

**Part 2A of Form ADV: Firm Brochure**

Item 1 Cover Page

**Gasaway Investment Advisors, Inc.**

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[GasawayInvestments.com](http://GasawayInvestments.com)

March 31, 2011

This brochure provides information about the qualifications and business practices of Gasaway Investment Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (269) 324-0080. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. It is important to note that being a “registered investment advisor” does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes to the brochure, other than the changing to a new format as required by the Securities and Exchange Commission, since the most recent revision dated December 2008.

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### **About Our Firm**

Gasaway Investment Advisors, Inc. ("GIA") is a family owned investment advisory and third party administration firm serving individuals and businesses since 1990. We manage clients' investments on a discretionary basis, meaning that if we see a change that we feel should be made in a client's account, we make it for them. In addition, we provide Third Party Administration (TPA) services for qualified retirement plans.

### **Our Principals**

#### **C. Edward (Ed) Gasaway, CFP®, MBA**

In 1990, Ed founded Gasaway Investment Advisors, Inc. with his son Jim and the dream of helping people in the Kalamazoo area. His primary role is leading the investment area. Ed earned his degrees from Western Michigan University and is a CERTIFIED FINANCIAL PLANNER® practitioner. After serving as an officer in the United States Army in Vietnam, Ed's education led him into a career in the finance business that has spanned over forty years.

#### **James E. (Jim) Gasaway, CFP®, CLU®, ChFC®, QPA, QKA, AIF®**

Jim grew up in the investment advisory business and earned a bachelor's degree in Accounting at Calvin College. Jim has a number of designations that give him a unique knowledge of retirement plans and financial planning, among them are the CERTIFIED FINANCIAL PLANNER® practitioner and Qualified Pension Administrator designations. He specializes in helping small and medium sized businesses implement, monitor and administer their retirement plans.

### **Investment Philosophy**

At Gasaway Investment Advisors, our investment philosophy is to use investments that meet our screening criteria and invest for the long-term. We are independent of any fund, brokerage or other investment company. Since we have no proprietary products to push or fund family minimums to meet, we can offer unbiased investment recommendations to meet your investment objectives.

We screen the investments, looking for seasoned investment managers managing funds that meet our screening criteria (as described later in Item 8). Then, we monitor the investments to make sure that they continue to perform well relative to their peers, replacing them when we believe it is necessary.

We believe that active investment strategies, which change in response to market conditions, can provide for better long-term returns. Through this active investment strategy, we seek to reduce risk through diversification among different investment categories, but also by seeking to reduce the drag of weaker performers by selling them in a timely fashion. There are risks involved in this. (See Item 8.)

We manage most accounts through the use of assigning them to a target allocation and then managing the

underlying investments and the overall asset allocations. However, we are able to tailor accounts to the specific needs of the client on a limited basis in those instances where a clients places a reasonable limitation or restriction on our discretionary authority. All such limitations and restrictions placed on the account must be presented to GIA in writing. (See Item 16)

As of December 31, 2010, GIA managed:

\$59,500,000 on a discretionary basis and

\$17,800,000 on a non-discretionary basis.

## Item 5 Fees and Compensation

GIA does not receive any commissions for the investments that it manages for clients. Instead, we charge for our investment advisory services on a quarterly basis, billed directly to the client's account(s). (However, there are circumstances where we may recommend a fixed annuity or insurance policy. In these circumstances, GIA would receive a commission, but would not charge a fee on those assets.) Following is our annualized fee schedule, which may be negotiated in certain circumstances:

<u>Assets Under Management</u>	<u>Rate</u>
Accounts under \$50,000*	1.50%
First \$500,000 in aggregated assets	1.25%
Next \$500,000 in aggregated assets	1.00%
Over \$1,000,000 in aggregated Assets	0.75%

\* This rate is only for clients who have an aggregated balance in advisory accounts below \$50,000.

The Investment Management Fees referenced above include all fees and charges for investment advisory services of GIA. All fees are negotiable subject to the specifics of each client and situation. Investment Management Fees do not include administration charges for Third Party Administration of retirement plans which shall be contracted for under separate cover.

