

# **THE GLASS FREEDMAN COMPANY**

## **FIRM BROCHURE**

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*The Glass Freedman Company  
30400 Telegraph Road, Suite 445  
Bingham Farms, MI 48025  
Phone: (248) 647-2822*

This brochure provides information about the qualifications and business practices of The Glass Freedman Company. If you have any questions about the contents of this brochure, please contact Herbert N. Glass at (248) 647-2822. 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.

The Glass Freedman Company is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about The Glass Freedman Company is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Adviser is 106029.

## **2. MATERIAL CHANGES**

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#### **4. ADVISORY BUSINESS**

##### **A. OWNERSHIP/ADVISOR HISTORY**

The Glass Freedman Company (the “Firm”) an SEC registered investment adviser. The Firm began operations on November 29, 1990. Herbert N. Glass is the sole shareholder of the Firm. Additional information about Mr. Glass is available in Section 19.

##### **B. ADVISORY SERVICES OFFERED**

The Firm participates in The SEI Asset Allocation Program, which is offered to high net worth individuals, trusts, defined benefit plans, participant and non-participant directed defined contribution plans, institutions, endowments, and foundations.

With the SEI Asset Allocation Program, the Firm serves as the investment adviser to the investor, and is responsible for analyzing the investor’s current financial situation, return expectations, risk tolerance, time horizon, and asset class preference, pursuant to the Firm’s investment advisory agreement. Based upon the investor’s information, the Firm and the investor select an investment strategy and choose from one of many mutual fund asset allocation models, which may be provided by SEI Investments Management Corporation (“SIMC”), or purchase the individual mutual funds.

The Firm will allocate the assets placed in the investor’s account among the SEI Funds (a family of mutual funds advised by SIMC) in accordance with the investment strategy, goal or model selected by the investor. The investor, through the Firm, may adjust their asset allocation to help ensure that the mix reflects the objectives of the chosen strategy. The investor may, at any time, impose reasonable restrictions on the management of his/her account or choose a new investment strategy. For participant-directed plans, assets will be invested in the SEI Asset Allocation mutual funds and other style-specific SEI Funds (if applicable).

In accordance with the investor’s investment objectives, the Firm may also allocate assets placed in the investor’s account among the SEI Funds through SEI’s Private Client Models, which reflect SIMC’s institutional asset allocation models more aligned with individual investors’ goals. SIMC expects to make changes to the Private Client Models periodically to incorporate changes to the mutual fund asset allocations underlying the models.

The SEI Funds are administered, distributed, and in some cases advised by SIMC or its affiliates for which it is paid fees as disclosed in the SEI Funds’ prospectuses. The prospectus(es) should be read carefully by all investors before investing in the SEI Funds.

##### **C. TAILORED SERVICES**

The Firm will recommend a Third Party Adviser based on the client’s individual needs, objectives and goals. Clients should consult the Third Party Adviser’s ADV Part 2A to determine if any restrictions can be placed on the account.

#### **D. WRAP PROGRAM**

The Firm does not sponsor or participate in a wrap program. This section is not applicable.

#### **E. CLIENT ASSETS MANAGED**

Being a newly formed investment adviser, the Firm does not manage any client assets on a non-discretionary basis.

### **5. FEES AND COMPENSATION**

#### **A. SEI ASSET ALLOCATION PROGRAM**

The SEI Asset Allocation Program Fee will be an annual fee equal to a percentage of the assets under management as reported by SEI. The fee will be charged quarterly in arrears based on the following rates:

<b>Account Value</b>	<b>Annual Fee</b>
First \$250,000	1.25%
Next \$250,000	1.00%
Next \$500,000	.85%
Next \$1,000,000	.75%
Next \$2,000,000	.50%
Next \$4,000,000	.40%

For special circumstances fees may be negotiated and multiple client affiliated accounts may be aggregated in determining the fees to be charged.

