



Genworth Financial Wealth Management, Inc.

## DISCLOSURE BROCHURE

**Form ADV – Appendix 1**

**For Efficient Edge Advisory Services**

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Effective March 30, 2012

### **ITEM 1 – COVER PAGE**

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This Genworth Financial Wealth Management Disclosure Brochure provides information about the qualifications and business practices of Genworth Financial Wealth Management, Inc. ("GFWM"). If you have any questions about the contents of this Brochure, please contact GFWM using the above information. 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. GFWM 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 GFWM also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

This section provides a summary of material changes that were made to this brochure since the last annual update, and is intended to help Clients determine if they want to review this brochure in its entirety, or contact their registered representative and/or financial advisor with questions about the changes.

This summary is designed to comply with new SEC disclosure rules that require investment advisers to deliver to Clients a summary of material changes. It may include any change to GFWM's policies and practices, a change in the management of your account, or additional conflicts of interests for your consideration. Additionally, this summary will also include any new product offerings introduced in the last year, or product offerings that may no longer be available to new business.

Since March 2011, the following is a summary of changes for GFWM.

- GFWM Fees for Services – GFWM receives compensation from the Insurance Companies for providing the Efficient Edge Advisory Service.
- Closure of the Genworth Variable Insurance Trust - The Genworth Variable Insurance Trust (“GVIT”), a series of no-load funds made available exclusively to owners of variable annuity and variable life insurance contracts (“Variable Contracts”) issued by Genworth Life and Annuity Insurance Company (“GLAIC”) and Genworth Life Insurance Company of New York (“GLICNY”), both affiliates of GFWM and advised by GFWM, was closed in January 2012.

GFWM may make interim updates to its disclosure brochure throughout the year. We will provide you with additional information about material changes, as necessary. Information about GFWM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). To request a copy of the most recent disclosure brochure, contact us at:

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### **Item 3 -Table of Contents**

Item 2 – Material Changes .....	2
Item 3 – Table of Contents.....	3
Item 4 – Services, Fees and Compensation .....	4
Item 5 – Account Requirements and Types of Clients.....	13
Item 6 – Portfolio Manager Selection and Evaluation .....	13
Item 7 – Client Information Provided to Portfolio Managers .....	14
Item 8 – Client Contact with Portfolio Managers .....	14
Item 9 – Additional Information.....	14
Item 10 – Requirements for State-Registered Advisers .....	16

## **Item 4 – Services, Fees and Compensation**

Genworth Financial Wealth Management, Inc. (“GFWM”), (which also does business as Genworth Financial Asset Management, Inc.), is an indirect, wholly owned subsidiary of Genworth Financial, Inc. GFWM is an investment adviser registered with the U.S. Securities and Exchange Commission providing various investment advisory services.

### **GFWM’s Efficient Edge Advisory Service**

#### **Introduction**

This disclosure brochure contains information about GFWM’s investment strategies and the conditions and procedures applicable to the Efficient Edge advisory service, some of which may be subject to change.

The Efficient Edge Advisory Service (“Efficient Edge”) is offered by GFWM exclusively to owners of variable annuity contracts (“Variable Contracts”) issued by Genworth Life and Annuity Insurance Company (“GLAIC”) and Genworth Life Insurance Company of New York (“GLICNY”) (collectively, the “Insurance Companies,” each an “Insurance Company”), both affiliates of GFWM. Efficient Edge is a service through which owners of Variable Contracts may have the value in their Variable Contract subaccounts allocated pursuant to the investment objective, or “Model,” they select. There is no separate, additional charge to Variable Contract owners for the Efficient Edge service.

GFWM serves as the investment adviser solely for the purposes of providing asset allocation and fund selection recommendations on the Portfolio-Specific Models (except for the Build Your Own Asset Allocation Model) and for making periodic updates to the Portfolio-Specific Models. When Portfolio-Specific Models are updated, the Insurance Companies will provide written notice of the updates to the Models at least 30 days in advance of the effective date of the updates. If you wish to accept the changes to your selected Model, you will not need to take any action. If you do not wish to accept the changes to your selected Model, you will be given alternative options as described in your Variable Contract.

You should consult with your registered representative and/or your financial adviser on your decision regarding which Model to select. Your registered representative can assist you in determining which Model will be best suited to your financial needs, investment time horizon and willingness to accept risk. GFWM does not bear this responsibility.

#### **Overview of GFWM’s Efficient Edge Advisory Service**

Asset allocation is an investment strategy for distributing assets among asset classes (and, where applicable, amongst sub-asset classes) to help attain an investment objective. One of the theories supporting an asset allocation strategy is that diversification among asset and sub-asset classes can help reduce volatility over the long term.