Fees are billed quarterly in arrears, based on the following schedule:

### **Client Billing Cycle:**

<u>Last name starts with: (and any other clients grouped for billing purposes)</u>	<u>Billing Month (based on value at end of prior month end)</u>
A-F	February, May, August, November
G-O	March, June, September, December
P-Z	January, April, July, October

### **Sample Calculation:**

A client has three accounts, all of which have been managed by GIA since prior to January 1, 2005, with the following assets as of March 31, 2005:

Trust account	\$1,000,000
IRA	200,000
Individual account	25,000
	<u>\$1,225,000</u>

The client's fee for the quarter would be calculated as follows:

<u>Assets Under Management</u>	<u>Rate</u>	<u>Fee</u>
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First \$500,000 in aggregated assets	1.25%	\$6,250.00
Next \$500,000 in aggregated assets	1.00%	\$5,000.00
Next \$225,000 in aggregated assets	0.75%	\$1,687.50
Total Annualized Fee		\$12,937.50
Daily Fee (divided by 365)	(rounded for illustration only)	\$35.45
Fee for Quarter (multiplied by 90 days in Qtr)		\$3,190.07

This fee is then charged to each account on a pro-rata basis.

**Non-Discretionary Accounts:** Either the above asset based fee or an hourly fee of \$200 per hour.

GIA's fees may be negotiable based on various criteria, including the amount of assets that a client invests with us and any pre-existing relationship that we have with the client. Fees will ultimately be based on the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

Fees are not charged based on the capital gains or the capital appreciation of any funds or any part of any funds of any client in a manner prohibited by the Investment Advisors Act of 1940.

Advisory fees charged by GIA are separate and distinct from advisory fees and internal expenses charged by mutual funds and other investment products (such as Exchange Traded Funds ("ETF's") and Variable Annuities) in which client assets may be invested. A complete description of these fees and expenses may be found in the investments prospectus. These fees may include the following: mutual fund or money market 12b-1 fees; fund or money market management fees and administrative expenses; mutual fund transaction fees; IRA and qualified retirement plan fees and other charges. Many broker / dealers will retain 12(b)-1 fees and any other fees paid by the mutual fund companies, rather than refunding them to the client. For accounts held at these Broker/Dealers, GIA does not earn, charge or collect any commissions relative to any transactions implemented or retain any 12-b1 fees. For Retirement Plan Accounts held through the Mid Atlantic Capital Corporation platform, "Revenue Sharing" payments may be made to the plan or to GIA in the form of 12(b)-1 fees, Sub-Transfer Agent Fees or other types of Shareholder Service Fees. Any of these funds received by GIA will be used to offset the RIA fee that GIA charges during the next billing cycle for the clients account on a fund-by-fund basis. The platform, however, does retain a small portion of any Revenue Sharing received for the services that they provide in billing for and accounting for these payments from the fund companies. This amount retained by the platform will not be credited against GIA's fees.

GIA will have clients place new accounts with one of two custodians that GIA has worked with over the years and who have provided both excellent service and reasonable fees for GIA's clients. For "retail accounts" (IRAs, individual taxable accounts, joint account, trust accounts, etc), GIA has the clients use Raymond James Financial Services, Inc. for the custodian. For "corporate retirement plans" (401k's, etc), GIA will in most cases use Mid-Atlantic Trust Company as the plan's custodian, but in certain cases (such as for small retirement plans), will recommend using Raymond James.

Following are some of the more common fees that may be incurred by accounts held at Raymond James:

**Equities:**                                      Transaction Fee: \$14.95 for the first 1,000 shares + \$.01 per Share for over 1,000 shares

**Options:** \$19.95/trade plus \$1.00 per contract for all option trades

**Mutual Funds:** Flat \$19.95 transaction fee on both the purchase and sell  
**UIT's &** NTF funds (no transaction fee)  
**Closed End Funds**

**ETF:** \$14.95

**CD's:** New issue CD's - \$0.00  
Secondary CD's - \$14.95

**Fixed Income:** Fixed Income trades will include a markup based on the length-to-maturity on the bond and capped at \$200 per trade. The markup schedule for Fixed Income trades:

Bonds	- \$14.95 plus below
< 6 months	- \$0.00 per bond
> 6 months to < 1 year	- \$0.50 per bond
> 1 year to < 2 years	- \$1.00 per bond
> 2 years	- \$2.00 per bond

**IRA Custodial Annual Maintenance Fees:** \$40.00 per year\*

\*The \$40.00 annual fee is automatically waived for any single Raymond James custodial retirement account with a market value of at least \$250,000. Additionally, accounts meeting additional criteria may qualify for a reduced fee and can be reviewed on a case-by-case basis.

