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# GWN SECURITIES, INC.

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## **BROCHURE**

FORM ADV, PART 2A

April 6, 2011

This Brochure provides information about the qualifications and business practices of GWN Securities, Inc.. If you have any questions about the contents of this Brochure, please contact us by email at [gwn@gwnsecurities.com](mailto:gwn@gwnsecurities.com), or by telephone at (561) 472-2700, or by mail at the address above. 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.

GWN Securities, Inc., is an investment adviser registered with the United States Securities and Exchange Commission. Registration with the SEC does not imply that GWN Securities, Inc., or any person associated with GWN Securities, Inc. has achieved a certain level of skill or training.

Additional information about GWN Securities, Inc., is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), by searching our firm name or our IARD/CRD number: 128929

## **ITEM 2: MATERIAL CHANGES**

This is GWN Securities, Inc.'s first Brochure prepared pursuant SEC Rule 204-3, as amended effective October 12, 2010. As such, this Brochure is organized differently and includes information not contained in previous versions of our Form ADV, Part II and Schedule F, most recently amended January 1, 2011.

In the future, annual updates of this Brochure will include a summary of any changes in our policies, practices, or conflicts of interest since the date of the prior year's Brochure that may be important to you.

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## Item 4: **ADVISORY BUSINESS**

### **A. FIRM BACKGROUND & OWNERSHIP**

GWN Securities, Inc. (referred to as “GWN,” “Firm,” “we,” or “us”), is a Florida corporation headquartered in Palm Beach Gardens, Florida. We have been in business since 2004. We are registered with the SEC as an investment adviser and are also registered with the SEC and all 50 states and the District of Columbia as a broker-dealer. We are a member of the Financial Industry Regulatory Authority (“FINRA”). The following individual and entity own, directly or indirectly, 25% or more of GWN:

#### **Direct Owner**

World Investment Network

#### **Indirect Owner**

John P. Walsh

GWN offers the following investment advisory services intended to meet a variety of client needs and objectives:

#### **Managed Account Programs:**

- *GWN Managed Account Program*
- *GWN Premier Program*
- *GWN Total Access Program*

#### **Financial Planning Services**

#### **Consulting Services**

In this Brochure, we describe each of our services, investment strategies, conflicts of interest, program costs, and other important information. If you have any questions about GWN or our services, please contact us at the phone number, email address, or street address shown on the front of this Brochure.

### **B. MANAGED ACCOUNT PROGRAMS**

#### **1. GWN MANAGED ACCOUNT PROGRAM – OVERVIEW**

Through the GWN Managed Account Program, GWN offers investment management services designed for clients with assets invested directly with a mutual fund family or insurance company that permits exchanges among the individual funds offered by the mutual fund family or among the subaccounts of a variable annuity or variable life insurance contract (collectively, “variable products”). GWN believes that allocating investments among funds and subaccounts may provide diversification and reduce portfolio volatility.

To serve the investment needs of these clients, the portfolio managers of the GWN Managed Account subprograms have constructed their respective portfolios from mutual funds and subaccounts of variable products of various investment styles, assets classes, and objectives, including income, growth and income, growth, international growth, and international income. The subprograms offer differing investment strategies to manage their respective portfolios. The portfolio manager for each subprogram determines the specific asset allocation and weightings of the portfolios he manages. GWN’s Investment Committee periodically reviews the allocations and weightings for consistency with portfolio objectives.

Clients are not required or expected to purchase a variable product to participate in the Program; however, certain investments may only be available as subaccounts of a variable product. Additionally, the Program's portfolios are limited to certain mutual fund families and variable products, which will likely change from time to time. The Representative will explain the fund families and variable products that are currently eligible for the GWN Managed Account Program, and each of the portfolios.

Clients should consider that the portfolio managers will invest in mutual funds that will carry up-front or contingent deferred sales charges, which will be an additional cost charged to the client's account. Although many clients in the Program will already own mutual funds or a variable product that provides "exchange" privileges within the fund family or variable product subaccounts without charge, the portfolio manager will have the authority, when consistent with seeking the portfolio's objectives, to exchange the client's investments for shares to which the client's exchange privileges may not apply, or to redeem the client's investment in a fund and reinvest in a different fund family that will charge an up-front or contingent deferred sales charge.

Similarly, if the client wishes to add additional assets to be managed through the Program, the client will be required to pay the up-front sales charges (or contingent deferred sales charges) to purchase shares of the funds that comprise the account's particular portfolio. Similarly, if the client wishes to participate in a program through subaccounts of a variable product but does not already own a variable annuity or variable life insurance contract, the client will be required to purchase a variable annuity or variable life contract and will incur sales charges and other transaction expenses.

*Please refer to Item 5.E for further information about compensation the Representative will receive if you purchase securities or insurance products.*

Prior to client entering into the "Advisory Agreement" for the GWN Managed Account Program, GWN's investment adviser representative assigned to the Account (the "Representative") will discuss with the client the risks and potential benefits of the Program, the Program's investment strategy, and the Program investments. Clients may complete an Investor Profile Worksheet, which assists the Representative in determining which model is best suited for the client. Based upon the information provided by the client, the Representative will assist the client to designate one or more of the portfolios available in the Program, and identify the eligible mutual fund families or variable annuities through which the client's Program account will be invested.

Although the Representative will assist the client to understand the available options and portfolios available through the GWN Managed Account Program, the Representative is not responsible for providing on-going investment advice for the account or for managing the assets of the account. Accounts are managed by a designated portfolio manager.

Client will grant the Program portfolio manager full authority and investment discretion to manage the client's account according to the terms of the Program, the particular portfolio the client selects, and the mutual fund families or subaccounts of a variable product the client has designated for the account to be managed through the Program. The portfolio manager will have the authority and investment discretion to buy, sell, exchange, redeem, or otherwise effect transactions with respect to the client's account and the assets of the account, to accept or reject any signals, in whole or in part, and to allocate and reallocate the account, as the portfolio manager deems appropriate, in its sole discretion, without prior notice or consent of client.

With the approval of the Investment Committee, the portfolio manager may also change investment strategy of a portfolio, change the allocations or weightings of a portfolio, or close and liquidate a portfolio, and may change the mutual fund families or variable products approved for the portfolio, without prior notice or consent of client. GWN will notify client of material changes made to a strategy or portfolio, or the investment options approved for a portfolio, and will manage the account as explained in the notice unless client objects within the time period specified in the notice.

As more fully explained below, the following subprograms are currently available through the GWN Managed Account Program:

- *DRM Program*
- *CyAM Direct Program*
- *SAM Direct Program*
- *MOM Direct Program*
- *StAR 1.0 Direct Program*
- *HDSAM Direct Program*

### ***DRM Program***

The objectives of the DRM Program are: (a) to preserve capital and (b) attain capital appreciation through a strategy of “market timing.” A market timing strategy seeks to minimize unfavorable performance in a falling market and to provide appreciation possibilities in a rising market by investing and reinvesting the portfolio based on investment “signals” the portfolio manager identifies using computerized modeling and analysis of technical, economic, fiscal, and monetary factors.

A market timing strategy involves trading in and out of positions based on the signals and is not a “buy and hold” or long-term investment strategy (although there may be periods of months or longer that positions are held). Although the portfolio manager will generally follow the signals to manage accounts, the portfolio manager may, in its discretion, reject, delay implementation, or modify, in whole or in part, actions suggested by a signal and may engage in other transactions for client accounts, as the portfolio manager deems appropriate to achieve each portfolio's objective. There is no set minimum or maximum number of positions which will be held in a portfolio or specific frequency according to which portfolio positions will be traded.

The signals will determine the investment posture of each portfolio as either defensive or aggressive. The DRM "A" (Aggressive) portfolio and DRM "M" (Moderate) portfolio (collectively, the “DRM Portfolios”) may utilize similar investments; however, DRM "A" will trend toward a more aggressive goal whereas DRM "M" will utilize a more moderate approach. GWN's intent is to have program accounts investing in funds emphasizing capital appreciation when the signals indicate a rising market, and exchanging portfolio holdings for cash or money market funds during declining markets.

### ***CyAM Direct, SAM Direct, MOM Direct, HDSAM Direct & StAR 1.0 Direct Programs***

The CyAM, and SAM Programs follow an asset allocation investment strategy, with the objectives of preserving capital, attaining capital appreciation, and providing current income. The portfolios in these programs are allocated among mutual funds and variable product subaccounts, in weightings dictated by the portfolio manager and monitored by GWN's investment advisory

committee (the “Investment Committee”). The portfolio manager will continuously monitor the investments and adjust holdings in an effort to meet the portfolio’s investment objectives.

The portfolio manager may use mutual funds or variable product subaccounts that invest in domestic or foreign equity or fixed income securities, in various combinations and weightings to achieve the objectives. The portfolio manager intends to make adjustments in the portfolio not less than four times a year, generally around the end of each calendar quarter. However, changes may occur more or less frequently depending on prevailing economic and market conditions.

### ***CyAM Direct Program***

CyAM “A” and CyAM “M” portfolios will determine investment allocation percentages based on momentum trends. CyAM “A” (Aggressive) accounts will remain invested until modeling programs trigger a move by the underlying portfolio. For CyAM “M” (Moderate) accounts, investment changes will occur based on modeling programs and will trigger a complete movement of investments.

The portfolio manager’s determination of “Asset Momentum” will determine investment allocation percentages based on momentum trends. Asset Momentum investments will remain invested until modeling programs trigger a change in the underlying portfolios. CyAM “A” and CyAM “M” may utilize equity, fixed income, or money market funds or subaccount positions or a combination of these positions, as determined by its modeling program.

### ***SAM Program***

SAM “A” and SAM “M” will determine allocation investment percentages based on asset classes. SAM “A” (Aggressive) and SAM “M” (Moderate) may utilize similar asset classes for the underlying investments; however, SAM “A” will trend towards a more fully invested program. SAM “M” may utilize more fixed income or money market positions to minimize volatility.

### ***StAR 1.0 Program***

The StAR 1.0 Program primarily uses a momentum analysis, with a secondary filter applied that measures velocity, to evaluate the securities to be included (or excluded) in the model portfolios. The Program will then rank the available investment options based on the results of such analysis to help determine the investments selected for the model portfolios. Momentum Analysis is an indicator used in technical analysis that determines overbought and oversold conditions of a particular asset. This indicator is very similar to the relative strength index (RSI). The main difference between the two is that the RSI uses a fixed number of time periods (usually 14), while the dynamic momentum analysis uses different time periods as volatility changes.

### ***MOM Program***

The MOM Program primarily uses a momentum analysis. Momentum Analysis is an indicator used in technical analysis that determines overbought and oversold conditions of a particular asset. Individual investments will remain invested until modeling programs trigger a move by the underlying portfolio.

### ***HDSAM Program***

The HDSAM Program uses multiple strategies and methods of analysis in seeking its objectives of growth, with a secondary objective of future income. The portfolio recommendations are



derived from a series of macro and micro economic calculations that consider Modern Portfolio Theory, beta analysis, alpha comparisons, standard deviation analysis, and Rate of Return comparison.

*Please refer to Item 8 for additional information regarding the methods of analysis and strategies used in managing the HDSAM Program.*

An encrypted web-based portfolio optimization platform is used to get the macro portfolio recommendations and a fund comparison application is used to screen individual mutual funds. Morningstar Advisor Workstation is used to make final fund choices.

Portfolio optimization and fund screening take place monthly, with the average re-allocation of the portfolio occurring approximately two to three times per year. The portfolio will automatically rebalance to the original target portfolio if no reallocation occurs within a 12-month period.

The benchmark for this portfolio is the S&P 500 and the goal is to meet or exceed performance while maintaining a 70-75% risk exposure.

