. Ladenburg Thalmann Financial Services can receive earnings from the internal fees of the recommended securities as well as earnings from a portion of the investment advisory fee received by our firm. Therefore, a potential conflict of interest can exist when representatives recommend these products. To address these potential conflicts of interest, IAS has policies and procedures in place to ensure any investment products recommended are suitable for clients, are in clients' best interests and are selected to help meet clients' financial goals and objectives. Refer to the section titled "Fees and Compensation" for



more information.

IARs may also recommend that clients invest in securities issued in an initial public and/or secondary offering (“new issue”), transactions for which LTCO acts as a manager, an underwriter and/ or a member of the selling group or Investacorp acts as a member of the selling group. IAS has a conflict of interest in recommending these securities for several reasons. First, LTCO receives all or a portion of the gross spread – the difference between the price that the client pays for the security and the price that LTCO purchases the security for -- in connection with such sales. This gross spread is generally 7%, but may be higher or lower in connection with certain offerings. If Investacorp is a member of the selling group, it also receives a portion of the gross spread. IAS advisor representatives generally receive a portion of this compensation as broker-dealer representatives of Investacorp. In addition, LTCO has a substantial interest—both financial and with respect to its reputation—in assuring that the offering is successful by having a large number of the securities purchased. Finally, in connection with certain offerings, LTCO has an obligation to purchase and resell a certain number of securities. Thus, because of its affiliation with LTCO, IAS has incentives to recommend these investments in these offerings for these reasons, rather than based on a client’s needs. To address these conflicts, Investacorp and IAS have policies and procedures in place to make sure that securities in initial public offerings are recommended only to clients for whom they are suitable given the client’s investment objectives and assets. In addition, clients are generally given transaction specific disclosure prior to the client’s decision to invest in such securities.

LTCO acts as a dealer with respect to certain securities, and as such, may execute transactions for IAS clients as principal. As a dealer, LTCO may receive a “mark-up”, “mark-down”, and/or spread in the net price at which principal transactions are executed. This compensation is in addition to other compensation that client pays to IAS and its affiliates. Thus, IAS will address this conflict of interest in the following ways: After receiving disclosures about a specific principal transaction with LTCO, clients have the opportunity to reject the transaction before it is completed, to the extent required by applicable law. In addition, IAS has policies and procedures in place to assure that clients receive best execution with respect to principal trades, regardless of whether the trade is executed by LTCO or an unaffiliated dealer.

IARs are generally also registered broker-dealer representatives of Investacorp. These same individuals may also be licensed as insurance agents with various insurance agencies, including IAS’s sister company, Valor Insurance Agency, Inc.

## Other Revenue Sharing

### ***Bank Deposit Sweep Program***

The Bank Deposit Sweep Program (“BDSP”) is the core investment vehicle use to settle transactions and hold cash balances waiting to be reinvested for all eligible accounts except advisory IRAs (for advisory IRA accounts, see discussion of Ladenburg Insured Cash Account Program below). The cash balance in an eligible brokerage account is automatically deposited or “swept” into the BDSP, which uses an FDIC-insured bank deposit account. Available cash in your account is deposited through the BDSP into an interest-bearing deposit accounts at one or more FDIC-insured depository institutions (“Program Banks”). The list of Program Banks and current interest rates for BDSP deposits are available from your representative or on [www.Investacorp.com](http://www.Investacorp.com). The maximum amount of FDIC insurance coverage for your deposits in the BDSP is up to \$1.5 million (for an individual account) or up to \$3 million (for a joint account). Funds deposited through the BDSP are not eligible for SIPC coverage.

The interest rate payable to you is based on the amounts paid by the Program Banks to us and less a fee retained by us, which may be up to 3% on an annualized basis as applied across all deposits accounts.