Following are some of the more common fees that may be incurred by accounts held at Mid-Atlantic:

Total Asset Based Custodial & Trading Fees	6.0 basis points
Fee Rebate (of Revenue Sharing)	90% of fees returned to client
Reportable Distribution* (includes ACH, Check, Wire & 1099)	\$25
Non Reportable Check / Wire	\$12
Non Reportable ACH	\$6
Annual Certification of Custodial Accounts (if needed)	\$300 per plan
Directed Trustee	\$1800 per year

The fees from these unrelated third parties are subject to change without notice from Gasaway Investment Advisors, Inc.



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

GIA does not charge Performance-Based Fees. (Performance Based Fees are fees that are based on a share of the capital gains on or capital appreciation of the client's assets. They can cause an advisor to take on additional risks in order to create or increase their fee. Side-By-Side Management is where an advisor is managing some accounts based on a Performance-Based Fee and others based on another type of fee arrangement, such as an hourly or flat fee or an asset-based fee.)

Gasaway Investment Advisors, Inc. (GIA or the Firm) provides investment supervisory services for individuals, pension and profit sharing plans, trusts, estates and corporations.

### **Investment Management**

GIA provides Investment Supervisory Services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. GIA generally manages advisory accounts on a discretionary basis, but does allow for both non-discretionary accounts and for non-discretionary investments to be held in discretionary accounts. (An example of a non-discretionary investment held in a discretionary account would be an individual stock that the client has either asked us to purchase or has transferred into the account.) Clients have the opportunity to restrict the types of investments which may be made on the client's behalf.

GIA does not provide comprehensive financial planning services. GIA does run retirement savings analyses upon request and does periodically review client's current financial situations, insurance needs and education funding upon request. These reviews are included in the Investment Management Fee.

For individual clients, GIA generally invests in (but is not limited to) Exchange Traded Funds "ETFs", Mutual Funds, Certificates of Deposit and individual Treasuries. A mix of all of these investments are generally used in accounts over \$50,000 in size while mutual funds are used for smaller accounts under \$50,000.

While we have always wanted to help anyone who needs our services and therefore have never had a minimum investment size, we have found that it is sometimes difficult to manage very small accounts. (For example, if we are allocating 5% of a portfolio to Small Cap investments and you have a \$15,000 account, then we would be allocating \$750 to small cap. If the small cap fund(s) that we're buying has a \$1,000 minimum, we would not automatically be allocating any of your money to the small cap fund.) For individual accounts under \$10,000, we often use "Asset Allocation" Mutual Funds, with the fund family determining and making changes to the asset allocations as they deem appropriate.

If you are a participant in a 401(k) where the plan has met the fund minimum, then this would not apply to you as your assets would be combined with the other participants in your plan to meet the fund's minimum investment.

GIA's investment strategy is usually focused on the long term rather than the short term, and the proper identification of the client's time horizon.

### **Services for Retirement Plans**

GIA performs services for retirement plan trustees and sponsors which may include selection of a fund menu for participant directed plans, ongoing monitoring of plan investments, periodic trustee meetings, periodic employee meetings, and implementing Model portfolios in order to help participants allocate and monitor the investments in their accounts. GIA monitors the allocations of the models on a quarterly basis during its regularly scheduled monthly Investment Committee meetings and makes changes as it deems appropriate. GIA may review the models and make changes at any time that the Investment Committee deems appropriate, which may be at times in addition to the quarterly reviews described above. At this time, GIA does not charge any additional fees (other than Investment Management Fees) for this service.

In addition, GIA offers design, implementation and administration of qualified retirement plans tailored to the needs of the business. These services are for 401(k)s, SIMPLEs, SEPs and Profit Sharing Plans and are invoiced for a set-up charge at inception, an ongoing annual fee per plan (\$600 - \$1,000) and a separate annual fee per participant (\$10-\$20).

In managing client accounts, we have two main areas where we do analysis. First, we screen and monitor the individual investments to make sure that the investments we purchase and hold for you are highly rated among their peers. (For example, we want to make sure that for the portion of your account that we're investing in small company stocks, that we're purchasing investments that are good relative to other small company funds.)