**Limitation on Changes to CyAM Direct, SAM Direct, MOM Direct, StAR 1.0 Direct, HDSAM and DRM Models.** These Programs allow the client to choose more than one model portfolio for the client's account, and permits the client to specify the percentage of the account to be allocated to each model. However, the client cannot change or impose restrictions on the underlying allocations within each model portfolios the client selects.

### ***GWN Managed Account Program Subadvisers***

Each of the subprograms in the GWN Managed Account Program is managed by a subadviser engaged by GWN, as follows. Where indicated, the Subadviser is controlled by a GWN Representative:

| <b>Subprograms</b>      | <b>Subadviser</b>         | <b>GWN Representative Controlling Subadviser</b> |
|-------------------------|---------------------------|--|
| DRM Program             | Dynamic Asset Management  | Allen F. Secor, Jr.                              |
| CyAM Direct Program     | Dynamic Asset Management  | Allen F. Secor, Jr.                              |
| SAM Program             | Chesapeake                |  |
| MOM Direct Program      | CGAA                      | Anthony Romeo                                    |
| StAR 1.0 Direct Program | DJ Puff Advisors          | Donald Puff                                      |
| HDSAM Direct Program    | Millennium Advisory Group | Gary Hutto                                       |

The Subadvisers for the GWN Managed Account Programs are responsible for determining the specific model portfolios, the selection of the mutual funds or other securities in which the account will invest to reflect the model, and for the periodic adjustment of the models to achieve each portfolio's objective and risk profile. GWN is responsible for the periodic rebalancing of each account in a portfolio to reflect the current portfolio allocation and mutual funds designated by the Subadviser for each portfolio. The Subadvisers are compensated from a share of the Program Fees that are paid by the client for participating in the GWN Managed Account Program, and are also compensated from the purchase or sale of any securities occurring to reflect the model portfolio, including from the initial allocation of the account and subsequent rebalancing of the account to reflect to the model portfolio or any adjustments to the model.

## **2. GWN PREMIER PROGRAM - OVERVIEW**

The GWN Premier Program is also a managed program comprised of the ***GWN Premier Select*** and ***GWN Premier Choice Programs***, and the ***Money by Design Platinum Advisory Program*** (“***Platinum Program***”).

Prior to client entering into the “Advisory Agreement”, GWN’s Representative will discuss with the client the risks and potential benefits of the Program, the Program’s investment strategy, and the Program investments. Clients may complete an Investor Profile Worksheet, which assists the Representative in determining which of the available programs is best suited for the client.

Based upon the information provided by the client, the Representative will assist the client to select a suitable Program and then work with the client to designate one or more of the portfolios offered through the third-party portfolio managers available through the Program.

Client will grant the Program portfolio manager full authority and investment discretion to manage the client’s account according to the terms of the GWN Premier Program, the particular portfolio the client selects, and the mutual fund families or subaccounts of a variable product the client has designated for the account to be managed through the Program. The portfolio manager will have the authority and discretion to buy, sell, exchange, redeem, or otherwise effect transactions with respect to the client’s account and the assets of the account, to accept or reject any signals, in whole or in part, and to allocate and reallocate the account, as the portfolio manager deems appropriate, in its sole discretion, without prior notice or consent of client.

With the approval of the Investment Committee, the portfolio manager may also change investment strategy of a portfolio, change the allocations or weightings of a portfolio, or close and liquidate a portfolio, and may change the mutual fund families or variable products approved for the portfolio, without prior notice or consent of client. GWN will notify client of material changes made to a strategy or portfolio, or the investment options approved for a portfolio, and will manage the account as explained in the notice unless client objects within the time period specified in the notice.

### ***GWN Premier Select Program***

GWN Select is an allocation program offering model comprised of no-load and load-waived mutual funds developed by the following institutional investment managers:

|   |   |
|---|---|
| Chesapeake Investment Group<br>Channel Trend<br>CLS Investments<br>Goldman Sachs<br>ICON Advisers, Inc.<br>Russell Investment Management<br>Ocean Park Asset Management | Portfolio Strategies, Inc. (PSI)<br>Advanced Asset Management Advisors<br>CGAA<br>Dynamic Asset Management<br>DJ Puff Advisors<br>Millennium Advisory Group |
|---|---|

Each model will have a recommended allocation as well as a list of suitable alternative investments by category, allowing the client and the Representative to customize the model to the specific needs and objectives of the client.

Clients interested in the GWN Premier Select Program will be allowed to choose among a series of computer based, asset allocation models based on risk tolerance. Models are categorized as

Conservative Growth, Moderate Growth, Growth Appreciation and Maximum Appreciation. Client may complete an investor profile to assist in the determination of the appropriate model. Models are based on the Modern Portfolio Theory.

*Please refer to Item 8 for further explanation of Modern Portfolio Theory.*

All funds are purchased at net asset value (NAV). GWN Select is available for non-qualified and qualified assets. Qualified assets may be separately established in an IRA, 403(b)(7) or qualified plan. The schedule would apply to each separate plan established. The program's advantages are as follows:

- Modern Portfolio Theory of investing based on specific investor's needs.
- Select from a list of no-load and load waived funds.
- Automatic re-balancing and re-allocation based on model changes.
- Receive a consolidated quarterly statement of all assets within the account.

Once the client has selected a suitable program and portfolio through the GWN Premier Select Program, management of the account and Program portfolios will be the responsibility of the portfolio manager. The Representative will be responsible for periodic contact with the client to determine any changes in the client's investment objectives or other suitability information, and to answer client questions about the Program. However, the Representative will not provide ongoing investment advice or recommendations regarding the account or for managing its assets.

### ***GWN Premier Choice Program***

The GWN Premier Choice Program permits an individual and a Representative of GWN Securities, Inc. to design and implement a managed diversified mutual fund portfolio tailored to the individuals' needs. All mutual funds are purchased at net asset value (NAV). Premier Choice is available for non-qualified and qualified assets. Qualified assets may be separately established in an IRA, 403(b)(7), or a qualified plan. The schedule would apply to each separate plan established. The program's advantages are as follows:

- Select from a list of no-load and load-waived funds.
- Exchange within a fund family or transfer across fund families at any time.
- Select your own fund(s) or rely on a recommendation from GWN Securities, Inc.
- Receive a consolidated quarterly statement of all assets within the account.

The Premier Choice Program is not offered by solicitors. The Premier Choice Program can only be offered by registered investment adviser representatives of GWN. Clients participating in the Premier Select and Choice programs may be required to establish custodial accounts with a third-party broker-dealer, such as Fidelity Institutional Wealth Services (or another affiliate of Fidelity, Inc., "Fidelity") or other custodian that may be required and approved by GWN.

### ***Money by Design Platinum Advisory Program***

The Money by Design Platinum Advisory Program ("Platinum Program") is also part of the GWN Premier Program. The investment objective is to seek capital appreciation and provide current income. This Program utilizes computerized modeling and employs technical, economic, fiscal,

and monetary considerations to determine whether individual market trends are considered to be advancing or declining. The basic concept underlying these services is commonly known as asset allocation. The advisor intends to allocate investments between and among the funds available in weightings dictated by the investment advisory committee. The advisor will continuously monitor the investments and adjust holdings in the individual funds in an effort to meet its investment objectives.

Platinum is an asset allocation program utilizing a wide selection of mutual funds which provides an individual the opportunity to choose among a series of computer-based asset allocation models based on risk tolerance. There are three Tiers of portfolio managers, and one or more separate portfolio managers for each Tier who are engaged as subadvisers to the Program and are responsible for day-to-day management of the portfolios assigned to them. Those subadvisers are:

|          |  |
|----------|--|
| Tier I   | Chesapeake Investment Group  |
| Tier II  | ICON Advisers, Inc.<br>CLS Investments<br>Portfolio Strategies, Inc. (PSI)<br>Goldman Sachs<br>Russell Investment Management |
| Tier III | Ocean Park Asset Management<br>Advanced Asset Management Advisors, Inc. (AAMA)<br>Campbell Keller                            |

### **3. GWN TOTAL ACCESS PROGRAM**

The GWN Total Access Program permits an individual and a Representative to allocate the client's portfolio into general securities, no-load and load-waived funds at net asset value and other investments. Pershing, LLC provides administrative, brokerage, and custodial services for the account and maintains the account's assets.

A client participating in the GWN Total Access Program will pay an annualized fee in addition to transaction charges in accordance with the fee schedule. The fee will be payable quarterly in advance. The first payment is due upon execution of the Total Access Program Advisory Agreement and will be assessed pro rata in the event the Advisory Agreement is executed at any time other than the first day of the calendar quarter.

### **4. FINANCIAL PLANNING & CONSULTING SERVICES**

***Financial Planning Services.*** We provide Financial Planning Services designed to assist clients in developing solutions for a wide variety of financial issues and priorities. At the outset of the process, we ask clients to provide us with information about the client's current financial status, future goals, and attitudes towards risk. Related documents supplied by the client are carefully reviewed, including a questionnaire completed by the client, and a written report is prepared. Typically, the process involves a series of discussions during which a number of issues may be covered, such as any one or more of the following (or other):

GWN may provide investment advisory services in the form of a comprehensive financial plan. Clients receiving this service will receive a written report providing the client with a detailed

financial plan designed to achieve his or her stated financial goals and objectives. In general, the comprehensive financial plan may address a number of areas, including existing financial position, protection of assets, investment planning, income tax planning, retirement planning, and estate planning.

At the beginning of our relationship with a new client, we will ask about their personal and family circumstances, career plans, financial situation, investment goals and objectives, and tolerance for investment risk. Based on this information, we will work with the client to identify specific planning services where we will focus our efforts during the initial year of our relationship. Over the course of your relationship with us, we will periodically review with you relevant aspects of the financial process. Generally, we consider the following issues as part of the Financial Planning Services:

- |   |   |
|---|---|
| <u><i>Cash Flow &amp; Budgeting:</i></u>  | Analysis of the client's current income, expenses, taxes, savings, and investment history, and the potential effects of various investment choices, tax strategies, or other planning techniques towards improving the client's current and future cash flows, assets, and tax liabilities. |
| <u><i>Portfolio Review:</i></u>           | Analysis of the client's current investment portfolio and allocation and weighting among investments of different asset classes or market sectors, with the goal of improving diversification, reducing volatility, minimizing taxes, or enhancing performance.                             |
| <u><i>Education Funding:</i></u>          | Based on information provided by the client regarding client's plans for children's (or grandchildren's) education, we will discuss with the client estimates of the amounts necessary to fund the planned education.   |
| <u><i>Insurance Planning:</i></u>         | Review of the client's current life and disability insurance limits and coverage to identify circumstances where the client may benefit from purchasing additional insurance or annuity products.   |
| <u><i>Retirement Planning:</i></u>        | Preparation of projections regarding the client's estimated financial needs at certain ages in the future and amounts which should be added to the portfolio in order to meet future obligations and attain the client's investment objectives.   |
| <u><i>Survivor Income Analysis:</i></u>   | We will review the amounts and sources of income that may be available to client or client's spouse upon the death of each other, or to surviving heirs.  |
| <u><i>Disability Income Analysis:</i></u> | We will discuss with the client estimates of client's disability income needs, as well as a description of existing disability coverage and recommendations regarding such coverage.  |

**Caution Regarding Projections.** When we develop projections for you, whether of estimated future income, expenses, inflation, tax liabilities, or other matters, we will rely on the information you provide and on certain assumptions about key economic, financial, and tax matters. While we believe the assumptions will be reasonable at the time made, there is no assurance that these assumptions will prove correct in the future; our assumptions may turn out to be wrong. To the extent the information you provide is inaccurate or incomplete, or our assumptions prove incorrect, our projections will likely not reflect your actual experience.

Based on the information provided by the client, we will develop financial planning strategies and recommend solutions. Typically, the financial plan will be presented within 90 days of the contract date, provided that all information needed to prepare the financial plan has been promptly provided by the client.