### ***Ladenburg Insured Cash Account Program***

The Ladenburg Insured Cash Account Program (“ICAP”) is the core account investment vehicle used to settle transactions and hold cash balances awaiting reinvestment offered for advisory IRA accounts exclusively. As with the BDSP, the cash balances in an eligible brokerage account is automatically deposited or “swept” into an FDIC-insured bank deposit account. Effective January 2018, the ICAP replaced the BDSP for advisory IRA accounts only. As noted above, the BDSP remains in place as the core account “sweep” vehicle for non-IRA accounts. The maximum FDIC insurance coverage for your deposits in the ICAP is identical to that for the BDSP noted above.

Each month, a level administrative fee is applied to advisory IRAs using the ICAP as the core account investment vehicle for administrative services performed in the operating the program. The level account fee is predetermined by formula, as stated in the ICAP Disclosure Document, and we cannot earn income in excess of the stated level account fee. The aggregate interest generated by banks participating in the ICAP is used to pay the level account fee for each individual client and to pay any third-party vendor fees. All interest left over after these payments is then credited to the client accounts in the program. A detailed explanation of the method for calculating interest and fees is available in the ICAP Disclosure Document, which is available from your representative or on [www.investacorp.com](http://www.investacorp.com).

### ***Cash Sweep Program Disclosures***

In addition to its customary investment advisory fee, IAS also receives compensation in connection with cash balances held in these accounts as a broker-dealer. If cash is swept into the BDSP, ICAP or a money market fund, IAS receives compensation based on the value of assets in these funds or accounts as broker-dealer. This fee will reduce the amount of interest that clients receive in connection with cash held in their accounts. As noted, this compensation is in addition to the advisory fee that IAS receives with respect to assets in the sweep investment. We will also pay a fee to NFS. IAS will not receive a fee in connection with the BDSP or ICAP with respect to cash in certain retirement accounts. In such cases, the fee will be retained by the custodian.

This compensation related to the BDSP, ICAP and sweep money market funds presents a conflict of interest to IAS because IAS receives financial benefit if cash is invested in the BDSP, ICAP or the sweep funds. However, your investment advisor representative will not receive any portion of the BDSP or ICAP fee received by IAS. IAS has an incentive to recommend that clients select a money market fund or BDSP or ICAP as a sweep vehicle as it may pay more compensation to IAS than other funds or available sweep options, if any. The revenue generated by us can be greater than revenues generated by sweep options at other brokerage firms. It can also be greater than other core account investment vehicles currently available to you or possible core account investment vehicles we have used in the past or may consider using in the future.

If you are eligible for the BDSP/ICAP and you open an account, you authorize IAS to establish the BDSP/ICAP as your core account investment vehicle. If your account is not eligible for the BDSP/ICAP, we will provide you with access to other core account investment vehicles, including money market funds, to hold a cash balance waiting to be reinvested. Money market funds can lose value and have done so in the past. Different core account investment vehicles can have different rates of return and different terms and conditions such as FDIC insurance or SIPC protection.

If your account is otherwise eligible but you do not wish to use the BDSP/ICAP as its core investment vehicle, we generally will not be able to maintain your account. You are not obligated to use any of our managed accounts and can select a managed account at another broker-dealer where similar programs may not exist. However, you would lose the benefit of having your account managed by your representative and IAS.

Specific program features of the BDSP/ICAP are further explained in a separate disclosure document provided to all brokerage clients. For additional information on the BDSP/ICAP, including participating banks, please contact your investment adviser representative or at [www.investacorp.com](http://www.investacorp.com)

### ***Mutual Fund Share Classes Paying 12b-1 Fees or Other Compensation***

Mutual Funds typically offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to the more commonly offered retail mutual funds share classes (typically, Class A, B and C shares), mutual funds may also offer institutional or advisor share classes (the “lower cost share classes”) or other share classes that are designed for purchase in an account enrolled in an investment advisory program (typically, Class I, “institutional”, “investor” etc.). These are lower cost share classes usually have a lower expense ratio than other share classes IAS and its advisory representatives have a financial incentive to recommend or select share classes that have higher expense ratios because such share classes generally result in higher compensation. This creates a conflict of interest. IAS has taken steps to increase the proportion of lower cost share classes that are utilized by our investment adviser representatives. IAS has also implemented additional training for its representatives. Regardless, however, clients may still be invested in other higher cost share classes with higher internal expenses when no lower cost share classes for a particular fund is available or the client is not eligible for the lower cost share classes due to the inability of the client to meet investment minimums or any other restrictions imposed by the custodian.