The fee is tiered. A tiered fee means the applicable rate will be applied to the value in each applicable range of account value. For example, a client's portfolio with a quarter-end value of \$800,000.00 will be charged a quarterly fee of \$2,044.00: \$781.50 for the first \$250,000.00; \$625.00 for the next \$250,000.00; and \$637.50 for the final \$300,000.00. (Fees for new accounts will be prorated for the number of days that services were rendered in the quarter. For example if 90 days are in a quarter and services were rendered for 30 days in the quarter, the client will be billed for 33% of that quarter's fee. ( $30/90 = .33 * 100 = 33\%$  paid to Firm for services.))

All fees paid to the Firm for investment advisory services are separate and distinct from the fees and expenses charged by each mutual fund to their shareholders. These mutual funds' fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund directly, without the services of the Firm. In that case, the client would not receive the services provided by the Firm which are designed, among other things, to assist the client in determining which mutual funds are most appropriate to each client's financial condition and objectives, and regular reviews of portfolios. Accordingly, the client should review both the fees charged by the funds and the fees charged by the Firm to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

The custodian will charge separate fees which are customary fees such as wire fees, overnight delivery fees, account closing fees, stop pay fees, non-SEI mutual fund transaction fees, individual stock ticket charges and fees for accounts below a minimum account balance.

#### *Termination of SEI Asset Allocation Service*

A client may terminate this service for any reason within the first five (5) business days after signing the contract without any cost or penalty. Thereafter, the contract may be terminated at any time by giving seven (7) days written notice to the Firm at The Glass Freedman Company, 30400 Telegraph Road, Suite 445, Bingham Farms, MI 48025. Upon notice of termination, an invoice will be sent to the client for a prorated amount of fees based upon the number of days that services were rendered during the termination quarter. For example if 90 days are in a quarter and services were rendered for 30 days in the quarter, the client will be billed for 33% of that quarter's fee. ( $30/90 = .33 * 100 = 33\%$  paid to Firm for services.)

#### **B. OTHER SECURITIES COMPENSATION**

The Firm's sole shareholder, Herbert N. Glass, is a registered representative of Security Service Network, Inc, Member FINRA and SIPC ("SSN"). As a registered representative Mr. Glass can sell securities to clients for a commission. With the ability to work as a client's registered representative and investment adviser representative, this is a conflict of interest because each service pays a separate fee or commission. However, Mr. Glass attempts to mitigate any conflicts of interest to the best of his ability by placing the client's interests ahead of his own, through his fiduciary duty and through the implementation of policies and procedures that address the conflict. A client is never obligated to purchase insurance through Mr. Glass.

#### **6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**

The Firm does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client). Therefore, this section is not applicable.

#### **7. TYPES OF CLIENTS**

The Firm's services are offered to individuals, high net worth individuals, banks and thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations or other business entities.

The Firm does not require a minimum account size or any other restriction related to opening or maintaining an account. However, the Third Party Adviser may have a minimum account size requirement or other restriction. Please see the Third Party Adviser's ADV Part 2A, Item 7 for details.

#### **8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

##### **A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

The Firm's method of analysis is Asset Allocation. Asset Allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an

individual's goals, risk tolerance and investment horizon among various asset classes. The asset classes typically include equities, fixed-income, and cash and equivalents. Each class has different levels of risk and return, so each will behave differently over time.

#### B. RECOMMENDED SECURITIES AND INVESTMENT RISKS

The Firm uses mutual funds in all client accounts. These types of mutual funds may include, but not limited to: Large Cap Growth; Large Cap Value; Mid Cap Growth; Mid Cap Value; Small Cap Growth; Small Cap Value; Emerging Markets; International Funds; Real Estate Funds; and various Bond Funds.

All investments bear different types and degrees of risk and **investing in securities involves risk of loss that clients should be prepared to bear**. While the Firm strives to recommend mutual funds that use investment strategies designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. A clients needs to ask questions about risks he/she does not understand. The Firm would be pleased to discuss them.