When appropriate, our financial planning recommendations we will recommend one of our investment management programs to clients seeking professional management of their portfolios. If we recommend the purchase or sale of securities or investment products, we hope the client will implement the recommendations through us and our Representative; however, advisory clients do not have any obligation to implement advisory recommendations through GWN or our Representative, and may choose to purchase such products from other broker-dealers, insurance companies, or agents not affiliated with us.

The recommendations made in a financial plan and the advice we provide as part of the Financial Planning services apply only to a client's financial situation at the time of purchase. A periodic review of the client's situation is strongly recommended to ensure that the plan continues to address the client's needs and objectives. It is the client's responsibility to request a periodic update or review of the financial plan.

***Consulting Services.*** Clients may also receive investment advice on a more limited basis. This may include advice on only a specific area such as estate planning, retirement planning, reviewing the client's existing portfolio, or other specific topics. In these situations, only the requested topic is addressed, and the impact of our advice on the client's other financial areas is not considered. GWN may also provide advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, or annuity advice.

## **5. CHANGES IN THE CLIENT'S CIRCUMSTANCES**

Clients are advised that changes in the client's or an account's financial situation, investment objectives, tolerance for risk, or investment time horizon may cause the program or strategy selected by the client to be no longer suitable. In the event of any such change, the client should contact the Representative or GWN promptly in order to identify another program or strategy that meets the client's needs.

## **6. NEGOTIABILITY OF PROGRAM FEES, ACCOUNT MINIMUMS, & OTHER TERMS**

For all services, we have the discretion to negotiate our fees, minimum account size, minimum annual fees, and other terms of each client's relationship with us, and to negotiate alternative fees, minimums, or other terms on a client-by-client basis.

When considering and negotiating these matters, we usually consider, among other factors, the dollar amount of assets to be placed under management by the client and related accounts, anticipated future revenues and anticipated future additional assets or accounts from the client or related persons, and other existing or anticipated relationships. We may elect, in our discretion, to aggregate related client accounts for the purpose of achieving the minimum account size requirements and determining annualized fees. Waivers, discounts or more favorable terms not generally available to other clients may be offered to family members and friends of our current and former employees and affiliates. The specific terms of each client's advisory relationship will be agreed upon in writing by GWN and the client.

## **7. SECURITIES FOR WHICH WE PROVIDE ADVICE**

GWN and its Representatives offer advice regarding a wide variety of investment products, including:

- exchange-listed or over-the-counter debt or equity securities
- money market funds, open-end investment companies (mutual funds), exchange-traded fund (ETFs); closed-end funds, and unit investment trusts
- variable life insurance, variable annuities, and their investment subaccounts
- certificates of deposit; municipal securities
- securities issued by the US Treasury, agencies, or government sponsored enterprises

The securities for which we offer advice are more extensive than the investments we generally recommend to our clients.

*Please refer to the descriptions in this Item 4 and in Item 8 regarding the types of investments and strategies we recommend.*

### **C. TAILORED ADVISORY SERVICES & CLIENT-IMPOSED RESTRICTIONS**

We tailor our advice to the specific needs and objectives of the client. The Representative will help the client to understand and complete an account profile or questionnaire so that it accurately reflects the account's financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations, and will also answer client questions about the programs and our services. Based on the client's investment profile, the Representative will recommend one of our investment management programs, or financial planning or consulting services suited to the needs of the client. Alternatively, for clients not interested in our advisory programs, the Representative (acting in his or her capacity as a registered representative of our broker-dealer and as a licensed insurance agent) will recommend the client purchase securities or insurance products.

For clients seeking investment management services, the Representative will assist the client in selecting a suitable program, asset allocation or model portfolio, and where applicable, separate account manager. We permit clients to impose reasonable restrictions on the types of securities we recommend for their account, and permit clients to change the restrictions by written instruction to us. However, clients should be aware that the terms of any agreements with a third-party investment manager or subadviser may restrict the client's ability to impose restrictions on account investments.

Once the client has approved the specific investment management program, asset allocation or model portfolio, and where applicable, third-party portfolio manager, the account will be managed to reflect the allocation or model, and achieve the objectives of the program and portfolio which the client has selected, subject to reasonable restrictions imposed by the client. Due to client restrictions and other differences regarding each account, performance of a client's account may be different from the performance of other accounts in the same program or portfolio.

### **D. INFORMATION ABOUT WRAP FEE PROGRAMS**

Item 4.D requires disclosure of certain information about wrap fee programs for which we provide portfolio management services.



GWN does not provide portfolio management services for any wrap fee programs, and has no disclosures for this item.

## **E. MANAGED ASSETS**

As of December 31, 2010, we managed client assets of \$476,800,000 on a discretionary basis. We did not manage any assets on a non-discretionary basis.

### **Item 5: FEES & COMPENSATION**

#### **A. PROGRAM FEES**

##### **1. GWN MANAGED ACCOUNT PROGRAM FEES**

The standard Program Fees for the GWN Managed Account Program are set forth below and are expressed in terms of an annual percentage of quarter-ending values:

| <b>FEE SCHEDULE</b>                                  |                        |
|--|------------------------|
| <b>SAM, HDSAM, MOM, DRM, StAR, and CyAM Programs</b> |                        |
| <b>Account Value</b>                                 | <b>Annual Fee Rate</b> |
| First \$250,000                                      | 1.50% per annum        |
| Next \$250,000                                       | 1.25% per annum        |
| Next \$500,000                                       | 1.00% per annum        |
| Amounts over \$1,000,000                             | 0.50% per annum        |

Minimum account balance is \$25,000. Advisor shall receive a quarterly fee billed in arrears equal to a percentage of the market value of all assets held within the Participant's account on the last business day of the quarter or upon withdrawal from such account prior to the quarter's end. **In addition to the advisory fee, a 0.50% custodial fee will be charged.** Program Fees will be billed quarterly, in arrears.

The minimum account value for a qualified account is \$2,000, with a \$10,000 minimum for open accounts. **In addition to the advisory fee, a 0.50% custodial fee will be charged.** Program Fees will be billed quarterly, in arrears.

**Note:** Clients will pay commissions and other sales-related compensation and transaction costs in connection with investments purchased, exchanged, or redeemed in the SAM, HDSAM, MOM, DRM, StAR, and CyAM Programs. Additionally, accounts will be charged custodial fees by the custodian of their accounts.

In its capacity as the client's broker-dealer, GWN Securities will earn commissions and other sales-related compensation from the sales of securities or insurance products to accounts participating in the SAM, HDSAM, MOM, DRM, StAR, and CyAM Programs., and we will share this compensation with the Representative.

*Please refer to Item 5.E for further information about the compensation we may earn and the conflicts of interest such compensation creates.*



## **2. GWN PREMIER PROGRAM FEES**

Recordkeeping, advisory fee, and service charges for accounts participating in the **GWN Premier Select Program** and **GWN Premier Fund Choice Program** are negotiated on a client-by-client basis, but shall not exceed 2% per annum. Program Fees are billed quarterly in arrears.

Minimum account balance is \$25,000. Advisor shall receive a quarterly fee billed in arrears equal to a percentage of the market value of all assets held within the Participant's account on the last business day of the quarter or upon withdrawal from such account prior to the quarter's end. GWN has the right but not the obligation to accept a minimum below \$25,000. GWN reserves the right to charge and collect the asset-based fee on a monthly basis, rather than on a quarterly basis.

## **3. MONEY BY DESIGN PLATINUM PROGRAM FEES**

| <b>FEE SCHEDULE</b><br><b>Money by Design Platinum Advisory Program</b><br><b>Annual Asset-Based Program Fee</b> |                        |                               |                       |
|--|------------------------|-------------------------------|-----------------------|
| <b>ACCOUNT VALUE</b>   | <b>Below \$250,000</b> | <b>\$250,000 to \$750,000</b> | <b>Over \$750,000</b> |
| <b>TIER 1 Manager</b>  | 1.30%                  | 1.05%                         | 0.80%                 |
| <b>TIER 2 Manager</b>  | 1.55%                  | 1.35%                         | 1.10%                 |
| <b>TIER 3 Manager</b>  | 1.65%                  | 1.45%                         | 1.20%                 |

Minimum account balance is \$25,000. Advisor shall receive a quarterly fee billed in arrears equal to a percentage of the market value of all assets held within the Participant's account on the last business day of the quarter or upon withdrawal from such account prior to the quarter's end. The Advisor has the right but not the obligation to accept a minimum below \$25,000. Participants electing the asset-based fee are not subject to the Custodial transaction fees. GWN reserves the right to charge and collect the asset-based fee on a monthly basis, rather than on a quarterly basis.

All Platinum Program accounts existing as of September 17, 2008 will be grandfathered in to the Flat Program Fee Structure of \$600 annually billed quarterly in arrears, until they cancel the option. In addition to the advisory fee, any custodial fees may apply. An annual recordkeeping fee up to \$25 (\$6.25 per quarter) will be applied to your Platinum account. This fee is waived when the ITD contributions reach \$50,000.

## **4. GWN TOTAL ACCESS PROGRAM FEES**

An account participating in the GWN Total Access Program will pay an annualized Program Fee in addition to transaction charges in accordance with the fee schedule. The fee will be payable quarterly in advance. The first payment is due upon execution of the Total Access Advisory Agreement and will be assessed pro rata in the event the Agreement is executed at any time other than the first day of the calendar quarter.

As full compensation for services under the Total Access Advisory Agreement, participating accounts will pay GWN a Program Fee according to the following schedule, which reflects a

quarterly fee rate. This schedule is subject to change with thirty (30) days written notice to the client. Minimum account balance is \$25,000.

| <b>FEE SCHEDULE</b>             |                                  |
|---------------------------------|----------------------------------|
| <b>GWN Total Access Program</b> |                                  |
| <b><u>Account Value</u></b>     | <b><u>Quarterly Fee Rate</u></b> |
| First \$250,000                 | 0.5000% per quarter              |
| Next \$750,000                  | 0.3250% per quarter              |
| Next \$2,000,000                | 0.2500% per quarter              |
| Next \$2,000,000                | 0.2250% per quarter              |
| Next \$5,000,000                | 0.1875% per quarter              |
| Amounts over \$10,000,000       | 0.1500% per quarter              |

| <b>PERSHING TRANSACTION COSTS</b>         |                                   |
|---|-----------------------------------|
| <b>GWN Total Access Program</b>           |                                   |
| <b>Clearance Services</b>                 | <b>Charge Per Transaction*</b>    |
| Listed Market Order (0-2099 shares)       | \$19.00*                          |
| Listed Market Order (greater than 2099)   | \$19.00* plus .02 cents per share |
| Listed Limit Order                        | \$19.00* plus .02 cents per share |
| OTC Equities                              | \$19.00*                          |
| Corporate Bonds                           | \$25.00* (plus \$1.00 per bond)   |
| Municipal Bonds                           | \$25.00*                          |
| Treasury Bonds                            | \$25.00*                          |
| Government Agency Bonds                   | \$30.00*                          |
| Money Market Instruments (BA's, CD's, CP) | \$30.00*                          |
| Precious Metals                           | \$30.00*                          |
| Mortgage Backed When Issued               | \$10.00*                          |
| Mutual Funds:                             |                                   |
| Loaded Funds Purchased at NAV             | \$16.00*                          |
| Fund Vest ®                               | No Charge**                       |
| Load Mutual Funds:                        | \$16.00*                          |
| Redemptions                               | \$14.00*                          |
| Unit Investment Trusts                    | \$25.00*                          |
| Dollar Cost Averaging or Systematic       |                                   |
| Withdrawals using SRS                     | \$6.00                            |
| Mutual and SRS Exchanges                  | \$10.00                           |

\*A \$4.50 bookkeeping fee will be added to all of the transaction costs shown above.

\*\*For redemptions to be eligible for no transaction fee, the shares must be held for a minimum of six months. If you roll or exchange prior to six months there is a \$50.00 redemption fee.