GFWM’s Efficient Edge service offers five Portfolio-Specific Models, each based on different investor profiles and investment objectives. In these five Portfolio-Specific Models, GFWM analyzes the set of mutual fund portfolios currently made available for use in the Portfolio-Specific Models (the “Available Portfolios”).

The set of Available Portfolios is a list of open-end registered mutual funds that have been selected by the Insurance Companies for use by the Efficient Edge service in the development of the Portfolio-Specific Models. The Insurance Companies reserve the right to adjust the list of Available Portfolios from time to time. While

GFWM does not participate in the determination of the list of Available Portfolios, GFWM does, as part of its Efficient Edge service, perform an investment analysis of each fund on the list of Available Portfolios, to determine which funds, from the available universe of funds, will receive allocations within each Portfolio-Specific Model.

In the sixth Model (the “Build Your Own Model”), GFWM categorizes Available Portfolios into three asset classes and you allocate your subaccount value to specific Portfolios within these asset classes for your Variable Contract. GFWM will categorize each Available Portfolio as belonging to one of three overall asset class categories: “Core,” “Fixed Income” or “Specialty.” The Build Your Own Model allows you to allocate between 20% and 80% of your contract value and purchase payments in the “Core” asset category, between 20% and 60% of your contract value and purchase payments in the “Fixed Income” asset category and no more than 20% of your contract value and purchase payments in the “Specialty” asset category, for a total of 100% of your contract value and purchase payments.

### The Portfolio-Specific Models

The Efficient Edge Advisory Service develops Portfolio-Specific Models. The investor profiles and investment objectives consistent with these Portfolio-Specific Models are described below. There is no guarantee that these objectives may be met. You should review this information carefully before selecting the Portfolio-Specific Model that is most appropriate for you.

Portfolio-Specific Models					
	<b>Model A Conservative</b>	<b>Model B Moderately Conservative</b>	<b>Model C Moderate</b>	<b>Model D Moderately Aggressive</b>	<b>Model E Aggressive</b>
Investor Profiles	<i>Investor is willing to accept a low level of risk, has a short term (less than five years) investment time horizon and is looking for an investment that is relatively stable in value.</i>	<i>Investor is willing to accept a low to moderate level of risk, has a moderately short term (less than ten years) investment time horizon and is looking for an investment to keep pace with inflation.</i>	<i>Investor is willing to accept a moderate level of risk, has a moderately long term (10 to 20 years) investment time horizon and is looking for an investment with the opportunity for long term moderate growth.</i>	<i>Investor is willing to accept a moderate to high level of risk, has a long term (15 to 20 years) investment time horizon and is looking for a growth oriented investment.</i>	<i>Investor is willing to accept a high level of risk has a long term (more than 15 years) investment time horizon and has the temperament to ride out market swings.</i>
Investment Objectives	<i>High level of current income with preservation of capital. Target allocation mix is 20% equities and 80% fixed income.</i>	<i>Growth and current income. Target allocation mix is 40% equities and 60% fixed income.</i>	<i>Growth of capital with a low to moderate level of current income. Target allocation mix is 60% equities and 40% fixed income.</i>	<i>Growth of capital but without the price swings of an all equity portfolio. Target allocation mix is 80% equities and 20% fixed income.</i>	<i>Growth of capital. Target allocation mix is 100% equities.</i>

## **Choosing a Portfolio-Specific Model**

If you are an Efficient Edge client, you must select one, and only one, Portfolio-Specific Model. All of the contract value in your Variable Contract and all purchase payments will be allocated in accordance with the Model you choose. In addition, you will not be able to invest or allocate any of your contract value in your Variable Contract or any of your purchase payments to the Insurance Company's Guarantee Account (as defined in your Variable Contract).

If you are a Variable Contract owner who has not elected one of the optional living benefit riders available under your Variable Contract, you may choose any one of the five available Portfolio-Specific Models. The Build Your Own Model, however, is not available to these contract owners. Please see your Variable Contract and its current prospectus for more information.

If you are a Variable Contract owner who has elected one of the optional living benefit riders available under your Variable Contract, there may be certain limits, restrictions or conditions on the particular Models that are available to you. Please carefully review your Variable Contract and its current prospectus for more information. Please note that other specified investment options may be available with certain optional riders. Such investment options, however, are not a part of the Efficient Edge Advisory Service.

You must determine which Portfolio-Specific Model is best for you given your financial situation and investment objectives. The Insurance Companies and GFWM will not make this decision for you.