Second, we monitor the market and determine how much to invest in each sector (or broad category) of the market. For example, we determine how much to invest in small U.S. companies versus in large foreign companies.

In order to manage these two areas, we regularly screen and monitor the investments and then we monitor the market as follows:

In screening the individual investments, we start with a broad look at all of the funds that are included in the asset category(s) that we are interested in. For instance, we may look at all "Small Cap Growth" funds. Then, we pare down the list by looking at only those funds that have been in the top 40% of their categories for the last 1 year, the last 3 years and the last 5 years. We further pare down the list by looking at only those funds that have at least \$25 Million invested in the fund and whose manager has been involved in managing the fund for at least the last 3 years. In addition, we look only at funds who have an Alpha or a Sharpe Ratio (measures of performance relative to the risk that they take) which are better than their category average. Lastly, for the initial screening, we look for funds whose expense ratio is below it's category average. Depending upon the category, this often leaves a short list of funds that pass this initial screening. If more than one share class of the same fund passes the screening, then we look for the share class that is the cheapest for the client / participant of those available on the platform that we are using.

For the funds that pass the initial screening, then we print detailed reports and start highlighting areas that we feel are good or bad. We also look to see if a fund is investing in what we feel is either a too concentrated area or investing too much out of the area of the market that we are screening for. Based on these reviews, we determine which fund(s) we want to use.

In the second main area of analysis, we monitor the market and determine how much to invest in each sector. We have developed a "benchmark allocation" as to how we would allocate investments broadly between large companies, medium-sized companies, small companies, foreign companies, specialty sector companies (such as technology or health care companies) and bonds / fixed income investments if we were in steady unchanging markets. In determining how much to allocate to any given sector at a given time, we rank all of the funds and all of the categories by their 1 month, 3 month and 12 month performance numbers, assigning an "A" ranking to the first 1/5<sup>th</sup> of the funds / sectors, a "B" ranking to the next 1/5<sup>th</sup>, etc. Then, we look at adjusting the benchmark allocation based on our analysis of these current overall category and fund rankings in order to create current "target asset allocations."

### **RISKS**

As with most investments, there are risks involved in investing with GIA. If you are going to invest with GIA, you need to be aware that your account could lose money. Following are some of the more common risks:

***Volatility*** -- The risk that the value of your investments may go up or down sharply. This is generally

a short-term risk that is called "market risk." There are additional risks in equity mutual funds in that the manager may purchase underlying investments (stocks, etc) that move up or down more than the market or may sell investments at a price lower than he/she purchased them or just before they increase in value.

***Interest Rate Risk*** -- Interest rates continually change, often moving in long-term trends that continue for a period of many years. Generally, if interest rates rise, bond prices fall, and if interest rates fall, bond prices rise. By investing in bonds (or bond funds), you could lose money when interest rates move up and down. There is additional risk in bond mutual funds in that the manager may buy or sell bonds within the fund based on his/her assumption about the market, which may prove wrong.

***Credit Risk*** -- There is always a chance that the institution that issued a bond will not be able to pay interest or repay the loan. This risk is indicated by the credit rating of each bond. Bonds with lower credit ratings usually offer higher interest rates to compensate for the greater risk for investors. There is also a risk that the bonds that you purchase (or that are purchased by a manager of a mutual fund) may go down in their credit rating after they are purchased, which may cause their value to drop.

***Currency Risk*** -- If you invest in foreign stocks, bonds or mutual funds and the value of a foreign currency goes down compared to the U.S. dollar, then the value of your investment will likely go down accordingly.

***Risks from our management of your portfolio.*** – There is always the possibility that the investments that we purchase for you may not go up as quickly as the market or may lose their value more quickly than the market in a down market. There is the risk that the investments that we purchase for you may underperform other investments with similar objectives. There is also the risk that we will purchase an investment in your account just before it declines in value or that we will sell an investment out of your account just before it goes up in value.

Item 9      Disciplinary Information

We are pleased to report that as of the current time nor in the past, neither GIA as a firm, nor any of the firm's management persons, has been involved in (nor are we expecting to be involved in) any disciplinary actions that we feel would be material in helping you make a decision as to whether to use GIA's services.