GWN is registered as an introducing broker-dealer. However, GWN will not participate in any brokerage transactions for the GWN Total Access Program accounts. GWN's compensation for this program is received solely for its advisory services.

## **5. FINANCIAL PLANNING & CONSULTING SERVICE FEES**

Clients will be charged an hourly fee for Financial Planning and Consulting Services. These fees will not exceed \$350 per hour, and will vary among GWN's Representatives. Representatives may at their discretion in lieu of an hourly fee charge a fixed fee not to exceed \$750. GWN may require a retainer of up to 50% of the client's fee (based on estimated hours) at the start of the advisory relationship, with the balance (based on actual hours) due upon completion of the work. It is anticipated that all such fees will be earned within six months of entering into the advisory agreement, provided that the client has promptly furnished all requested information.

GWN's fees for Financial Planning and Consulting Services are separate and distinct from any commission or other compensation that GWN may earn in implementing any investment or insurance recommendations made by GWN for a client's financial plan. A client is under no obligation to implement any financial plan recommendations by purchasing or selling securities or insurance products or services through GWN or its Representatives. The Representative may, in his or her sole discretion, agree to offset or reduce the amount of advisor fee by the amount of any such sales-related compensation received; however, any such reduction or offset will be disclosed to the client in advance of the transaction. Generally, the Representatives will not reduce or offset the advisory fees by the amount of any sales-related compensation.

A Financial Planning Agreement or Consulting Agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

## **6. NEGOTIATION OF FEES; COSTS COMPARED TO OTHER PROGRAMS**

The various Program Fees, Financial Planning Fees, Consulting Fees, commissions, and other forms of compensation for GWN's services are generally negotiable by GWN or the Representative, in their sole discretion, on a case-by-case basis, depending on a variety of factors, including the nature and complexity of the particular service, the compensation requirements of the particular Representative, the client's relationship with GWN and the Representative, the size of the account, and the potential for other business or clients, among other factors. Program Fees may be different at each branch office and with each Representative, depending on location and the extent and nature of service. Separate account assets may be householded for fee calculation purposes, in our discretion.

GWN or the Representative may offer significantly lower commissions or more favorable Program Fee or other terms or arrangements for personal friends, relatives, or others with whom GWN or the Representative have established or seek personal or family relationships.

Consequently, some accounts pay lower Program Fees, Financial Planning Fees, Consulting Fees, commissions or other fees or expenses than other accounts.

## **7. AVAILABILITY OF SIMILAR SERVICES FROM OTHER FIRMS**

Clients can generally purchase mutual funds or other investment products or services through other firms that are not affiliated with us. However, clients who obtain investment products or

services through other firms will not receive the benefit of the services we provide in determining which investment products or services may be appropriate in view of the client's financial situation, investment objectives, risk tolerance, and liquidity needs.

Our Program Fees, Financial Planning Fees, Consulting Fees, and sales-related charges may be higher (or lower) than fees charged by other advisers, broker-dealers, or other institutions for similar products or services. Clients should consider carefully all of the direct and indirect fees and expenses of our services and the investment products we recommend to fully understand the total costs and assess the value of our services.

## **B. DEDUCTION OF FEES BY THE CUSTODIAN**

In the Advisory Agreement for each of our managed account programs, the client will authorize and direct the custodian to deduct the Program Fee directly from the account upon receipt of instructions from GWN (or on our behalf). Clients are required to authorize the custodian to deduct the Program Fees from the account and may not choose to have Program Fees billed to the client for payment in lieu of billing the custodian. The amount of the Program Fee will be reflected on a statement provided to the client at least quarterly by the custodian.

## **C. ADDITIONAL FEES & EXPENSES**

The Program Fees, Financial Planning Fees, and Consulting Fees are separate from the additional mutual fund, ETF, Cash Management, other fees and expenses described in this section.

- **Brokerage and Investment Expenses:** Clients who purchase or sell securities will incur brokerage and may incur other transaction costs, which may include the following:
  - commissions, sales charges, or other transaction costs charged by brokers who execute the purchase or sale of securities on an agency basis;
  - mark-ups, mark-downs, or other dealer or market maker spreads for securities bought or sold on a principal basis, and underwriting fees, dealer concessions, or related compensation in connection with securities acquired in underwritten offerings;
  - odd lot differentials, transfer or other taxes, floor brokerage fees, exchange fees, service and handling fees, electronic fund or wire transfer fees, costs of exchanging currencies, margin interest, and other expenses incurred with respect to any investments made or assets held for the client's account; and
  - initial and deferred sales charges and short-term redemption fees in connection with the purchase or redemption of mutual funds (or variable annuity contracts or variable life insurance contracts, if any).
- **Mutual Fund & ETF Expenses.** Clients whose accounts invest in mutual funds or ETFs will indirectly bear the internal management, operating, and investment fees and expenses charged by mutual funds or ETFs to their shareholders, including servicing and distribution fees paid pursuant to Rule 12b-1 ("12b-1 Fees"), recordkeeping fees, transfer and sub-transfer agent fees. The risks, potential benefits, fees, and expenses of mutual funds and ETFs are described in product's prospectus or

summary disclosure. Clients should become familiar with such information prior to investing.

A client could invest in mutual funds or ETFs directly, without the services of GWN or the Representative. In that case, the client would not receive the services provided by GWN and the Representative, which are designed, among other things, to identify mutual funds or ETFs which are appropriate in light of the client's objectives, needs, and circumstances. Accordingly, clients should review the fees charged by the funds and ETFs in which their accounts are invested in evaluating the costs of the services being provided. If mutual fund or ETF shares are liquidated, there is a risk you will be charged an early redemption or other fees intended to discourage short-term trading of mutual fund shares. There is also a risk that the value of the securities may have declined at the time of such liquidation, thereby causing you to realize a loss and forego opportunity for future appreciation of the securities.

- **Custodial Expenses:** Clients will pay the cost of services provided by the custodians of their accounts for: (1) arranging for the receipt and delivery of account securities purchased, sold, borrowed or loaned; (2) making and receiving payments for account securities; (3) custody of account securities; and (4) custody of all cash, dividends, exchanges, distributions, and rights accruing to the account, and delivery of cash to client bank accounts. The custodian may be compensated through commissions or other transaction-based fees for securities transactions executed through the custodian (or its affiliates) or by asset-based fees settled into the custodian's accounts, or both. The specific fees and terms of each custodian's services will be described in the custodian's separate account agreement with the client.
- **Cash Management Fees and Expenses.** Cash in accounts awaiting investment or reinvestment may be invested in cash balances or money market funds with the custodian (or its affiliate), pursuant to an automatic cash "sweep" program. The adviser to these funds may be the custodian (or its affiliate). GWN's agreement with Pershing provides that Pershing will compensate GWN based on the balances of client accounts in such sweep accounts. Consequently, the possibility of this compensation creates an incentive for GWN to make decisions for the account which would have the effect of increasing this compensation. GWN and Pershing (or its affiliate) may also receive distribution payments pursuant to Rule 12b-1 from the money market accounts in which account cash is invested. Such compensation or payments are not credited against, and will not reduce, the Program Fees or other amounts a client owes to us.
- **Risks from Liquidation of Assets to Pay Fees:** The custodian will be authorized to deduct the Program Fees directly from the account to us according to our instructions, without notice to you or your consent. Clients are required to provide any additional documents requested for the deduction and payment of the Fees. If sufficient cash is not available in the Account to pay the Program Fees when due, the custodian will liquidate securities selected by the custodian without prior notice to you or further consent by you. Clients should consider carefully all of the direct and indirect fees and expenses of our services and the investment products we recommend to understand fully the total costs the client will bear and evaluate the value of the services we provide.

*Please refer to the "Brokerage Practices" section (Item 12) of this Brochure for additional information regarding brokerage, transaction, and other fees and expenses clients will incur.*

## **D. PREPAYMENT OF FEES, TERMINATION & REFUNDS**

In some programs, the Program Fees are payable in advance and in other programs the Program Fee is paid in arrears. Clients are referred to the discussion in Item 4 for information regarding the terms of each program.

The Advisory Agreements may be terminated by the client or us at any time upon written notice to the other. Upon termination, any earned but unpaid Program Fees owed to us will be immediately due and payable; and any unearned Fees we have received will be refunded to the client within 30 days, prorated based on the number of days that the Advisory Agreement was in effect during such quarter. We will not ask or require prepayment of Program Fees of more than \$1,200 per client six months or more in advance.

After an Advisory Agreement has been terminated: transactions involving client's assets will be executed at the prevailing rates for, and client will incur commissions and other costs for transactions, clearance, settlement, and custodial charges imposed by the Custodian and any broker-dealers (including without limitation, GWN); client will be responsible for monitoring the assets; and neither GWN nor the Representative will have any further obligation with respect to client or those assets.

## **E. COMPENSATION FROM THE SALE OF SECURITIES & INSURANCE PRODUCTS**

GWN is registered as both an investment adviser and broker dealer. Our affiliate, GWN Marketing, Inc., is licensed as an insurance general agency in a number of states. Clients who wish to purchase securities or insurance products will work through our Representative for these products, acting in their separate capacity as our broker-dealer representatives or as licensed insurance agents. GWN hopes that Financial Planning and Consulting clients will implement advisory recommendations through GWN; however, advisory clients do not have any obligation to implement any advisory recommendations through GWN or our Representatives, and may choose to purchase such products from other broker-dealers, insurance companies, or agents not affiliated with us.

When Representatives sell securities or insurance products they will earn commissions and other compensation, including servicing and distribution fees paid pursuant to Rule 12b-1, and in some cases, recordkeeping fees, and transfer and sub-transfer agent fees, and do not reduce Program Fees, Financial Planning Fees, or Consulting Fees owed to GWN for advisory services.

Any adjustment or reduction of the Program Fees, Financial Planning Fees, or Consulting Fee as a result of commissions or other sales-related compensation our Representative or the Firm receives is at the discretion of the Representative and the Firm, and will be disclosed to clients prior to implementing transactions. Our Representatives and management may also be eligible to receive incentive awards (such as sales awards or other prizes such as trips or bonuses) for recommending certain types of insurance policies or investment products.

Commissions and other compensation from sales of securities and insurance products represent more than half of our firm's annual revenue and are our primary forms of compensation. The potential for sales compensation provides an incentive for the Firm and our Representatives to place their interest ahead of a client's interests. While we endeavor to put the client's interest first, the receipt of sales compensation may affect our judgment when making recommendations. Clients, however, are not under any obligation to purchase any securities or insurance products recommended by the Firm or our Representatives, and may choose to purchase such products from firms not affiliated with GWN or a Representative.

In addition, GWN receives compensation over and above published commission schedules, advisory fees and concessions as described in a prospectus from certain Product Sponsors. This compensation may be paid for services we provide to the Product Sponsor or they may be paid to GWN in order to provide sales and marketing support. This "Additional Compensation" may be received as a flat dollar amount or an amount based on sales or total dollar amount of investors' assets. Product Sponsors who pay GWN Additional Compensation are considered GWN's "Compensating Sponsors."

Most Additional Compensation payments are paid to GWN out of the revenues of the sponsoring investment company or insurance company and are NOT paid out of fund assets. Certain insurance companies or entities through which GWN places insurance business pay compensation that is based in part on factors such as total deposits, assets or premium volume and persistency or profitability of the business sold by GWN's Financial Representatives. The cost of this compensation may be directly or indirectly reflected in the premium or fee for the product.

Because Additional Compensation received by GWN may benefit GWN or its Financial Representatives financially, it may be deemed a potential financial conflict of interest when working with our investors.

#### **Item 6: PERFORMANCE COMPENSATION & SIDE-BY-SIDE MANAGEMENT**

We are required to disclose in Item 6 certain information about any "performance-based" fee arrangements with clients, and any situations where we manage both accounts with performance-based fee arrangements and accounts without such arrangements.