Your registered representative can help you determine which Model is best suited for your financial needs, investment time horizon and willingness to accept investment risk and they can assist you in completing the proper forms. You should periodically review with your registered representative your financial situation and investment objectives to determine if you should change Models or discontinue the Efficient Edge service.

When consulting with your registered representative, you may use an investor profile questionnaire, available from the Insurance Company, which is designed to help you and your registered representative assess your financial needs, investment time horizon and willingness to accept investment risk. However, even if you use the investment profile questionnaire, it is still your decision as to which Model to select. Neither the Insurance Company nor GFWM is responsible for this decision.

## **Management of the Portfolio-Specific Models by GFWM**

GFWM's management of the Portfolio-Specific Models involves a multi-step process designed to optimize the allocations across the list of Available Portfolios for a given level of risk tolerance, in an effort to maximize expected returns and limit the effects of expected market volatility.

Asset allocation strategies reflect the theory that diversification among asset and sub-asset classes can help reduce volatility and potentially enhance returns over the long term. An asset class may be a category of investments having similar characteristics, such as stocks and other equity investments, and bonds and other fixed income investments. There may also be further divisions within asset classes, often referred to as "sub-asset classes," such as divisions according to the size of the issuer (e.g., large cap, mid cap or small cap), the type of issuer (e.g., government, municipal or corporate), or the location of the issuer (e.g., domestic or foreign).

Each Portfolio-Specific Model managed by GFWM under the Efficient Edge service offers a specific fixed allocation between the broad asset classes of equity and fixed income, appropriate for the level of risk, investment time

horizon and investment objective specified appropriate to that model. The investment objective for each Model is listed on page two in the table entitled "Portfolio-Specific Models."

To provide further diversification benefits beyond the broad asset class allocations, GFWM conducts an optimization analysis to determine the appropriate allocations to sub-asset classes for each Portfolio-Specific Model. While generally GFWM exercises its own broad discretion in allocating to sub-asset classes, GFWM may be required by the Insurance Companies to limit certain levels of sub-asset class allocations in order to achieve a level of risk consistent with certain of the optional living benefit riders offered under the Insurance Companies' Variable Contracts.

After the asset class and sub-asset class exposures have been identified for each Portfolio-Specific Model, a determination is made as to how the Available Portfolios can be used to implement the asset and sub-asset class allocations. As mentioned previously, the Available Portfolios considered by GFWM are all those currently available for contributions of new purchase payments by all Variable Contract owners. Part of the process used by GFWM in determining the allocation to Portfolios in the Portfolio-Specific Models is an evaluation of the asset and/or sub-asset class(es) exposures given by each Portfolio in order to combine Portfolios to arrive at the desired asset and sub-asset class allocation levels.

GFWM considers various factors in determining allocations to each Portfolio for each Portfolio-Specific Model, which may include historical style analysis and asset performance and multiple regression analyses, as well as qualitative assessments of a Portfolio's portfolio manager and expected future market and economic conditions. Portfolios are not required to report their individual securities holdings directly to GFWM; therefore, this analysis may include a review of the historic security holdings of the Portfolios, as described in public documents. Based on GFWM's analyses, Available Portfolios are evaluated based on their potential to optimize returns for each Model, given a particular level of risk tolerance. This evaluation could, in some cases, result in an allocation to a Portfolio in a Model based on its specific asset class, or sub-asset class, exposure or other specific optimization factors, even when another Available Portfolio may have exhibited better historical investment performance.

In addition, in allocating to Portfolios for a Model, GFWM may receive (but is not obligated to follow) recommendations from GLAIC and/or GLICNY. One exception is that the Insurance Companies have placed restrictions on the level of risk taken and/or asset class exposure for the Models, based in part on their availability in investment strategies required by Variable Contract optional living benefit riders. These recommendations may be based on various factors, including whether the investment adviser or distributor of a Portfolio pays GLAIC and/or GLICNY fees for certain administrative and other services provided to the Portfolio and whether Capital Brokerage Corporation, an affiliate of GFWM and the Insurance Companies and the principal underwriter of the Variable Contracts, receives 12b-1 fees from the Portfolio.

Additionally, GFWM may develop more than one version of each Model, by allocating to some Portfolios in one version and allocating to other Portfolios in another version of the same Model, but you may be offered only one version of each Model because of the Portfolios available in your Variable Contract. The Portfolios available for allocation in versions of a Model may differ because of the distribution or marketing of the Variable Contracts or other factors. Additionally, sub-asset class allocations may differ slightly between versions of the same Model.