Certain mutual fund share classes are available for purchase or sale without transaction fee or surcharge; these mutual funds are typically available in the higher cost share class. Mutual Fund share classes which have a higher transaction fee or surcharge are typically available in the lower cost share classes. The decision to use the higher cost share classes versus the lower cost share classes is based on the anticipated level of trading activity in the selected mutual funds. Generally, prolonged holding periods of the higher cost share classes may result in higher underlying expenses to the client than if a lower cost share class were chosen with a transaction fee. In discussing with clients which share class is appropriate, our representatives will typically discuss the size of the investment in the particular mutual fund, anticipated number of transactions in the mutual fund, the preference of paying a transaction fee and the likely turnover of the assets in the account based on the proposed strategy for the account. Please contact your representative for more information about share class eligibility.

Additionally, in an effort to mitigate the above referenced conflicts and meet the current SEC regulatory expectations, IAS has created an Approved Advisory Mutual Fund List (“Mutual Fund List”) to which IAS advisory activities are subject. The selection of funds and share classes for the Mutual Fund List is based on a number of factors including expense ratio, availability, and supervision practicality. IAS has implemented procedures whereby no new mutual fund purchases may be made in advisory accounts unless such mutual funds and share classes have been approved and are listed on the current Mutual Fund List. Further, to the extent that certain funds currently held in advisory accounts are on the Mutual Fund List but not held in an approved class, IAS has begun the process of converting all such holdings to an approved share class, without tax consequence and at no cost, in most cases. Notwithstanding the foregoing, you should understand that despite its inclusion on the Mutual Fund List, the share class offered for a particular mutual fund in many cases will not be the least expensive share class that the mutual funds make available. Also other financial services firm may offer the same mutual fund at a lower overall cost to the investor than is available through IAS. We also note that to the extent that an advisory accounts includes mutual fund holdings that are unapproved as to both fund and share class, such funds may continue to be held in that account (although no new purchases shall be permitted).

Finally, we note that IAS’ policies and procedures for all IAS advisory representatives is to formally request for both new inclusions to the Mutual Fund List as well as (in rare cases) waivers from its applicability. Clients may find additional information relating to Mutual Fund shares classes by visiting [www.investacorp.com](http://www.investacorp.com).

In addition, the following information pertains to the specific services covered in this brochure:

### ***Third-Party Program Consulting Services***

Investacorp does act as broker-dealer with respect to our affiliate programs under LTAM. In addition, Investacorp does not act as



broker-dealer for any other third-party programs. However, IAS may recommend LTAM sponsored programs, which creates a conflict of interest as described in “Advisory Services” above.

### ***Plan Sponsor & Plan Participants Services***

Investacorp does not act as broker-dealer with respect to any retirement Plan who's Plan Sponsors receive advisory services from LTAM under Plan Sponsor and Participant Services program. In addition, Investacorp does not act as broker-dealer for any participant accounts participating in the Ladenburg Thalmann Discretionary Professionally Managed program.

### ***Financial Planning and Related Consulting Services***

Clients may elect to implement recommendations made through consulting services through IAS, Investacorp or other LTAM affiliates, as applicable. As described in “Fees and Compensation” above, if a client implements any of the IAS representatives recommendations through IAS or its affiliates, the IAS advisor representative generally receives a portion of the fee paid to IAS or its affiliates, which creates a conflict of interest.

Certain IAS IARs are licensed to sell life and annuity insurance products through IAS's sister companies, Valor Insurance Agency and Valor Insurance Agency of Texas and various other companies. IAS affiliates, as well as the appropriately licensed IAR, will receive compensation for the sale of such products. IARs may recommend the purchase of insurance products in connection with financial planning and related consulting services. Clients are under no obligation to purchase insurance products through any particular insurance agency or representative.