Because we do not have any performance-based fee arrangements with our clients, we do not have further disclosures for Item 6.

#### **Item 7: TYPES OF CLIENTS & ACCOUNT REQUIREMENTS**

We provide investment advisory services to the following types of clients:

- Individuals, including high net worth individuals;
- Pension and profit sharing plans;
- Trusts, estates, and charitable organizations;
- Corporations and other businesses not listed above.

Please refer to Item 4 for specific information regarding the minimum account size required for each of our programs.

#### **Item 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS**

We use the following methods of analysis in formulating advice and managing the client accounts for which we are the portfolio manager:

##### **A. METHODS OF ANALYSIS**

##### **FUNDAMENTAL ANALYSIS**

We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the asset class of the security and the management of the company) to determine if the security should be included in the portfolio.

Fundamental analysis does not attempt to anticipate market movements. As such, this method of analysis carries a risk that it may not recognize when the price of a security is moving up or down as a result of overall market movement regardless of the economic and financial factors considered in a fundamental analysis of the security.

### TECHNICAL ANALYSIS

Through a number of different statistical measures and data regarding the direction and velocity of movements in certain market averages and indices, prices for securities or other investment products, and economic indicators, we seek to identify short, intermediate, and longer term market trends or cycles, and recurring patterns of market movements, to assist us in determining when to enter or leave a market.

Technical analysis provides indications of market direction and potential turning points, but is an imprecise tool that can result in inaccurate buy or sell signals that do not coincide with actual market turns. Technical analysis does not consider the underlying financial condition of a company. As such, technical analysis carries the risk of generating a buy signal based on market trends for stock in a company that is poorly managed or financially unsound and that may underperform regardless of overall market movement.

### DEFINITION OF TERMS USED IN SOME METHODS OF ANALYSIS OR STRATEGIES

Below are the definitions of key terms that are used in the explanations of the methods of analysis or investment strategies followed by some of the portfolio managers or subadvisers of portfolios in the Programs:

- **Beta** - Measures the risk level of the manager. Beta measures the systematic risk, or the return that is attributable to market movements. In contrast, alpha measures the nonsystematic return of the portfolio, and standard deviation measures the volatility of a portfolio's returns compared to the average return of the portfolio. A beta equal to one indicates a risk level equivalent to the market. Higher betas are associated with higher risk levels, while lower betas are associated with lower risk levels.
- **Alpha** - Measures nonsystematic return, or the return that cannot be attributed to the market. Thus, it can be thought of as how the manager performed if the market has had no gain or loss. In contrast, beta measures the return that is attributable to the market and is a measure of the portfolio's overall volatility. If the market's return as measured by an index equal to the risk-free rate, the manager's expected excess return would be alpha. A positive alpha implies that the manager has added value to the return of the portfolio over that of the market. Returns with negative alpha do not reflect any positive contribution by the manager over the performance of the market. An alpha of zero implies that a manager has provided a return that is equivalent to the market return for the manager's specific risk class.
- **Standard Deviation** - A gauge of risk that measures the spread of the difference of returns from their average. The more a portfolio's returns vary from its average, the higher the standard deviation. It is important to note that higher than average returns affect the standard deviation just as lower than average returns. Thus, it is not a measure of downside risk. Since it measures total variation of return, standard deviation is a measure of total risk, unlike beta, which measures market risk. In statistical terms, standard deviation is the square root of the variance, which is a measure of dispersion.



- ***Rate of Return*** - Rate of return (ROR), also known as return on investment (ROI), rate of profit, or sometimes just return, is the ratio of money gained or lost (whether realized or unrealized) on an investment relative to the amount of money invested. The amount of money gained or lost may be referred to as interest, profit/loss, gain/loss, or net income/loss. The money invested may be referred to as the asset, capital, principal, or the cost basis of the investment. ROI is usually expressed as a percentage.

## MODERN PORTFOLIO THEORY AND ASSET ALLOCATION

GWN utilizes modern portfolio theory (MPT) to develop asset allocation recommendations for clients. MPT is a quantitative asset allocation methodology used in balancing expected risk and return in a portfolio. Asset allocation focusing primarily on identifying an appropriate ratio of investments in equity securities (e.g., stocks), fixed income securities (e.g., corporate bonds), cash, and other types of investments consistent with the client's investment goals and risk tolerance.

MPT emphasizes portfolio diversity with a long-term investment perspective, and is firmly rooted in the belief that markets are fairly efficient and that investors' gross returns are determined largely by asset allocation decisions for deriving an optimal set of risk-return combinations among individual portfolio assets.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to market movements and, if not corrected, the portfolio will no longer be appropriate for the client's goals.

Also, MPT requires assessment of three critical "inputs" of portfolio assets: (i) expected returns; (ii) expected risk; and (iii) an expected correlation matrix for each position. There can be no assurance that GWN will be successful in accurately forecasting the required inputs or that an optimal risk-return asset allocation combination will be achieved. Similarly, there is no assurance that MPT (or any other investment methodology) will be profitable over any specific time period.

While we generally subscribe to the MPT investment philosophy, occasionally we may find unexpected investment opportunities. In these circumstances, we may recommend the investment even though it deviates from our general strategy.

## MUTUAL FUND AND THIRD-PARTY MANAGER ANALYSES

Depending on the specific program, account assets will generally be invested in portfolios of mutual funds, and in some programs, exchange-traded funds ("ETFs"). ETFs are a type of investment company that aims to achieve the same return as a particular market index. They can be either open-end companies or unit investment trusts. ETFs are not considered to be, and are not permitted to call themselves, mutual funds. ETFs differ from mutual funds and unit investment trusts because shares issued by ETFs are bought and sold by investors on a secondary market. Unlike mutual funds, retail investors generally cannot tender their shares directly to the ETF for redemption because shares of ETFs are redeemable from the fund only in very large blocks (blocks of 50,000 shares, for example).

ETFs offer the ease of stock trading. ETFs can be purchased on margin, sold short, or held for the long term. GWN may use ETFs to achieve market exposure consistent with the index on which the ETF is based, through one security. Investment returns and principal value will fluctuate so that an account's ETF shares, when sold, may be worth more or less than the original cost. In

analyzing mutual fund investments, we look at the underlying investments in the funds to determine appropriateness for the overall portfolio.

We look at the experience and track record of the mutual fund and ETF managers to determine if they have demonstrated the ability to invest successfully over periods of time and in different economic conditions. We also consider whether or not there is a significant overlap with the underlying investments held in other funds or ETFs. We monitor the funds and ETFs in an attempt to determine if they are continuing to follow their stated investment strategies. We analyze very similar factors when reviewing third-party managers.

A risk of our method of analysis is that past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, we do not control and do not have complete information about the underlying securities owned by the mutual funds, ETFs, or third-party managers. Further, there is a risk we may not be aware that the portfolio managers of two or more of the mutual funds or ETFs may have invested in the same security, which would increase the risk to the client if that security were to fall in value. Additionally, there is a risk that a manager may deviate from the stated investment mandate or strategy of a fund or ETF, which could cause the fund or ETF to become less suitable for a client. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

#### **PORTFOLIO ADJUSTMENTS**

Clients should inform us promptly of significant changes in their individual or family circumstances or financial situation, or in their investment goals or objectives, investment time horizon, tolerance for risk, or liquidity needs so that appropriate changes can be made in the portfolio and asset allocation for their account. Accounts will be "rebalanced" to their target allocations only to the extent specifically provided in the Advisory Agreement for the particular program.

#### **CAUTION REGARDING ESTIMATES**

When we develop estimates or projections for a client, whether of estimated future income, expenses, inflation, tax liabilities, or other matters, we will rely on the information the client provides and on assumptions about certain key economic, financial, and tax matters. While we believe the assumptions will be reasonable at the time made, there is no assurance the assumptions will prove correct in the future. Our assumptions about governmental policies or tax rates, economic or market conditions, or other key matters may not be accurate within the time frames projected. Any errors in the information we receive or in the assumptions we use may result in significant differences between our projections and your actual experience.

#### **RISKS OF INACCURATE OR BIASED INFORMATION**

Our methods of analysis assume the accuracy of the information we analyze, such as ratings, financials, and research. While we are alert to indications that the data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **B. INVESTMENT STRATEGIES & RISKS**

We use the following strategies, as appropriate, depending on the particular needs and objectives of the accounts for which we serve as portfolio manager:

## LONG-TERM INVESTMENTS

This strategy involves buying and holding a security for a year or longer, which may occur when we believe a security is currently undervalued or we seek exposure to a particular asset class over time, regardless of the current values. A long-term investment strategy carries the risk that the investments will not achieve the price targets our analysis suggests. The risks of this strategy will be influenced by the types of securities and issuers in which we invest. We may invest in securities of issuers with any size market capitalization.

A risk of a long-term purchase strategy is that by holding the security for the anticipated length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, the security may decline in value before we make the decision to sell.

## SHORT-TERM PURCHASES

This strategy involves purchasing securities with the idea of selling them within a relatively short time to take advantage of conditions we believe will soon result in a favorable price swing. There is no assurance the securities will perform as expected. A short-term purchase strategy poses risks that the anticipated price swing may not materialize, leaving a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. This strategy involves more frequent trading than a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term gains.

## TRADING

Trading involves purchasing securities with the idea of selling them relatively quickly. We may use this strategy to take advantage of our predictions of brief price swings. A trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize, and could result in having a long-term investment in a security that was designed to be a short-term purchase, or the potential of a loss.

We do not anticipate using a frequent trading strategy. However, in the event we recommend this strategy for a particular client, they should understand that higher rates of portfolio turnover would likely result in an increase in the account's brokerage costs. High portfolio turnover may also result in the realization of net capital gains, and any distributions derived from such gains may be ordinary income for federal tax purposes.

## MARKET TIMING

A market timing strategy attempts to minimize unfavorable performance in a falling market and to provide appreciation possibilities in a rising market by purchasing, selling, exchanging, redeeming, or otherwise investing and reinvesting a client's account based upon investment "signals" the portfolio manager determines from proprietary research, and in some cases, from signals provided by a third-party service.

This strategy involves trading in and out of positions based on the signals, and is not a "buy and hold" or long-term investment strategy (although there may be periods of months or longer that positions are held). The portfolio manager will generally follow the signals to trade the client's account, but may, in its discretion, reject, delay implementation, or modify, in whole or in part, actions suggested by a signal and may engage in other transactions for the account, as the portfolio manager deems appropriate in an effort to achieve the account's objective. There is no

set minimum or maximum number of positions which will be held in an account or specific frequency according to which account positions will be traded through this strategy.

### **RISK OF MUTUAL FUND POLICIES REGARDING EXCESSIVE TRADING**

Mutual fund companies and insurance companies that issue variable products often maintain policies prohibiting excessive market timing or short-term trading in mutual funds or variable product subaccounts, and prohibit excessive transactions for the purpose of market timing. Excessive trading into and out of a fund or subaccount can disrupt portfolio management strategies, harm fund or subaccount performance by forcing the fund or subaccount to hold excess cash or to liquidate certain portfolio securities prematurely and increase expenses for all investors, including long-term investors who do not generate these costs. Funds or subaccounts that invest in high-yield securities or invest in securities that are valued using fair value pricing methods may be particularly susceptible to the risks of market timing or short-term trading strategies.

To limit the negative effects of excessive trading, many fund companies and insurance companies have adopted restrictions on account transactions. For example, policies may provide that if an account redeems (including exchanges) \$5,000 or more of a fund or subaccount, that account will be prevented (or “blocked”) from purchasing (including exchanges) shares or units for 30 calendar days after the redemption. These policies may also provide that restrictions do not apply to transactions made through asset allocation or other programs.