GFWM may also be subject to competing interests that have the potential to influence its decision making with regard to the Efficient Edge Advisory Service. For example, GFWM's affiliates (including GLAIC and GLICNY) may believe that certain Portfolios could benefit from additional assets or could be harmed by redemptions.

The Portfolios underlying the subaccounts may invest, depending upon their investment objective and the decisions by their investment managers, in securities issued by Genworth Financial, Inc., GFWM's ultimate parent, or its affiliates. GFWM will not have any role in determining whether a Portfolio should purchase or sell Genworth securities. GFWM may allocate portions of the Asset Allocation Models to Portfolios which have held, hold or may hold Genworth securities. GFWM's decision to allocate a percentage of a Model to such a Portfolio will be based on the merits of investing in such a Portfolio and a determination that such an investment is appropriate for the Model.

### **Changes to Portfolio-Specific Models**

GFWM will periodically, generally annually, evaluate the Portfolio-Specific Models to assess whether the percentage allocations to each Portfolio should be changed to better optimize the potential return for the level of risk tolerance intended for each Model. GFWM anticipates that such changes will be made annually, unless more frequent changes are determined by GFWM to be necessary or appropriate.

If GFWM determines that the allocations in your Model should be changed, your Insurance Company will send you written notice of the changes at least 30 days before they are to be implemented. Please carefully review these notices. If you want the Model changes implemented, you do not need to take any action. Your Insurance Company will allocate the contract value in your Variable Contract, and any subsequent purchase payments, in accordance with the updated Model received from GFWM.

If you reject the Portfolio-Specific Model change, you have created a self-directed portfolio. You have terminated your advisory relationship with GFWM, and GFWM is no longer providing investment advice or allocations for your Variable Contract. Your contract value and purchase payments will not be allocated according to the updated Model.

If you do not want to accept the changes to your selected Model, you may transfer the contract value allocated to the Model from the Model to another available investment option in your Variable Contract or, if you have elected certain of optional living benefit riders under your Variable Contract, you can notify the Insurance Company in writing that you have elected to reject the change. If you have elected one of the optional living benefit riders available under your Variable Contract, there may be certain limits, restrictions or conditions on the investment you can make and the benefits you receive under such rider may be adversely affected. Your options will be explained to you in your Variable Contract and its prospectus. Please read your Variable Contract and its prospectus for more information. If you have purchased an optional living benefit rider to your Variable Contract that requires your contract value and purchase payments to be invested in an "Investment Strategy," you should consider how to invest your contract value and purchase payments in accordance with an appropriate level of risk. If you want to make changes to your allocations, you must do so pursuant to the terms of your Variable Contract. You may however, continue to receive written materials about any changes proposed to be made to the Models by GFWM, and you may notify the Insurance Company in writing to and request allocation of your variable subaccounts in accordance with such materials and consistent with the terms of your Variable Contract. If you would later like to sign up again for the Efficient Edge Asset Allocation services you may do so by contacting your Insurance Company subject to the terms of your Variable Contract. Please use the contact information provided by the Insurance Company.

If you are a prospective or new Efficient Edge client selecting a Model within the 30 day period prior to implementation of a change, you will be given information regarding composition of both the current Portfolio-Specific Model you have chosen as well as the proposed changes to your Model.



## **Build Your Own Model**

In the Build Your Own Model, GFWM categorizes available Portfolios into three asset classes and you select specific Portfolios, within the allowed allocation ranges, from these asset classes for the allocation of your Variable Contract subaccount value. The Build Your Own Model allows for more flexibility than the five Portfolio-Specific Models, enabling you, in consultation with your registered representative, to construct an asset allocation that you believe best meets your individual investment objectives.

In constructing the parameters for the Build Your Own Model, the Insurance Companies defined the asset classes among which Variable Contract value assets could be allocated and determined allocation ranges for each asset class. In making these determinations, the Insurance Companies' goal was to permit, in the Build Your Own Model, asset allocations appropriate for contract owners with moderately conservative to moderately aggressive risk tolerance levels. There may be Portfolios available in the Variable Contracts which are not categorized in an asset class and, hence, not available for allocation in the Build Your Own Model.

The Build Your Own Model requires that you allocate between 20% and 80% of your subaccount value in Portfolios categorized as in the "Core" asset class, between 20% and 60% of your subaccount value in the "Fixed Income" asset class, and no more than 20% of your subaccount value in the "Specialty" asset class, for a total of 100% of your Variable Contract subaccount value.