Item 10 Other Financial Industry Activities and Affiliations

As described previously, GIA is also in the business of providing Third Party Administration to qualified retirement plans (401k's, etc) with which it provides investment advisory services.

GIA, nor any of its management persons are registered, nor do they intend to register, in the following capacities:

- A. as a broker-dealer or a registered representative of a broker-dealer.
- B. as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

GIA, nor any of its management persons has any relationship or arrangement that is material with any of the following:

- 1. broker-dealer, municipal securities dealer, or government securities dealer or broker
- 2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
- 3. other investment adviser or financial planner - See below
- 4. futures commission merchant, commodity pool operator, or commodity trading advisor
- 5. banking or thrift institution
- 6. accountant or accounting firm – See below
- 7. lawyer or law firm
- 8. insurance company or agency
- 9. other pension consultant
- 10. real estate broker or dealer
- 11. sponsor or syndicator of limited partnerships.

GIA does not recommend or select other investment advisers to/for its clients and thus does not receive compensation directly or indirectly from other advisers that would create a material conflict of interest.

GIA does have an arrangement with an Investment Advisory firm that is also an Accounting firm in which that firm refers clients to GIA for the purposes of Retirement Plan Administration and investing. GIA pays that firm a portion of the investment advisory fees that it charges to the plan(s) referred by the firm.

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

GIA does not buy or sell securities from or to any client nor does it effect securities transactions for commissions. GIA does not recommend clients buy or sell any securities or investment products in which the firm, officers or principals have a financial interest.

GIA has adopted a Code of Ethics and Statement for Insider Trading with which employees are expected to comply. In summary, the Code prohibits employees of GIA from taking inappropriate advantage of their positions and their access to information concerning the investments or investment intentions of GIA for its clients, or their ability to influence such investment intentions, for personal gain or in a manner detrimental to the interests of its clients. The Code contains provisions reasonably necessary to deter misconduct and conflicts of interest and to detect any violation. The Code's key provisions include:

- Statement of General Policy
- Policy on Personal Securities Transactions, including
  - Preclearance on IPO's and Private Placements
  - Procedures for Reporting Personal Securities Transactions and Holdings
- Code of Conduct
- Annual Acknowledgements by Covered Personnel

In addition, the Code contains the following additional provisions:

- A director, officer, or employee of GIA shall not buy or sell securities for their personal portfolio where their decision is substantially derived on information that is not readily available to the investing public upon reasonable inquiry. No associated person of GIA shall prefer his or her own interest to that of the advisory Client.
- Requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisers.
- Any individual not in compliance with the Code of Ethics may be subject to sanctions, reprimands, fines, suspensions or termination.

GIA will provide a copy of its Code of Ethics to any client or prospective client upon request.

GIA employees may not trade in any securities (other than Mutual Funds, certain Exchange Traded Funds (ETFs), Certificates of Deposit or Treasuries) in which clients are placed without prior written approval. GIA's purpose for tracking personal securities transactions of related persons is to bring to light inappropriate trading practices (such as an employee "front running" a trade and getting a better price than the clients), and to enable GIA to take corrective action. Any employee or related party of GIA must establish investment account(s) with one of GIA's preferred broker-dealers and must provide account numbers for such accounts to the CCO, in order to maintain the account in the Firms' portfolio management system.

GIA's policy is that all securities acquired or sold by related persons should follow after those placed in identical securities or be aggregated with and allocated with client trades.



Currently, for individual accounts, GIA will require that clients use Raymond James Financial Services, Inc. (RJFS) as the Broker/Dealer to custody investments and execute investment trades. When using this custodian, commission rates will be the lowest available to GIA based on its volume of activity; however, commissions & fees may be charged by RJFS which are higher or lower than commission rates at other Broker/Dealers.

Currently, for retirement plan accounts that allow for participants to self-direct their account balances, GIA will require that plans use the Mid Atlantic Capital Corporation platform.

GIA has considered the overall requirements related to “best execution” considerations including commission costs, quality of trade execution, product availability and breadth. GIA has no compensatory relationship with any of the above listed B/D’s whatsoever. The commission structure to client is per an “institutional” arrangement with each B/D based largely upon the size of GIA’s aggregate funds under management. GIA uses an electronic internet interface for between the B/D’s back office and GIA’s portfolio management software (Advent Software’s Axys and Sungard Corbel’s Relius Administration System) in order to receive timely and accurate transactional and pricing information concerning clients’ accounts. Presently, GIA receives use of RJFS’s Advisor’s Resource Console and Mid-Atlantic’s Communication Server at no direct cost to GIA or clients. Additional research services and other third party discounts are made available to GIA, by RJFS and Mid-Atlantic, from third-party services at “institutional” discounted prices. GIA pays for these services rather than making use of “soft dollar” arrangements.