The portfolio manager does not intend to engage in excessive trading contrary to the policies stated in the prospectus of any fund or variable product. However, the portfolio manager may engage in short-term trading of fund or subaccount positions that will subject client accounts to a fund’s or variable product’s temporary “blocking” of purchases or exchanges. If during any period when an account is blocked the portfolio manager receives a signal to engage in transactions that are blocked by the fund company or insurance company, such signal will not be followed. As a result, the Account may not reflect the portfolio or the holdings of accounts that were not blocked, and performance may be adversely affected. Accounts that are blocked will be rebalanced to reflect the selected portfolio when the portfolio manager is reasonably able after the end of the blocking period.

If a fund company or insurance company believes that any of GWN’s accounts has engaged in excessive trading, the fund company or insurance company may reject orders for all GWN accounts, and refuse to process purchase orders for any account we manage. A fund company or insurance company may also require liquidation of accounts that it believes engage in excessive trading or that are managed by an adviser or broker-dealer that engages in excessive trading in other accounts. Although GWN believes that blocking will not occur frequently, if at all, there can be no assurance that an account will not be blocked or required to liquidate. There is a risk of economic losses if an account is blocked or required to liquidate.

Market timing may also involve purchases and exchanges of fund or subaccount positions that will cause accounts to be charged exchange fees by the mutual fund or variable product issuer, and by our clearing firm or account custodian. In addition, mutual funds and variable product issuers may charge early redemption fees for sales occurring within periods of 30 to 90 days following a purchase. Early redemption fees can occur due to the timing of signals, withdrawals by the client, or from the portfolio manager redeeming shares or units to pay our Program Fees.

In selecting or recommending mutual funds or variable products, Advisors takes into consideration possible restrictions on exchanges, exchange fees, and early redemption fees, but assumes no responsibility for any potential or actual losses resulting from any restrictions or for any such fees. Clients will be solely responsible for all ex-change fees and early redemption fees that occur from management of the Account.

### **SHORT SALES**

We do not expect to recommend frequent short sales of securities. However, clients should understand the nature of these transactions, in the event we see a potential opportunity to take advantage of a future drop in the price of a security. In a short sale, your account will sell a security that it does not own. It can do this by “borrowing” the stock from the account’s broker with your promise to replace the security on a future date. If the security’s price falls before you have to return the security to the broker, your account would repurchase it at the lower price, thereby making a profit. higher than the amount received from the original short sale

These transactions may be speculative and involve special risk considerations. For example, you will lose money if the value of the security increases and you have to buy it at a higher price in order to return it to your broker. Because there is theoretically no limit to how high the price of the security can go, your potential losses can be infinite. Also, you must pay interest to the broker during the time you have borrowed the security, and you must also pay the broker’s commissions or other transaction costs to engage in the initial short sale and the repurchase of the security.

### **MARGIN TRANSACTIONS**

Occasionally, we may use a margin account offered by the custodian to borrow sufficient funds to purchase a security for your account. This typically happens if sufficient cash is not available in the account to purchase the security and it is not advantageous to sell other investments. The use of margin carries risks that you should understand. We do not expect to use significant amounts of margin or other leverage in our strategies. However, certain types of transactions may or must be executed through a “margin account” (e.g., short sales).

In volatile markets, security prices can fall very quickly. If the net value of your account (less the amount you owe the broker) falls below a certain level, the broker will issue a “margin call” and you will be required to sell the security (and other positions) or add more cash to the account. You could lose more money than you originally invested. Additionally, you must pay interest on the margin balance you owe to the broker until it is repaid in full. The amount of margin interest will diminish your profits and in some cases could cause net losses in your account.

### **OPTION TRANSACTIONS**

There are several types of option transactions that we may recommend in particular circumstances. However, we do not expect frequent option transactions. We may recommend certain clients sell “covered call” options to earn extra income. In these transactions, a third party pays you a “premium” for your promise to sell a specific security to the third party at a fixed “exercise” price no later than a certain “expiration date.” If the market price of the security on the expiration date is less than the exercise price, the third party will not exercise the option and it will expire. In that case, you would realize a profit equal to the premium you received, less transaction costs. However, if the security price is above the exercise price, you will be required to sell the security at the agreed price, even though the market price may be far higher.

## **INSOLVENCY OF BROKERS AND OTHERS**

Clients will be subject to the risk of failure of the brokerage firms that execute their trades, the clearing firms that such brokers use, or the clearinghouses of which such clearing firms are members. Although we believe the institutions we recommend have sufficient capital, there is no assurance this will continue to be the case.

## **TRADE ERRORS**

On infrequent occasions, an error may be made in a client account. For example, a security may be erroneously purchased for a client account instead of sold. In these situations, if GWN was responsible for such error, GWN's policy is to restore or return the account to the position it would have been in had the trading error not occurred. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, or reimbursing the account.

## **RISK OF LOSS**

Investing in securities involves risk of loss that clients should be prepared to bear. Securities are not guaranteed and you may lose money on your investments. We ask that you work with us to be sure we understand your willingness and financial ability to bear the risks of your current investments and the investments we recommend for your account.

### **Item 9: DISCIPLINARY INFORMATION**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our Firm and our management personnel have no reportable disciplinary events to disclose.

### **Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS**

#### **A. FINANCIAL INDUSTRY REGISTRATIONS & ARRANGEMENTS**

We are required to disclose in Item 10 if GWN is registered as a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor, or if our managers are registered as representatives of such a firm.

We are registered with the SEC and all 50 states and the District of Columbia as a broker-dealer, and we are a member of FINRA. GWN's primary business activity is the sale of securities and other brokerage products and services. The executive officers and Representatives of GWN are separately licensed as registered principals or representatives of GWN. GWN's principal executive officers and associated persons, in their separate capacities, may effect securities transactions for any client for separate and typical sales compensation.

*Please refer to Item 5.E for further information about the brokerage services GWN and our Representatives provide to clients and the additional compensation that clients pay to purchase securities or insurance products.*

GWN has entered into a fully disclosed clearing agreement with Pershing under which Pershing provides clearing, custody and recordkeeping services for GWN brokerage client accounts. GWN acts as the introducing broker-dealer for all brokerage transactions originated by the Firm or our Representative when acting as the portfolio manager for the investment management services



described in this Brochure, except with respect to accounts participating in the GWN Total Access Program. We do not act as introducing broker-dealer for accounts in the Total Access Program.

GWN has a conflict of interest in recommending itself and Pershing as the introducing and clearing broker-dealers for client accounts. Transactions in client accounts help GWN to meet minimum clearing requirements with Pershing. This is an economic benefit to GWN, even if no additional commissions are charged to the client. In addition, GWN receives other economic benefits from Pershing, such as rebates on money market or margin account balances, which are based on the number and size of the accounts and balances carried with Pershing.

It is expected that GWN and its executive officers will spend more than fifty percent of their time on broker-dealer business and less than fifty percent of their time on matters related to investment advisory services.

Clients should be aware that the receipt of any additional compensation by the Firm and its management persons or employees creates a conflict of interest that may impair the objectivity of the Firm and these individuals when making recommendations. We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser and take the following steps to address this conflict:

- We disclose the existence of all material conflicts of interest, including the potential for our firm and its employees to earn sales compensation from advisory clients in addition to our advisory fees;
- We disclose to clients that they are not obligated to purchase any recommended securities or insurance products or services from the Firm or our Representatives;
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable for the client's needs and circumstances;
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

## **B. FINANCIAL INDUSTRY AFFILIATES**

We are required to disclose if we have any affiliates in the financial services industry, or who provide services to the financial services industry, such as attorneys or accountants, and if so, to disclose any conflicts of interest arising from arrangements with such affiliates.

GWN is a subsidiary of World Investment Network, which also owns another SEC-registered investment adviser and broker-dealer, Money Concepts Capital Corp. Although the two entities are affiliated, there are no arrangements between the two firms.

GWN's officers and Representatives are licensed insurance agents for GWN Marketing, an insurance general agency and appointed with various national insurance companies. GWN Marketing is licensed as an insurance agency in each of the states in which it offers insurance and insurance-related products and services. As licensed agents, our officers and

Representatives are able to recommend and sell life, accident, health, and variable annuity and variable life insurance products. These products may be recommended and sold to GWN's advisory clients. If a client purchases an insurance product, GWN (or GWN Marketing) and our Representative will receive separate, but typical compensation.

### **C. OTHER COMPENSATION ARRANGEMENTS WITH INDUSTRY PARTICIPANTS**

Below, we disclose various compensation arrangements GWN has with product sponsors and other organizations that provide securities or insurance products or services which we sell to our clients:

At GWN, we strive to provide to you objective investment advice to assist you in retiring well. They are inherent in any recommendations, however, the potential for conflicts of interest will exist. This conflict can come from the compensation our Representatives may receive on specific investments or advisory services, or it may come from the compensation that GWN may receive from third party providers as a result of your purchase of products, advisory or retirement plan services. It is important for you to understand these conflicts of interest so that you may make an informed decision to permit GWN to serve your investment needs. We will describe for you here some of the compensation factors that may affect your Representative's recommendations or GWN's decision as to the products and services that we offer. Should you have any questions about this information, please contact your Representative.

#### **PRODUCT AND PRICING CHOICE**

GWN's Product Sponsors have been chosen based on their ability to offer products that meet the financial needs of our investors. With the ever expanding array of products and services available to investors, and the complexity associated with many of today's product choices, it is important for investors to work with a Financial Representative. GWN Representatives are dedicated to assisting you in finding the right investment product. GWN offers a broad selection of more than 1,000 mutual fund and variable annuity choices. GWN does not maintain a "preferred" list of companies based on participation in revenue sharing that it promotes (exclusively on its Website or through its registered representatives) but offers a selection of many companies.

#### **PRODUCTS AND SERVICES COMPENSATION**

As a registered broker-dealer, GWN receives compensation in the form of commissions or concessions as described in a prospectus for the sale of securities, such as mutual funds, variable annuities, stocks, and bonds. As a registered investment adviser, GWN retains a portion of the advisory fees paid by the advisory client for GWN's advisory services and may also share in the advisory fee (a solicitor fee) paid by the advisory client to outside advisory services. As a general insurance agency, GWN receives compensation for the sale of insurance products, such as, life, health, disability, long-term care, and fixed annuity products. Overall, compensation to GWN as a result of your investments with GWN may be in the form of commissions, concessions, advisory fees, distribution fees (also referred to as servicing or 12b-1 fees), and persistency fees.

#### **COMPENSATING SPONSORS**

GWN receives compensation over and above published commission schedules, advisory fees, and concessions as described in a prospectus from certain Product Sponsors. This compensation may be paid for services we provide to the Product Sponsor or they may be paid to GWN in order to provide sales and marketing support. This "Additional Compensation" may be



received as a flat dollar amount or an amount based on sales or total dollar amount of investors' assets. Product Sponsors who pay GWN Additional Compensation are considered GWN's "Compensating Sponsors."

### **SOURCE OF COMPENSATION**

Most Additional Compensation payments are paid to GWN out of the revenues of the sponsoring investment company or insurance company and are NOT paid out of fund assets. Certain insurance companies or entities through which GWN places insurance business pay compensation that is based in part on factors such as total deposits, assets or premium volume and persistency or profitability of the business sold by GWN's Financial Representatives. The cost of this compensation may be directly or indirectly reflected in the premium or fee for the product. Because Additional Compensation received by GWN may benefit GWN or its Financial Representatives financially, it may be deemed a potential financial conflict of interest when working with our investors.