GFWM's role in the Build Your Own Model is to determine into which asset class the available Portfolios fit. GFWM has not selected the set of Available Portfolios for the Build Your Own Model, and does not determine which Portfolios, if any, will not be available to you in the Build Your Own Model. The Insurance Companies have determined the list of Available Portfolios for the Build Your Own Model. GFWM considers various factors in assigning Portfolios to an asset class, including Portfolio holdings, historical performance and style analysis, and multiple regression analyses.

As with the other Models, GFWM may be subject to certain conflicts of interest in categorizing the Portfolios for the Build Your Own Model, including receiving recommendations from the Insurance Company based on the fees it receives in connection with a Portfolio and the need by certain Portfolios for additional assets (see the discussion above under "GFWM's Asset Allocation Strategy – Portfolio-Specific Models"). It is possible that such conflicts of interest could affect, among other matters, GFWM's decisions as to which asset class to categorize a Portfolio.

## **Changes to Build Your Own Model**

The Insurance Companies may periodically evaluate the parameters of the Build Your Own Model. As a result of such evaluations, Portfolios may be added to or deleted from the list of Available Portfolios by the Insurance Companies. Additionally, GFWM may reclassify a Portfolio from one asset class to another due to, for example, the addition or deletion of asset classes, changes to the asset class definitions, or changes in the Portfolios.

In certain instances, changes made to the Build Your Own Model will require clients whose existing allocations will not meet the parameters of the revised Model to provide new allocation instructions. For example, a Portfolio may be moved from one asset class to another or shares of a Portfolio may become unavailable under the contract or in the Model. If you do not provide new allocation instructions in these circumstances in a timely manner after we request them, your assets will be re-allocated to Portfolio-Specific Model C until we receive new instructions.

When a Portfolio in which your assets are invested is closed to new investments but remains in your contract, your investment in that Portfolio at the time of the closing will remain, and you will not be re-allocated to Portfolio-

Specific Model C. However, any attempt to invest additional amounts in your contract or to transfer assets to a closed Portfolio will not be permitted until you provide updated allocation instructions.

### **Monthly and Automatic Rebalancing of Asset Allocations**

On the monthly anniversary of your Variable Contract, the Insurance Company will rebalance your Variable Contract subaccounts and return their allocations to the percentages specified by your current Model, including the allocations you have made in a Build Your Own Model. This monthly rebalancing addresses increases and decreases of contract value in each subaccount due to subaccount performance. The first monthly rebalancing will occur at the first monthly anniversary following the Contract Date.

On any Valuation Day (as that term is defined in your Variable Contract) after any transaction involving a withdrawal, receipt of a purchase payment or a transfer of contract value, the Insurance Company will rebalance your Variable Contract subaccounts and return their allocations to the percentages specified by your current Model. This automatic rebalancing addresses increases and decreases in each subaccount due to subaccount transfers, withdrawals (including if taken from specific subaccounts you designated) and purchase payments (including if allocated to specific subaccounts you designated).

### **Possible Restrictions and Charges for Transfers**

The Insurance Companies may have certain rules and procedures related to the manner, number and permissibility of, and possible charges or fees for, transfers among the subaccounts in your Variable Contract. GFWM's Efficient Edge Advisory service has been designed so that transfers among subaccounts caused 1) by GFWM's update of the Models and 2) by the monthly rebalancing of the value in your subaccounts will be permitted by the Insurance Companies without charge. However, restrictions and charges may still be imposed by the Insurance Companies. Please review your Variable Contract prospectus for more information.

The Efficient Edge service has not been designed to allow excessive withdrawals and transfers by the Variable Contract owner, in addition to the transfers prompted by GFWM and the monthly rebalancing, and still ensure that subaccount reallocations do not conflict with the possible restrictions on frequent transfers or are exempt from possible transfer fees applicable to the subaccounts of the Variable Contracts. Please review your Variable Contract prospectus for more information. GFWM and GFWM's advisory personnel do not have access to your Variable Contract and its subaccounts. Any changes to your subaccount allocations must be made by your Insurance Company.

### **Investment Risks**

Although the Portfolio-Specific Models are designed to optimize returns given the various levels of risks, there is no assurance that a Model will not lose money or not experience volatility. Investment performance of contract value could be better or worse by participating in a Portfolio-Specific Model than if the owner had not participated. A Model may perform better or worse than any single Portfolio, subaccount or asset class or other combination of Portfolios, subaccounts or asset classes. Model performance is dependent upon the performance of the component Portfolios. Contract value will fluctuate, and when redeemed, may be worth more or less than the original cost.