The Firm strives to render its best judgment on behalf of its clients. Still, it cannot assure or guarantee clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser but it is not a reliable predictor of future performance. The Firm continuously strives to provide outstanding long-term investment performance, but many economic and market variables beyond its control can affect the performance of an investment portfolio.

An investment could lose money over short or even long periods. A client should expect his/her account value and returns to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets. A client's account performance could be hurt by:

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.
- **Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates.
- **Manager risk:** The chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.
- **International investing risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition,

foreign investments are subject to settlement practices, as well as regulatory and financial reporting standards, that differ from those of the U.S.

- **Active management fees risk:** Active management strategies that involve frequent trading generate higher transaction costs that diminish the fund's return. In addition, the short-term capital gains resulting from frequent trades often have an unfavorable income tax impact when such funds are held in a taxable account.

## **9. DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10-years that would be material to your evaluation of the Firm or the integrity of its management.

The Firm and its owners have no information applicable to this Item because they have not been the subject of any administrative, civil, criminal or regulatory proceedings.

## **10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. BROKER-DEALER AFFILIATIONS**

Our owner, Herbert N. Glass, is a registered representative of Securities Service Network, Inc., Member FINRA and SIPC. Mr. Glass spends approximately 5 to 10 hours a month on this activity. Additional information can be found under Item 5.B.

### **B. FUTURES/COMMODITIES FIRM AFFILIATION**

The Firm, its owner and investment adviser representative are not affiliated with a futures or commodities broker.

### **C. OTHER INDUSTRY AFFILIATIONS**

The Firm is a licensed insurance agency. Its representatives are licensed insurance agents, including Mr. Glass, appointed with various insurance companies through the agency. This other business activity pays commissions that are separate from the fees described above. There may be times when the Firm is in a position to recommend an insurance product or advisory services and the insurance product may pay a higher commission than the advisory services. This creates a conflict of interest because it creates a financial incentive to recommend the insurance product. However, the Firm and its representatives attempt to mitigate any conflicts of interest to the best of their ability by placing the client's interests ahead of their own and through their fiduciary duty. The Firm also has the policy that recommended insurance products do not have to be purchased through it.

The Firm also provides pension consulting services, which accounts for the majority of the Firm's employee's time. The services include: consulting and design work (reviewing existing qualified plans for companies or work with new clients); work in the installation area (document work, compliance work, installation phase, taking care of all employee communications,



enrollment meetings); annual administration services (provides actuarial accounting and pension administrative services, other day to day services such as reporting to IRS, DOL, etc.); and all other participant matters for a plan.

**D. SELECTION AND MONITORING OF THIRD PARTY INVESTMENT ADVISERS**

As outlined in Section 4 and Section 5 above, the Firm may recommend the services of a Third Party Adviser. Please see the above sections for additional details.

**11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

**A. DESCRIPTION**

The Firm's Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. The Firm will provide a copy of our Code of Ethics to any client or prospective client upon request.

The Firm's Code of Ethics covers all supervised persons and it describes its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

**B. MATERIAL INTEREST IN SECURITIES**

The Firm, its owner and investment adviser representative do not have a material interest in any securities. This section is not applicable.

**C. INVESTING IN AND RECOMMENDING THE SAME SECURITIES**

On occasion, the Firm's owner and investment adviser representatives may buy or sell for their own accounts securities that are the same as, similar to, or different from those that they recommend to their clients for purchase or sale. Differences can arise due to variations in personal goals, investment horizons, risk tolerance, and the timing of purchases and sales. The Firm attempts to mitigate the conflict of interest to the best of its ability through the enactment of the Firm's code of ethics, trading policies, and its fiduciary responsibilities. Nonetheless, the Firm attempts to place client transactions ahead of the owner and investment adviser representative's trades. The associates of the Firm are aware of their fiduciary duty to their clients and the prohibitions against the use of any insider information. Records of all associates' proprietary trading activities will be kept by the Firm, available to regulators to review on the premises.