### **TYPES OF ADDITIONAL COMPENSATION**

The types and amounts of Additional Compensation can vary by Compensating Sponsor and other companies with which we have agreements. The types of compensation are described below:

- Administrative fees for services such as record-keeping or networking arrangements, which are paid by Product Sponsors on the value of assets or number of accounts;
- Sponsorship Fees paid by Product Sponsors and Investment Advisors for GWN sponsored sales events, paid in the form of cash or expense reimbursement, for sales meetings, seminars and conferences to which the Compensating Sponsor is invited;
- Additional Marketing and Sales Support Compensation received either in the form of a flat dollar amount, total sales transacted, or total assets held on behalf of GWN investors;
- Reimbursement of approved expenses incurred by Financial Representatives or GWN employees for attendance at educational meetings held by the Compensating Sponsor at pre-approved locations or reimbursement of general mailings, client or prospective client appreciation meetings or seminars where the Compensating Sponsor has agreed to contribute toward the expense;
- Persistency bonuses received from Product Sponsors for maintaining in force business.

## **D. OTHER POTENTIAL CONFLICTS OF INTEREST**

### **DIFFERENTIAL COMPENSATION**

Commissions received by GWN on transactions vary, generally ranging from 1.0 % to 6.0% % of amount invested, and advisory fees generally range from .60 – 2.0% of the assets under management. With respect to commissions and advisory fees received, GWN pays each Financial Representative an assigned payout rate that has been determined based upon the branch office that the Financial Representative is assigned to; his/her total level of production, and the type of product being sold. GWN does not offer differential commission payouts based upon the specific product or the Sponsor of the Product.

## **RETIREMENT PLAN CUSTODIAL SERVICES**

GWN also receives compensation as administrative agent for the custodian of GWN sponsored custodial retirement programs (403(b) plans, 457 plans, and IRA and, therefore, may have an incentive to encourage GWN's Financial Representatives to utilize its retirement plan custodial service.

### **Item 11: CODE OF ETHICS, INTEREST IN TRANSACTIONS & PERSONAL TRADING**

#### **A. CODE OF ETHICS**

GWN has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. GWN's Code of Ethics describes the firm's fiduciary duties and responsibilities to its clients, and sets forth GWN's practice of supervising the personal securities transactions of supervised persons with access to information regarding client recommendations or transactions.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy of our Code of Ethics by email sent to [gwn@gwnsecurities.com](mailto:gwn@gwnsecurities.com) or by calling us at (561) 472-2700.

We owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code also provides for oversight, enforcement, and recordkeeping provisions.

Our Chief Compliance Officer may grant exceptions to certain provisions contained in the Code where the interests of our clients will not be adversely affected or compromised. Doubts arising in connection with personal securities trading should be resolved in favor of the client even at the personal expense of our employees.

Our Code of Ethics further includes the Firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

GWN or any of its principals, officers, affiliates, employees and Representatives may act as investment adviser for others, may manage funds or capital for others, may have, make and maintain investments in its or their own names, or may serve as an officer, director, consultant, partner or stockholder of one or more investment partnership's or other businesses, subject to compliance with GWN's Code of Ethics and other written procedures. In doing so, GWN or such persons may give advice, take action, and refrain from taking action, any of which may differ from advice given, action taken or not, or the timing of any action, for any particular client.

Nothing in this Disclosure Document or otherwise shall impose upon GWN or any Representative any obligation to purchase or sell, or to recommend for purchase or sale, for any accounts any

security which GWN or any principal, officer, employee or Representative purchases or sells for his own account or for the accounts of other clients, unless not to engage in such activity would violate GWN's fiduciary duty.

*Please refer to Items 10.C and 10.D for information regarding conflicts related to compensation we receive from product Sponsors and others.*

*Additionally, please refer to Item 4.A for information about our Representatives whose controlled corporations serve as subadvisers for certain portfolios in the GWN Managed Account Program.*

#### **CONFIDENTIALITY OF CLIENT INFORMATION**

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

GWN and our Representatives may share among themselves information regarding clients, accounts, and account activity, and each has agreed to keep such information confidential, to be used only to provide services for the account or to meet regulatory or supervisory requirements. Under certain circumstances, former Representatives may be permitted to retain copies of nonpublic customer information after they cease to be associated with GWN.

A copy of the Firm's Notice of Privacy Policies will be provided to each client at the beginning of our relationship. Thereafter, GWN will deliver annually to its clients the Firm's current notice of privacy policies.

#### **B. RECOMMENDATIONS INVOLVING OUR FINANCIAL INTERESTS**

We are required to disclose in Item 11 if we recommend that clients invest in securities in which GWN or our employees have a material financial interest.

GWN may effect principal transactions with clients in the over-the-counter market on a "net" basis where the price to the customer includes a mark-up/mark-down to the Firm, and without any commission charges. However, service charges (e.g., ticket charges) may be charged to cover costs associated with clearance, settlement, and confirmation services. We will comply with Section 206(3) of the Investment Advisers Act of 1940 and provide appropriate disclosures and obtain client consent when effecting principal transactions with advisory clients.

When we sell securities or insurance products to advisory client (such as, mutual funds and variable annuities), and when we serve as a broker in typical brokerage transactions on exchanges or over-the-counter for advisory clients, we will receive sales charges, commissions, and other forms of compensation, such as service and distribution fees payable by mutual fund companies pursuant to SEC Rule 12b-1, recordkeeping fees, and transfer and sub-transfer agent fees. Our compensation will vary according to the size and nature of the transactions and the account for which they are effected. Generally, the commission rates are negotiable on

brokerage transactions and fixed commission rates as per the dealer agreement for investment company transactions, and, therefore, different rates may apply.

### **C. INVESTMENTS IN SECURITIES WE RECOMMEND TO CLIENTS**

Individuals associated with GWN may buy or sell securities for their personal accounts identical to or different from those recommended to clients. It is the policy of GWN that no person employed by GWN shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of clients.

### **D. INVESTMENTS AROUND SAME TIME AS CLIENT TRANSACTIONS**

GWN and its associated persons may not purchase or sell a security immediately prior to transactions in the same security for client accounts, or participate in block trades with clients, without pre-clearance from the Chief Compliance Officer or qualified designee. In granting pre-clearance, the Chief Compliance Officer or designee may consider whether the security trades in sufficiently broad markets to permit transactions by an associated person to be completed without an appreciable impact on the market for the security. Trades involving government securities or shares of open-end mutual funds do not require pre-clearance.

We have adopted the following procedures to address the potential conflicts of interest from our policies described in Items 11.C and 11.D:

- GWN emphasizes the unrestricted right of the client to specify investment objectives, guidelines, and/or conditions on the overall management of their account.
- Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry.
- No associated person of GWN shall prefer his or her own interest to that of an advisory client in any transaction.
- GWN and its access persons may not participate in private placements or initial public offerings (IPOs) without pre-clearance from GWN's Compliance Officer.
- GWN requires that all individuals act in accordance with applicable federal and state regulations governing registered investment advisory practices.
- Records will be maintained of all securities bought or sold by GWN and its access persons. A qualified representative of GWN will review these records on a regular basis.
- Any individual not in observance of the above may be subject to termination.

## **Item 12: BROKERAGE PRACTICES**

### **A. FACTORS WE CONSIDER WHEN RECOMMENDING BROKER-DEALERS**

In this Item 12, we describe the factors we consider in recommending broker-dealers for advisory clients and in determining the reasonableness of their compensation. We also describe various conflicts of interest that may influence our recommendations.

#### ***Financial Planning and Consulting Planning Clients***

Financial Planning clients who request the Representative to assist with the implementation of recommendations for the purchase or sale of securities will have GWN and Pershing, as its clearing broker-dealer, recommended to them; provided, for purchases directly from a mutual fund company or an insurance company issuing a variable product, GWN may act as broker without the use of a clearing firm. Client is under no obligation to buy any security or insurance product recommended in any financial plan or consulting service, and if the client elects to implement any such recommendation, the client is under no obligation to purchase the product through GWN or Representative, and may purchase such product through any licensed financial services firm they choose.

When selling securities or insurance products to clients, GWN and the Representative will be acting as GWN's broker-dealer representative, and GWN and the Representative will receive commissions and other compensation (including 12b-1 fees, as described in Item 5.E) as a result of those investments. The possibility of such compensation creates an economic incentive (and conflict of interest) for the Representative to recommend products that may not necessarily be in the client's best interests.

We have evaluated (and continue to evaluate) the nature and quality of our services, experience, commissions and other transaction costs, and professionalism when acting as broker-dealer to sell securities and insurance products to clients, and reasonably believe the recommendation of our services is consistent with our fiduciary obligation to advisory clients.

#### *Managed Account Clients*

We also evaluate on a continuing basis our recommendation of our services and the services of Pershing, acting as our clearing broker-dealer, to clients of the managed account programs we offer. We have determined that our recommendations of our services as introducing broker-dealer and Pershing's services as clearing broker-dealer are reasonable and consistent with our fiduciary responsibilities to our advisory clients.

Clients should understand that in some programs (e.g., the GWN Premier Program and the GWN Total Access Program), we are acting solely in our capacity as the client's investment adviser in managing the client's account, and are not acting as a broker-dealer. In these programs, the client has directed us to use a specific broker-dealer through which to place orders for the client's program account (e.g., Fidelity, for the GWN Premier Program; and Pershing, for the GWN Total Access Program).

*Please refer to the discussion below in this Item 12 for information about the consequences of a client directing the use of a particular broker.*

GWN is not granted discretionary authority in any of our managed account programs to select the broker-dealer(s) to effect transactions for the client's managed account. In each program, the client must direct us to use a specific broker-dealer for their program account, and we recommend our services as introducing broker-dealer and Pershing's services as clearing broker-dealer and custodian (although other custodians acceptable to us may be designated by the client).

Clients should understand when we recommend our services and the services of Pershing to GWN Managed Account Program clients, our recommendation is affected by our financial interests in seeking to increase our brokerage business and in seeking to increase the number of transactions Pershing processes as our clearing firm, and in seeking to increase the value of client assets Pershing holds in its accounts.

Generally, pursuant to our clearing agreement with Pershing, GWN must place a minimum number of trades with Pershing each month to meet its minimum clearing requirements. Trades placed for our advisory accounts help us to meet our minimum monthly requirement. This provides a benefit to GWN. In addition, GWN receives other payments or credits from Pershing based on a percentage of the interest paid by clients on margin account balances, a percentage of interest earned on customer “free credit balances,” a percentage of the interest earned on sweep account balances maintained by Pershing or its affiliates, and a percentage of IRA account fees. These payments or credits to us from Pershing will increase as we increase the amount of assets maintained in our clients’ Pershing accounts.

Additionally, Pershing provides us with a range of electronic systems and operational support services that are important to our advisory business not typically available to retail customers. For example, Pershing provides access to institutional trading and operations services; trade confirmations and account statements; systems that facilitate trade execution and allocation of aggregated trade orders for multiple accounts; a real-time order matching system; ability to ‘block’ trades; electronic download of trades, balances and positions; and a dedicated service group and an account services manager dedicated to GWN’s accounts. The services also include access to mutual funds or other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment.

We rely on Pershing’s systems that provide access to client account information and records, including duplicate and batched client statements, confirmations and year-end summaries; provide research, pricing information and other market data; facilitate deduction of Program Fees from client accounts; and assist with recordkeeping and client reporting. Many of these services may be used to service all of our accounts, including accounts not maintained with Pershing.

The existence of these products and services from Pershing influences our recommendation of Pershing to clients, and is an important conflict of interest that clients should consider when evaluating whether to accept our recommendation of our or Pershing’s services. We offer no assurance that the costs clients will incur by using GWN as investment adviser or broker-dealer, or using Pershing as broker-dealer or custodian will be as low as the costs charged by other firms for similar services; it is likely that lower costs are available for similar services from other brokers or custodians.

We do not attempt to put a specific dollar value on the services received by each account or to allocate the relative costs or benefits of the services we receive from Pershing among client accounts, believing that the services and research we receive will help our firm to fulfill its overall duty to its clients. We may not use any particular product or service to service all clients. As a result, a client may pay brokerage commissions which are used, in part, to pay for products or services that are not used to benefit that specific client.