A Portfolio-Specific Model may not perform as intended. Although the Models are intended to optimize returns given various levels of risk tolerance, Portfolio, market and asset class performance may differ in the future from

the historical performance and assumptions upon which the Models are based, which could cause the Models to be ineffective or less effective in reducing volatility.

Periodic updating of the Portfolio-Specific Models can cause the underlying Portfolios to incur transactional expenses to raise cash for money flowing out of the Portfolios or to buy securities with money flowing into the Portfolios. These expenses can adversely affect performance of the related Portfolios and the Models.

Each Portfolio has one or more investment advisers and/or sub-advisers. The Portfolios are managed through a variety of investment strategies and may invest in various types of securities depending on their investment strategy, including but not limited to, U.S. and non-U.S. equity and fixed income securities. Each Portfolio's prospectus includes more complete information, including a discussion of the Portfolio's investment techniques and the risks associated with its investments. No assurance can be given that a Portfolio will achieve its investment objective. Owners should read each Portfolio prospectus carefully before investing.

### **Compensation**

GFWM receives compensation from the Insurance Companies for providing the Efficient Edge Advisory Service. There are no additional fees paid by Variable Contract owners who are GFWM Efficient Edge clients for the Efficient Edge service.

However, Variable Contract owners do pay charges and fees in connection with their ownership of the Variable Contracts and these fees may increase in connection with use of the Efficient Edge Advisory service. For example, transfer fees may apply on re-allocations of value among subaccounts of the Variable Contract.

Additionally, the Insurance Companies may receive fees for certain administrative and other services provided to the Portfolio, and CBC and the Insurance Companies may receive 12b-1 fees from Portfolios, including those advised by third parties.

As of 12/31/2011, the Efficient Edge Advisory Service had assets totaling \$1.6 billion.

### **Overview of GFWM's Other Advisory Services**

GFWM provides a variety of investment advisory services to clients as described below. This brochure discusses only GFWM's Efficient Edge Advisory service in detail.

#### **Investment Supervisory Services - Referral Model**

GFWM receives client referrals through representatives of broker dealer firms and investment advisory firms (these firms are referred to as "Financial Advisory Firms"). GFWM manages each client Account according to the client's selected Investment Solution under the terms of the GFWM Investment Management Services Agreement. GFWM provides investment supervisory services to clients as described in GFWM's "Referral Disclosure Brochure."

GFWM offers the following advisory services or Investment Solutions under the Referral Model platform:

Mutual Fund Accounts

ETF Accounts

Privately Managed Accounts (“PMA”), including:

- Individually Managed (“IMA”) Accounts,
- Manager Select Accounts (“MSA”),
- GFAM Preservation Strategy,
- GFAM Fixed Income Accounts, and
- Consolidated Managed Accounts (“CMA”)

Unified Managed Accounts, including:

- Privately Managed Portfolios (“PMP”) Accounts,
- Genworth Multiple Strategies (“GMS”) Accounts, and
- Active Return Opportunities (“ARO”) Accounts

#### Investment Supervisory Services - Private Client Group

In addition to providing investment supervisory services through the Referral Model Platform, GFWM also provides services through its “Private Client Group.” GFWM’s investment supervisory services to its Private Client Group clients are described in detail in GFWM’s “Private Client Group Disclosure Brochure.” GFWM manages each client Account according to the client’s selected Investment Solution under the terms of the GFWM Private Client Group Investment Management Services Agreement. In order that GFWM’s advisory services may be tailored to meet a client’s investment objectives, the client may select from among a number of “Investment Solutions.”

The Investment Solutions available under the Private Client Group are:

- The BJ Group Services
- Mutual Fund Accounts
- Exchange Traded Fund (“ETF”) Accounts
- Individually Managed Accounts (“IMA”)

#### Investment Supervisory Services - Mutual Funds

In addition to providing the foregoing investment supervisory services, GFWM is also the investment adviser for:

- 1) GPS I, a series of sub-advised no-load mutual funds that include the GuideMark Funds (formerly known as the AssetMark Funds);
- 2) GPS II, a series of no-load mutual funds that include two sub-advised GuideMark Funds as well as four GuidePath funds of funds; and
- 3) the Genworth Financial Contra Fund, a registered investment company used by GFAM to provide risk mitigation in some Investment Solutions.

#### Other Services - Advisor Model Platform

In addition to the investment supervisory services offered clients directly by GFWM upon referral by Financial Advisory Firms, the Platform Investment Solutions are offered by Financial Advisory Firms serving as the individual investment advisor for their clients with accounts invested through the Platform. For these Financial Advisory Firms and their clients, GFWM serves as the Platform sponsor and provides the Financial Advisory Firms with administrative and consulting services. These services are described in more detail in the Platform Disclosure Brochure.