### ***Investment Advisor Representative Managed Account Services***

Clients generally direct brokerage to Investacorp for accounts in the IAS investment advisor representative managed account services programs. For more information see “Fees and Compensation” above.

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

IAS has adopted a Code of Ethics for all supervised persons of the firm describing our high standard of business conduct, and fiduciary duty to our clients. All supervised persons at our firm must acknowledge the terms of the Code of Ethics and personal securities transactions and holdings annually, or as amended. Our Code of Ethics sets forth detailed policies and procedures regarding the personal trading of its personnel.

IAS's Code of Ethics Rules are designed to ensure that our personnel: a) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; b) at all times place the interests of our clients first; c) disclose all actual or potential conflicts; d) adhere to the highest standards of loyalty, candor and care in all matters relating to our clients; e) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and f) not use any material non-public information in securities trading. The Code of Ethics also establishes policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of these rules, IAS personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; and 3) participate in fraudulent conduct involving securities held or to be acquired by any client.

The Code of Ethics is enforced through compliance monitoring activities and surveillance. In cases where the firm discovers that an employee has violated a firm policy & procedure, the firm's code of ethics, a state law, FINRA, SEC or other regulatory agency the compliance department will take appropriate steps to investigate the circumstances and may include one or more of the following actions; cancel and/or re-bill the employee trade to the least favorable price and/or, issue a verbal and possible written warning, in conjunction with the firm's legal department, to the employee that may include disciplinary action.

For a copy of the IAS Code of Ethics please send a written request to: Investacorp Advisory Services, Inc., 4400 Biscayne Blvd., 11th Floor, Miami, FL 33137-3212.

## **Brokerage Practices**

### ***Third Party Program Consulting Services***

IAS does not recommend broker-dealers for client transactions in connection with third-party programs. Such recommendation is made by the program sponsor or the portfolio managers.

### ***Plan Sponsor and Plan Participant Services***

IAS does not recommend broker-dealers in connection with these services.

### ***Financial Planning and Related Consulting Services***

As described in “Fees and Compensation” above, IAS may recommend that clients receiving financial planning and/or consulting

services and execute transactions through Investacorp as broker-dealer. If the client elects to execute transactions through Investacorp, the compensation paid by the client is negotiated separately with Investacorp as part of a separate brokerage relationship between the client and Investacorp.

IAS does not receive research of other products or services other than execution from Investacorp as broker-dealer. However, IAS does not generally receive research of other products or services other than execution from any non-affiliate broker-dealer or third party in connection with client securities transactions, otherwise known as “soft dollars”.

Assets under advisement for the planning services are generally not aggregated by IAS in connection with these services.

### ***Investment Advisor Representative Managed Account Services***

Investacorp in accordance with the client’s authorization is appointed as the exclusive introducing broker-dealer with regards to the processing of securities transactions for IAS advisory sponsored programs. Traditional commissions are not charged by Investacorp in connection with the IAS advisory sponsored programs. However, as described in the specific program disclosure brochure and client agreement, there may be transaction fees paid by the client in addition to the platform or advisory fee.

Investacorp may execute bond transactions within the IAS advisory sponsored programs on a principal basis, whereby, bonds are bought or sold to the client from Investacorp’s principal account. Such bond trades are effected as “riskless” principal transactions. As such, the bonds are not being bought or sold from “inventory” at Investacorp and are merely passing through the broker-dealers account in the process of satisfying a client order at the market price plus a transaction fee, where applicable, and are fully disclosed in each program’s disclosure brochure and client agreement. Investacorp seeks to obtain best execution at market prices under the prevailing market conditions. The consent of the client is required prior to completion of the transaction where Investacorp executes such trades as principal.

Where practical and in the interest of best execution, orders to buy or sell a particular security that are placed through Investacorp may be aggregated with other orders in the same security on the same side of the market and, therefore, executed as a “bunched” order. Orders of two or more clients may be aggregated only if it has been determined that the execution is in the best interests of each client participating in the order and consistent with best execution. The price of the securities purchased or sold in a “bunched” order shall be at the average share price for all transactions of Investacorp/IAS clients in that security on a given day. When a “bunched” order is only partially filled, the securities purchased will be allocated to the underlying accounts on a prorated basis or in a manner deemed equitable by Investacorp/IAS with each account participating at the average price for the “bunched” order.