Clients should understand that GWN receives significant economic benefits and costs savings as a result of the services and other benefits we receive from Pershing, particularly, because we do not have to pay or produce those items at our own expense. To address the conflict of interest that exists in recommending Pershing because of GWN’s economic interests rather than the interests of our clients’ in receiving most favorable execution and lower transaction costs, we have adopted the following policies and procedures to monitor and mitigate this conflict:

- We consider the transaction costs (including commissions or spreads, market impact costs, and opportunity costs), as well as the full range and quality of the brokerage and

related services Pershing provides to help us in providing advisory services. We consider the speed, certainty, consistency and accuracy of execution, responsiveness to our inquiries and requests, willingness and speed in resolving errors or other discrepancies, access to financial products and markets, and research, analyses, and various electronic products and services provided by the broker or dealer.

- We periodically evaluate the usefulness of the services Pershing provides in relation to our estimate of the compensation paid to Pershing for those services.
- We perform regular internal qualitative reviews of Pershing's services.

GWN will continue to periodically review its determination that the costs and quality of Pershing's services are reasonable in relation to the value of the services provided by Pershing, viewed in terms of the overall relationship.

## **B. BROKERAGE FOR CLIENT REFERRALS**

We refer our clients to Pershing; however, we do not receive client referrals from Pershing and do not have procedures to direct client transactions to Pershing in return for client referrals. If GWN receives future client referrals from a broker-dealer, we will not commit to compensate the referring broker-dealer. Nonetheless, if referrals are offered or made to us, a potential conflict of interest may arise between our interest in continuing to receive referrals and our clients' interests in obtaining best price and most favorable execution.

## **C. DIRECTED BROKERAGE**

Clients are required to direct us to use the services of Pershing as clearing broker-dealer and custodian for their accounts, and our services as introducing broker-dealer, for all transactions for their managed accounts. Not all investment advisers require their clients to direct the use of a particular broker-dealer. GWN receives no additional compensation for serving in this capacity. Pershing's fees for its clearing and custodial services are included in the wrap fee.

Because the client directs us to use Pershing as the clearing broker-dealer and GWN as the introducing broker-dealer, we will not seek lower costs, volume discounts, or price improvement opportunities and best execution may not be achieved. Even in a wrap fee arrangement, the implicit costs for client transactions may be higher for accounts that direct the use of a broker than for accounts that do not direct brokerage, and a disparity may exist between the overall costs for these accounts. While GWN has a reasonable belief that Pershing is able to provide best execution and competitive prices, GWN will not independently negotiate or seek lower commissions, volume discounts, or price improvements through other broker-dealers.

## **D. AGGREGATION OF SECURITY TRANSACTIONS**

For those accounts for which we serve as portfolio manager, we have the authority, but not the obligation, to combine or aggregate orders for multiple accounts into combined "block" trades we place with the accounts' broker-dealer. Block trading offers the potential for better prices, reduced transaction costs, and timelier execution of orders for the accounts included in the block. Block orders would typically be executed through an "average price account" or similar account such that transactions for all accounts participating in the order will be averaged as to price and transaction costs, and the securities purchased or net proceeds received will be allocated pro rata among the accounts in proportion to their respective orders placed that trading day.



Clients should be aware that due to the types of investments in our client accounts (particularly, mutual funds priced daily at NAV), and differences in account objectives, cash positions, account types, and the systems we have available for placing orders, among other factors, block orders may be uncommon for some or all accounts. Accounts whose orders are not aggregated with other orders of other accounts will not receive the benefits of potentially lower transaction costs (if any), or timelier or better execution that might be obtained by accounts whose orders are aggregated.

In certain situations, aggregation of orders may operate to the disadvantage of some accounts, such as where an account may have been able to have its order executed at a more favorable time on a particular trading day. Adviser will ensure that no account it manages as portfolio manager is unreasonably or systematically disadvantaged through the use of block trading. Proprietary accounts of GWN and its supervised persons will not participate in block orders with clients, except as specifically provided under our Code of Ethics.

## **Item 13: REVIEW OF ACCOUNTS**

### **A. PERIODIC & OTHER ACCOUNT REVIEWS**

#### **1. MANAGED ACCOUNTS**

Accounts that participate in the GWN Managed Account Program or other programs for which we serve as discretionary portfolio manager are subject to continuous review by the Representative and the GWN Investment Committee. These accounts are reviewed at least quarterly by the Representative and periodically by the Investment Committee to evaluate consistency of the portfolio with current account investment objectives, and target asset allocation and weighting. More frequent reviews can be triggered by significant market or economic factors, or changes in the client's financial situation, large withdrawals or significant deposits, or changes in account objectives, liquidity needs, or risk tolerance.

For accounts for which GWN does not serve as discretionary portfolio manager, the Representative will review the account on a quarterly basis to determine whether the portfolio is consistent with account objectives and tar (or other available account documentation, as the case may be).

For managed accounts for which we do not serve as the portfolio manager, the Representative reviews the account at least quarterly, and on at least an annual basis evaluates whether investment objectives are being met.

We notify the client periodically to contact the Representative of changes in the account's financial situation or investment objectives, or any reasonable account restrictions the client wishes to impose or modify. At least annually, the Representative will contact the client to determine if there have been any changes in the account's financial situation or investment objectives, or if the client wishes to impose or modify any reasonable account restrictions.

#### **2. FINANCIAL PLANNING & CONSULTING SERVICES**

For Financial Planning and Consulting clients, the Representative and the client will engage in meetings, telephone conversations, and other communications to discuss and review the various topics to be addressed while the financial plan is being developed or the consulting project is being performed, and upon delivery of the written financial plan or our verbal consulting advice.



We will not provide any subsequent monitoring, advice, or updates unless specifically agreed in a written Financial Planning or Consulting Agreement.

## **B. CLIENT REPORTS**

In addition to the brokerage and custodial statements that Pershing provides to clients (typically on a monthly basis), GWN provides clients with quarterly reports of account information.

Financial Planning clients will receive a completed financial plan. Additional reports will not be provided unless otherwise agreed in the Financial Planning Agreement. Consulting Services clients will not receive any written reports unless specifically provided in their Consulting Agreement.

## **Item 14: CLIENT REFERRALS & OTHER COMPENSATION**

### **A. ARRANGEMENTS WITH THIRD PARTIES FOR ECONOMIC BENEFITS TO THE FIRM**

As described in Item 12, GWN participates in Pershing's institutional advisory programs. While there is no direct linkage between the investment advice given and our participation in the Pershing programs, economic benefits are received by us that would not be received if we did not recommend Pershing's services to our clients. These economic benefits create a conflict of interest because we do not have to arrange or pay for such services from our separate resources. As such, these benefits may affect our judgment in recommending Pershing to clients. While we monitor our accounts, evaluate the costs and services provided by Pershing, and take measures to detect if our judgment has been influenced by these economic benefits, there is no assurance our efforts will be successful.

*Please refer to Item 12 for further information about the products, services, and economic benefits we receive from Pershing.*

*Please refer to Items 10.C and 10.D for information regarding conflicts related to compensation we receive from product Sponsors and others.*

### **B. ARRANGEMENTS TO COMPENSATE THIRD PARTIES FOR CLIENT REFERRALS**

Representatives of GWN and individuals not associated with GWN may solicit clients for GWN's advisory services. Individuals referring clients to GWN have a financial interest in making referrals because they may receive up to one hundred percent (100%) of the Program Fees or other advisory fees paid by a client. If the solicitor is a registered representative with GWN, he or she will also receive compensation if the person referred purchases insurance or securities products or services through GWN.

As required under SEC Rule 206(4)-3, we require solicitors to disclose this arrangement in writing to the client, provide the client with a copy of this Brochure at the time of the referral, and obtain the client's written acknowledgement of receipt, which we shall retain.

## **Item 15: CUSTODY & ACCOUNT STATEMENTS**

Clients will receive account statements directly from Pershing on at least a quarterly basis showing all transactions in the account during the reporting period. Please review Pershing's account statements carefully.

Pershing's statements are separate from the quarterly reports GWN provides, as described in Item 13; our reports are not account statements. To the extent our report refers to assets held by Pershing, we recommend that the client compare our report with the custodian's statement. Any discrepancies should be reported promptly to our Chief Compliance Officer, Laura Cognetti, by email at [gwn@gwnsecurities.com](mailto:gwn@gwnsecurities.com) or by telephone at (561) 472-2700.

#### **Item 16: INVESTMENT DISCRETION**

The client is required to grant the portfolio manager full authority to manage the client's account on a discretionary basis to buy, sell, retain and exchange investments, and exercise such other powers as the portfolio manager deems appropriate consistent with the program selected by the client. The portfolio manager will have full discretion to adjust or change the model or weighting of any model portfolio, may invest the account's assets in cash or cash equivalents and effect temporary "sweep" transactions of all uninvested cash balances to a money market mutual fund or other cash management account, which may be managed by the custodian or an affiliate of the custodian.

All grants of discretionary authority must be in writing. If a client wishes to impose reasonable limitations on the portfolio manager's discretionary authority, such limitations must be included in the client agreement or otherwise submitted to us in writing. The client may change or amend these limitations, as desired, by written instruction to the attention of our Chief Compliance Officer, Laura Cognetti, by email at [gwn@gwnsecurities.com](mailto:gwn@gwnsecurities.com), by telephone at (561) 472-2700, or by mail to the address shown on the cover page of this Brochure. Clients should be aware that under the terms of each program and any separate agreement between the client and a third-party portfolio manager, the third-party manager may not accept limitations on its authority.

#### **ITEM 17: VOTING CLIENT SECURITIES**

We require the client to retain responsibility for voting all account securities. We will not vote, exercise rights, make elections, or take other such actions with respect to securities held for accounts we manage. If desired, a client may instruct us in writing to forward to the client or a third party materials we receive pertaining to proxy solicitations or similar matters. Upon receipt of such written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard account proxy and related materials.

Clients may obtain proxy materials directly by written request to the account's custodian. For information about how to obtain proxy materials from a custodian, clients may contact us by email to Laura Cognetti at [gwn@gwnsecurities.com](mailto:gwn@gwnsecurities.com), or by mail to the address on the front of this Brochure. However, we do not provide advice about the issues raised by proxy solicitations or other requests for corporate action.

Similarly, we do not advise or exercise rights, make elections, or take other actions with respect to legal proceedings involving companies whose securities are or were held in a client's account, such as asserting claims or voting in bankruptcy or reorganization proceedings, or filing "proofs of claim" in class action litigation. If desired, a client may instruct us in writing to forward to the client or a third party any materials we receive pertaining to such matters. Upon our receipt of such written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard such materials. Written instructions should be sent to Laura Cognetti by email at [gwn@gwnsecurities.com](mailto:gwn@gwnsecurities.com), or by telephone at (561) 472-2700, or by mail to the address shown on the cover page of this Brochure.

## **Item 18: FINANCIAL INFORMATION**

### **A. PREPAYMENT OF MORE THAN \$1,200 IN FEES SIX MONTHS OR MORE IN ADVANCE**

SEC-registered investment advisers who require or solicit fees of more than \$1,200 per client, six months or more in advance are required to provide an audited balance sheet.

Because we do not require or solicit prepayment of fees exceeding \$1,200 per client, six months or more in advance, we have not provided a balance sheet.

### **B. DISCLOSURE OF CERTAIN FINANCIAL CONDITIONS**

SEC-registered advisers with custody or discretion over client funds or securities, or who require prepayment of fees exceeding \$1,200, six months or more in advance must disclose any financial condition reasonably likely to impair their ability to meet contractual commitments to clients.

There is no financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

### **C. BANKRUPTCY WITHIN PAST TEN YEARS**

GWN's who have been the subject of a bankruptcy petition at any time during the past ten years must disclose certain information about the matter.

GWN has never been the subject of a bankruptcy petition.