In the future, GIA may recommend other broker / dealers and / or custodians in addition to or in place of one of the above listed B/D’s. In determining this, GIA will look at the services provided to the Client and to GIA in addition to the pricing structure when determining which firm(s) to recommend.

#### **ADDITIONAL COMPENSATION - BROKERAGE**

GIA generally purchases research and receives data from a variety of sources. Although GIA does not have any “soft-dollar” arrangements, it may take into consideration research and services provided by a Broker / Dealer when choosing which firm to have custody client’s assets and handle transactions. Such research and other services will generally be used to service all accounts, but some accounts or group of accounts may not always benefit from the research obtained by the fees paid by such accounts.

Raymond James Financial Services, Inc. (RJFS) and Mid-Atlantic Capital corporation both host an annual conference. In the past, members of GIA's Investment Committee have regularly attended RJFS's annual conference. The conferences provide an opportunity for earning Continuing Education credits in a variety of investment and financial planning related topics. Certain employees of GIA may receive free room and/or airfare to the conferences, which may be based on the level of assets that GIA's clients hold at the firms. In both cases, there is no charge for attending the conference.

#### **Aggregation of Trades**

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner. Our firm’s policy is to aggregate client transactions where possible and when advantageous to clients. In these instances clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis.

If an aggregated trade is called in as a "limit" order, meaning that it will only trade if the market trades at a price equal to or better than the limit price stated, then GIA will wait to send the allocation report to the Broker/Dealer(s) until the order has been filled. At that time, if the order is only partially filled, the allocation shall be reallocated from its original amount and allocated on a pro-rata basis. However, if for any account, the new amount is below a minimum threshold whereby the firm deems the transaction charge to be too great as a percent of the principal amount of the trade, no shares will be allocated to that account. If there are any employee related accounts that were part of the original allocation, those accounts will be filled only after all other accounts have received 100% of their original allocation.

## Item 13      Review of Accounts

The day-to-day supervision of the accounts, including monitoring changes in market conditions is the responsibility of GIA's Investment Committee. The Committee is run by Ed Gasaway and Jim Gasaway and is comprised of the "professional level" staff of GIA. The Committee generally meets monthly to review current economic activity along with various analysts' views of the market. (Members of the Committee are monitoring the market between meetings and reserve the right to make changes to accounts as they deem appropriate.) The Committee reviews the discretionary equity and income investments held in client accounts as described in Item 8. GIA attempts to maintain a risk exposure commensurate with the investment policy. At times, the Committee, based on what it believes current economic and market conditions and risks to be, may reduce client's equity allocations, which may cause a deviation from the target stock-to-bond allocation range.

Account reviews are accomplished on a regular basis every 3 months by an associate investment advisor. The associate investment advisor is qualified to do the reviews through both a college education and on the job training. The associate investment advisor is supervised by management.

In addition, periodic reviews are made upon the occurrence of various events. The client account is reviewed at each appointment with the client. It is reviewed when deposits or withdrawals are made from the account. Periodic reviews are done by an investment advisor.

### *Notice to Clients*

It is impossible to predict the future; there is no assurance that GIA will attain the client objectives or that any investment recommendations and decisions made will be profitable.

### *Investment Policy Statement*

GIA uses a written Investment Policy Statement (IPS) to establish a clear understanding between the client and the Firm as to the Investment Goals, Objectives and Management Policies applicable to the client's investment portfolio. The IPS is an integral part of reviewing accounts, and is updated (as necessary) and presented to clients periodically.

The IPS covers the following areas, (as applicable), a review of the client's circumstances, the purpose of the portfolio and its time horizon, portfolio goals, tax considerations, investor goals, investment policy objectives, anticipated liquidity needs, investment philosophy and proposed asset allocation, investment selection, constraints, risk tolerance and monitoring intervals, as applicable.