## **Review of Accounts and Supervision**

All new advisory accounts are reviewed for suitability by the IAR’s supervisor, if applicable, and an IAS home office principal prior to the account being opened. Mr. Marcus Arneaud, our Chief Compliance Officer at (305) 557-3000 oversees the compliance program at IAS.

The IAR is primarily responsible for reviewing accounts on an on-going basis. The IAR’s supervisor and members of the IAS compliance department also periodically review accounts. Traditional factors affecting account reviews performed by the IAR’s supervisor and members of the IAS compliance department are: the frequency of activity in the account, changes in market conditions affecting the account, or requests for information by the client. These reviews are performed on a daily, monthly, quarterly, and/or semi-annual basis, as needed.

IAS may provide clients with quarterly performance reviews of accounts. IAS and IAR may not provide tax advice, and nothing in the performance review should be construed as advice concerning any tax matter. Performance reviews are not a substitute for regular monthly account statements received from the custodian or Form 1099. Performance reviews should not be used to calculate fees or to complete income tax returns. Upon a client’s specific request and subject to the relevant firm’s policies and procedures and applicable law, the performance review may include information about assets outside the program. By including any such assets in the performance review, the firm is not undertaking to provide or responsible for providing any services with respect to those assets. Financial plans are submitted to the IAS compliance department for review before presented to client on a one-time basis. Client may request periodic reviews or updates thereafter.

## **Client Referrals and Other Compensation**

IAS may enter into agreements with third parties that will solicit clients for IAS and receive compensation for referring clients to IAS. In such instances, the third party solicitor will receive either a percentage of, or a set fee from, the fee charged to the client. If a solicitor is used in connection with a client’s account, the compensation paid to the solicitor will be fully disclosed to the client, which disclosure will be acknowledged in writing by the client when participating in an IAS program. The fee charged to a client is not affected by the use of a third-party solicitor in connection with client accounts, and a client will not be charged any additional fees for the use of such services.

As set forth in “Fees and Compensation” above, Investacorp and the IARs in their capacity as registered representatives of Investacorp, may receive compensation from third parties in connection with trades executed for or investments held in advisory accounts.

In some instances, an IAR of IAS may be dually registered with another independent registered investment advisory firm that is unaffiliated with IAS. While this, in itself, does not present a conflict of interest, nor does it affect fees paid by clients to IAS, IAS may receive compensation from the unaffiliated independent registered investment advisory firm on behalf of the IAR.

## **Custody**

Clients will receive at least quarterly statements from the broker-dealer, bank or qualified custodian that holds and maintains client's investment assets. Clients should carefully review those statements. Clients who also receive account reviews from IAS should compare them to the account statements they receive from the qualified custodian. The account statements received from the qualified custodian are the official statement of clients' accounts. Any account information provided by IAS is for informational purposes only.

## **Investment Discretion**

As described in "Advisory Services" above, most IAS accounts are managed on a discretionary basis. As a result, Client hereby grants IAS complete and unlimited trading discretion to manage the Account. Pursuant to this grant of discretion, Client authorizes IAS to invest and reinvest the assets in each Account at such time and in such manner as IAS in its discretion shall determine, and to act on Client's behalf in all other matters necessary or incidental to the trading in each Account, without discussing individual transactions or actions with Client in advance. Such discretionary authority will be limited to executing transactions and will not allow the IAR to withdraw funds from an account, nor act in any other fiduciary capacity such as that of a trustee, executor, administrator, power of attorney, etc. for the benefits of a client. The grant of discretion will be set forth in the client's agreement with IAS and will remain in full force and effect until terminated by client or IAS pursuant to the client agreement or until IAS receives receipt of notice of Client's death, if Client is an individual or an Individual Retirement Account ("IRA account").

## **Financial Information**

IAS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **Voting Client Securities**

As a matter of firm policy and practice, IAS does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their accounts.