## **12. BROKERAGE PRACTICES**

### **A. RECOMMENDATION CRITERIA**

We currently recommend the clearing and custody services of SEI Financial Services Company (“SEI”), an unaffiliated broker-dealer that serves independent investment advisers. Some of the primary considerations in determining reasonableness of commissions are: rates charged by other brokers that provide clearing or custody services for registered investment advisers; reputation and financial strength;; accuracy with which transactions are processed; customer service responsiveness; availability of technology solutions interoperable with our systems and suitable for managing multiple accounts; as well as client satisfaction. We periodically evaluate the foregoing factors, and while we may conclude based on our review that commission rates paid by clients are reasonable, lower commissions may be available from other brokers or in conjunction with retail (non-advisory) accounts, and certain mutual funds that carry a transaction fee may be available on a no-transaction-fee basis from other brokers or directly from the fund company.

#### **i. RESEARCH AND SOFT DOLLAR BENEFITS**

“Soft dollars” are defined as a form of payment investment firms can use to pay for goods and services such as subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. The Firm does not receive “soft dollars” from any vender, service provider or custodian in exchange for our placement of brokerage services.

#### **ii. BROKERAGE FOR CLIENT REFERRALS**

The Firm does not receive Client referrals from any party in exchange for brokerage services.

#### **iii. DIRECTED BROKERAGE**

The Firm does not allow for directed brokerage by clients. This section is not applicable.

### **B. TRADE AGGREGATION**

The Firm does not place trades, aggregate or otherwise. The section is not applicable.

## **13. REVIEW OF ACCOUNTS**

### **A. PERIODIC REVIEWS**

The Firm’s personnel will review the general holdings of all client accounts on a quarterly basis.

### **B. OTHER REVIEWS**

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a client’s financial situation (such as retirement, termination of employment, physical move or inheritance).

### **C. REPORTS**

The client will receive monthly or quarterly statements from his/her Third Party Adviser or the investment company where the account is invested. The Firm urges clients to carefully review such statements.

## **14. CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. OTHER COMPENSATION**

The Firm does not receive extra compensation or any other economic benefit for providing investment advice or other advisory services to clients.

### **B. CLIENT REFERRALS**

The Firm does not pay for client referrals or use solicitors.

## **15. CUSTODY**

The Firm does not provide custody services for client's accounts. All client accounts are held at SEI. The Firm may bill your account custodian for its advisory services, if the client has granted the Firm the authority to directly deduct its fee. Our ability to handle your funds or securities, or to deduct our advisory fees from your account, is deemed to give us custody over your funds or securities even though we do not act as your account custodian.

The client will receive statements from SEI at least quarterly. The Firm urges clients to carefully review and compare the statements. Promptly ask the Firm or SEI questions about the information reported in the account statements.

## **16. INVESTMENT DISCRETION**

The Firm's services are nondiscretionary. A non-discretionary investment account means the client retains full discretion to supervise and direct his/her account.

## **17. VOTING CLIENT SECURITIES**

The Firm will not be responsible for responding to proxies of securities held in clients' accounts. Proxy solicitation materials will be forwarded to clients for response and voting. In the event a client has a question about a proxy solicitation, the client should contact his/her investment adviser representative.

## **18. FINANCIAL INFORMATION**

### **A. BALANCE SHEET**

The Firm does not require or solicit prepayment of more than \$1,200 in fees per client and six months or more in advance. Therefore, this section is not applicable.

B. FINANCIAL CONDITION

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Firm's financial condition. Therefore, the Firm states that it has no financial commitment that impairs its ability to service its clients.

C. BANKRUPTCY

The Firm, its owners and its investment adviser representatives have not been the subject of a bankruptcy proceeding.