Each investment account is reviewed periodically for compliance with the Investment Policy Statement, suitability of investments and customer investment objectives. Other factors that would trigger a more frequent than periodic review are material market events or changes in a client's personal situation.

Individual Clients receive detailed monthly or quarterly statements of account activity, holdings and values from qualified custodians. For retirement plan accounts that allow for participants to self-direct their account balances, Mid-Atlantic will provide the trustee a detailed monthly or quarterly statement of account activity, holdings and values for the plan as a whole. GIA will provide individual account statements to participants detailing their individual portions of the overall plan's activity, holdings and values.

Item 14      *Client Referrals and Other Compensation*

GIA may engage in referral arrangements for compensation with both non-registered individuals (“Finders”) and with Investment Advisor Representatives and Firms (“IARs”). Finders are not IARs and will not provide any investment advisory services of any type on behalf of GIA to prospective or referred clients. IARs may provide investment advisory services in conjunction with GIA to prospective or referred clients.

Any referral fee is based on the value of the referred clients account(s) and as such, it will be possible for the Finder or IARs to calculate the value of the referred clients account(s). Finders and IARs provide the prospective clients with a current copy of GIA’s ADV Part II (this document) and a separate written disclosure document setting forth the details of the referral arrangement when required. This disclosure includes the terms and description of the compensation to be paid and the amount, if any, that the prospective client will be charged in addition to the investment management fee for the cost of obtaining his / her account and the differential, if any, among clients if such differential is attributable to the existence of the referral arrangement. The client also signs a written acknowledgement of receipt of GIA’s ADV Part II and the referral disclosure document when required. It is important to note that GIA is not required to, nor does it, disclose when it is paying an employee a referral fee.

Finders and IARs do not have the authority to accept any clients on behalf of GIA, and GIA does not have any responsibility to accept prospective clients referred by the Finder or IARs.

In addition to compensating Finders and IARs, in appreciation for referrals from existing clients, GIA may, at its discretion, provide a discount to the referring clients’ fees for a period of time. This discount is generally a ten percent (10%) discount for a period of one year. This discount is based on the referring client’s assets and fee structure, not on the value of assets for the client referred. In this case, as a matter of privacy to each client, neither the amounts of the assets held in nor the fees and fee reductions of either the referring or referred clients are discussed with the other party.

For example, if a referring client has \$500,000 in assets under management with GIA (and is paying \$6,250 per year in advisory fees) and refers a client who brings in \$100,000 for GIA to manage (and will be paying \$1,250 per year in advisory fees), the referring client may receive a discount of \$625 for one year. GIA may, at its discretion, give multiple referral discounts for multiple referrals. However, at no time, will GIA compensate the referring party beyond discounting the client’s fees as described above. For these purposes, households will be grouped together as a single referral. In addition, in appreciation for referrals from clients or non-clients, GIA may give the referring party a small gift of nominal value.

Item 15     *Custody*

GIA will not take custody of client assets. Client assets shall be held in the custody of a bank, trust company or brokerage firm agreed upon by the Client and GIA. However, as part of the Investment Advisor Agreement signed by the Client, the Client is authorizing GIA to debit fees directly from the Client's account at the custodian.

Though GIA will assist the Client in establishing and maintaining accounts at the custodian, GIA shall have no responsibility or liability with respect to custodial arrangements or the acts, omissions or other conduct of the custodian.

Item 16 Investment Discretion

GIA generally has limited power of attorney to act on a discretionary basis on behalf of clients. When such limited powers exist between the client and GIA, GIA may choose both the amount and type of publicly traded securities to be bought to satisfy account objectives. This is the case with most of GIA's clients. Additionally, GIA accepts any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on the account must be presented to GIA in writing.

Item 17      Voting *Client* Securities

GIA does not vote proxies for clients except as required by ERISA, and does not generally provide advice to clients about how to vote proxies. Clients retain the authority to vote proxies, which they will receive either from the custodian or in some cases directly from the transfer agent for the particular security.

Item 18 Financial Information

GIA does not require or solicit prepayment of fees, nor does it have custody of client assets. GIA has not been the subject of a bankruptcy petition at any time during the past ten years. Therefore, GIA is not required to disclose the financial statements of the firm.



Item 19      Requirements for State-Registered Advisers

GIA is presently registered with the Securities and Exchange Commission. This section is to be completed only by state registered advisors.