GFWM may offer other advisory services on an exception basis.

GFWM may face a number of conflicts of interest between its duty to serve its Efficient Edge clients and the advisory services it provides to other individual clients, other insurance contract owners and its mutual fund shareholders. For example, GFWM may face a conflict as to the timing of its advisory recommendations for other clients as those recommendations may relate to the recommendations for Efficient Edge clients, as well as conflicts arising regarding the availability of information as to what type of advisory recommendations – potentially containing useful information – are being performed for other clients. Additionally GFWM may face conflicts over its ability to take certain trades to market for other clients while in possession of information about the intended advice to be provided to Efficient Edge clients. GFWM also provides services to its other mutual fund clients in the selection, review and termination of third-party investment management firms to serve as sub-advisers to its funds, a service provided for Efficient Edge clients through the evaluation of third-party fund managers.

## **Item 5 – Account Requirements and Types of Clients**

The Efficient Edge Asset Advisory Service is offered to owners of select variable contracts issued by the Insurance Companies.

### **How to Become an Efficient Edge Advisory Service Client**

You must own a Variable Contract issued by GLAIC or GLICNY for which GFWM's Efficient Edge Advisory Service is offered. You may sign up for the service with forms provided by the Insurance Company which issues your Variable Contract. You do not need to sign a separate agreement with GFWM; however, GFWM will only follow written instructions from you received by your Insurance Company in a form acceptable to the Insurance Company. The terms of your agreement with GFWM are contained in this Disclosure Brochure. There is no minimum account value required for the GFWM Efficient Edge service, although there may be minimum Variable Contract values imposed by the Insurance Companies.

## **Item 6 – Portfolio Manager Selection and Evaluation**

GFAM requires that employees providing investment advice are required to have financial or analytical experience or to have qualified for registration as an Investment Advisory Representative as required by applicable state securities regulations, either by having passed the Uniform Investment Adviser Law Examination (Series 65) or by possessing other qualifying designations such as the Chartered Financial Analyst (CFA) designation. In addition to the foregoing, members of GFAM's Investment Management Department ("IM Department") are generally required to have a college education or equivalent experience, analytical or portfolio management experience, and/or to have obtained the CFA designation.

## **Item 7 – Client Information Provided to Portfolio Managers**

The Insurance Companies are responsible for providing information to clients and/or to their registered representatives concerning all aspects of the Efficient Edge Advisory Service, including such items as investment performance, allocation changes, market updates and changes to the list of Available Portfolios.

## **Item 8 – Client Contact with Portfolio Managers**

Owners of a Variable Annuity Contract who have opted for the Efficient Edge Advisory Service will not generally have access to the GFWM investment management staff that constructs the Portfolio-Specific Models or that categorize the list of Available Portfolios into asset categories for purposes of the Build Your Own model. Clients will also not generally have access to the investment management staff at the mutual fund companies that manage the Portfolios in the list of Available Portfolios. Clients of the Efficient Edge Advisory Service should consult with their registered representative for information about the ongoing activities of their Portfolio-Specific Model.

## **Item 9 – Additional Information**

### **DISCIPLINARY INFORMATION**

GFWM and its management do not have disciplinary information to report.

### **GFWM’S CODE OF ETHICS FOR PERSONAL SECURITIES TRANSACTIONS**

GFWM has adopted a Code of Ethics (the “Code”) that is intended to comply with the provisions of Rule 204A-1 under the Investment Advisers Act of 1940 (“Advisers Act”), which requires each registered investment adviser to adopt a code of ethics setting forth standards of conduct and requiring compliance with federal securities laws. Additionally, the Code is designed to comply with Section 204A of the Advisers Act, which requires investment advisers to establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of such investment adviser’s business, to prevent the misuse of material, non-public information by any person associated with such investment adviser. GFWM’s Code requires that all “Supervised Persons” (including officers and certain affiliated persons and employees of GFWM) in carrying out the operations of GFWM, adhere to certain standards of business conduct. Specifically, the Code requires that these persons: (i) comply with all applicable laws, rules and regulations, (ii) avoid any conflict of interest with regard to GFWM and its Clients, (iii) avoid serving their personal interests ahead of the interests of GFWM and its Clients, (iv) avoid taking inappropriate advantage of their position with GFWM or benefiting personally from any investment decision made, (v) avoid misusing corporate assets, (vi) conduct all of their personal securities transactions in compliance with the Code, and (vii) maintain, as appropriate, the confidentiality of information regarding GFWM’s operations.

The Code contains a number of prohibitions and restrictions on personal securities transactions and trading practices that are designed to protect the interests of GFWM and its Clients. First, the Code prohibits trading practices that have the potential to harm GFWM and/or its Clients, including excessive trading or market timing activities in any account that GFWM manages, trading on the basis of material non-public information, and trading

in any “Reportable Security” when they have knowledge the security is being purchased or sold, or is being considered for purchase or sale by the Accounts managed by GFWM or any GFWM-advised mutual funds. Second, the Code mandates the pre-clearance of certain personal securities transactions, including transactions in securities sold in initial public offerings or private placements. The Code also requires the pre-clearance of Reportable Security transactions for certain Access Persons (Access Persons is a segment of the Supervised Persons group that may have access to GFWM information). Finally, the Code requires Access Persons to submit, and the Chief Compliance Officer (the “CCO”) to review, initial and annual holdings, and quarterly transaction reports.

GFWM utilizes Financial Tracking Technologies to provide enhanced tracking of employee transactions and gives GFWM the ability to analyze employee trading against certain parameters and transactions in its managed Accounts or any GFWM-advised funds. Access Persons also utilize this system to annually certify their receipt of, and compliance with, the Code and pre-clear their Reportable Security transactions, if they are required to do so by the Code.

All Supervised Persons under the Code are responsible for reporting any violations of the Code to the CCO. The Code directs the CCO to submit reports to the Board of Trustees of any GFWM-advised mutual funds regarding compliance with the Code, and to impose sanctions on violators, as warranted.

GFWM will provide a copy of the Code to any Client or prospective Client upon request.

## **FINANCIAL INDUSTRY AFFILIATIONS**

GFWM is a wholly owned subsidiary of Genworth Financial, Inc., a publicly held insurance holding company. GFWM was previously named AssetMark Investment Services, Inc. (“AIS”), and was renamed in connection with the merger of an affiliated registered investment adviser, Genworth Financial Asset Management, Inc., into AIS. GFWM is also the investment adviser for the GuideMark Funds (formerly known as the AssetMark Funds), the GuidePath Funds and the Genworth Financial Asset Management Contra Fund. An affiliate of GFWM, Capital Brokerage Corporation (“CBC”) is a broker-dealer registered with the Financial Industry Regulatory Authority (“FINRA”) and acts as the distributor for the GuideMark Funds, the GuidePath Funds, and the Contra Fund.

### **Affiliated Companies**

GFWM has numerous affiliated companies under common control with the GFWM. Genworth Financial, Inc. (Genworth) is a publicly-held company (NYSE: GNW), and it and its affiliates may also issue other securities. Genworth wholly owns directly or indirectly these affiliated companies. GFWM does not consider such affiliations to create a material conflict of interest for GFWM or its clients.

- Altegris Advisors, L.L.C. (Altegris)
- Altegris Portfolio Management, Inc. (Altegris Funds)
- Altegris Clearing Solutions, L.L.C. (Solutions)
- Altegris Futures, L.L.C. (Futures)
- Altegris Investments, Inc. (Investments)
- Capital Brokerage Corp. (CBC)
- Genworth Financial Advisors Corp. (GFAC)
- Genworth Financial Securities Corp. (GFSC)
- Genworth Financial Trust Company (GFTC)

Those that are relevant to its provision of the Efficient Edge Advisory Service are discussed below.

### **Insurance Companies**

The Efficient Edge Efficient Edge Advisory Service is offered by GFWM exclusively to owners of Variable Contracts issued by Genworth Life and Annuity Insurance Company and Genworth Life Insurance Company of New York. Both of these Insurance Companies are affiliated with GFWM by common ownership.

### **Broker-Dealers**

Capital Brokerage Corporation ("CBC") is a broker-dealer registered with the U.S. Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority ("FINRA") and is affiliated with GFWM by common ownership. CBC serves as the principal underwriter of the Variable Contracts.

### **CLIENT REFERRALS**

The Insurance Companies make the Efficient Edge Advisory Service available to owners of select Variable Contracts they offer. GFWM does not pay the Insurance Companies a specific fee for these referrals. The Insurance Companies and GFWM are affiliated by common ownership.

### **PRIVACY POLICY**

The Privacy Policy supplied to you by your Insurance Company will govern the Efficient Edge Advisory Service.

### **QUARTERLY REPORTS**

Efficient Edge Variable Contract owners will receive quarterly account statements from their Insurance Company which include information about the subaccounts in their Model.

## **Item 10 – Requirements for State-Registered Advisers**

Not Applicable