

# Wrap Fee Program Brochure

March 30, 2012

## Gitterman & Associates Wealth Management Program

Sponsored By



GITTERMAN & ASSOCIATES  
WEALTH MANAGEMENT

70 Wood Avenue South  
Iselin, New Jersey 08830

(848) 248-4869

[www.gawmllc.com](http://www.gawmllc.com)

This brochure provides information about the qualifications and business practices of Gitterman & Associates Wealth Management, LLC (hereinafter "GAWM" or the "firm"). If you have any questions about the contents of this brochure, please contact Jeffrey L. Gitterman at (848) 248-4869. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority. Additional information about GAWM is available on the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

GAWM is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

In this Item, GAWM is required to discuss the material changes which have been made to the Wrap Brochure since GAWM's last annual update. GAWM does not have any material changes to disclose in this Item.

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## Item 4. Services, Fees and Compensation

The Gitterman & Associates Wealth Management Program (the “Program”) is an investment advisory program sponsored by GAWM, a comprehensive wealth management firm which has been in business as an SEC registered investment adviser since April 2010.

This brochure describes the business of GAWM as it relates to clients receiving services through the Program. Certain sections also describe the activities of the firm’s *Supervised Persons*, which refer to any officers, partners, directors (or other person occupying a similar status or performing similar functions), employees, or other persons who provide investment advice on GAWM’s behalf and are subject to the firm’s supervision.

In addition to the Program, the firm offers other advisory services under different arrangements than those described herein, which include financial planning and consulting, as well as financial education through E-squared Financial Services, a division of GAWM. Information about these services is contained in GAWM’s Disclosure Brochure, which appears as Part 2A of the firm’s Form ADV.

### Description of the Program

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The Program is offered as a wrap fee program, which provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. A wrap fee program is considered any arrangement under which clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts.

Prior to receiving services through the Program, clients are required to enter into a written agreement with GAWM setting forth the relevant terms and conditions of the advisory relationship (the “*Agreement*”). Clients must also open a new securities brokerage account and complete a new account agreement with Fidelity Institutional Wealth Services (“*Fidelity*”), TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. (“*TD Ameritrade*”) or another broker-dealer GAWM approves under the Program (collectively “*Financial Institutions*”).

At the onset of the Program, clients complete an investor profile describing their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, GAWM assists its clients in developing an appropriate strategy for managing their assets.

Clients’ investment portfolios are managed on a discretionary or non-discretionary basis by either GAWM’s Investment Committee or an independent investment manager (collectively “*Independent Managers*”) selected by GAWM. GAWM and/or the *Independent Managers* allocate clients’ assets among the various investment products described in Item 6 (below) pursuant to the firm’s proprietary

models and/or certain models developed by other independent investment advisers which GAWM has engaged to provide tactical sub-advisory services (collectively “*Sub-Advisers*”).

In addition, GAWM generally provides each of its wealth management clients with a comprehensive financial plan, which is tailored to address his or her individual needs, goals and objectives. These customized financial plans may incorporate any or all of the following components:

- Retirement Planning
- Estate Planning & Conservation
- Tax Strategy
- Long-Term Care Planning
- 401(k) Retirement Plans
- 403(b) Plans
- Charitable Giving
- Educational Funding
- Employee Stock Options
- Job Transition Planning
- Credit and Debt Management
- Marital & Divorce Finances

## Fees for Participation in the Program

Investment management services are offered through the Program on a fee basis, meaning that clients pay a single annualized fee based upon assets under management. The firm also offers advisory services outside of the Program under different fee arrangements than those discussed below.

GAWM’s asset based fee generally varies between 50 and 150 basis points (0.50% – 1.75%), depending upon the amount of the assets being managed under the Program and the type of investment management services, as follows:

### INTERNALLY MANAGED ACCOUNTS

PORTFOLIO VALUE	BASE FEE
Up to \$99,999	1.25%
\$100,000 - \$999,999	1.00%
\$1,000,000 - \$1,999,999	0.90%
\$2,000,000 - \$3,499,999	0.80%
\$3,500,000 - \$4,999,999	0.70%
\$5,000,000 - \$7,499,999	0.60%
Above \$7,500,000	0.50%

## TACTICALLY SUB-ADVISED ACCOUNTS

PORTFOLIO VALUE	BASE FEE
\$150,000 - \$199,999	1.75%
Above \$200,000	1.50%

This fee is billed monthly in arrears, based upon the average daily value of the assets being managed by GAWM during the previous month. Since the fee is determined by average daily account balance, if assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted accordingly. For the initial month of the Program, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final month is prorated through the effective date of the termination and the outstanding balance is charged to the client as appropriate.

### Fee Comparison

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A portion of the fees paid to GAWM are used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients' portfolios, as well as the fees charged by the *Independent Managers* and/or *Sub-Advisers* engaged to provide services under the Program. *Independent Managers* and *Sub-Advisers* servicing accounts through the Program receive a fee based upon the assets under their management or advisement, which generally ranges between 25 and 50 basis points (0.25% – 0.50%).

Services provided through the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients' accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Fees paid for the Program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

### Fee Discretion

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GAWM, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

### Fee Debit

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The firm's *Agreement* and the separate agreement with any *Financial Institutions* generally authorize GAWM and/or the *Independent Managers* to debit its clients' accounts for the amount of the Program fee and to directly remit that fee to GAWM or the *Independent Managers*. Any *Financial Institutions*

recommended by GAWM have agreed to send statements to clients not less than quarterly indicating all amounts disbursed from the account, including the amount of Program fees paid directly to GAWM. Alternatively, clients may elect to have GAWM send them an invoice for payment.

### **Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to GAWM's right to terminate an account. Additions may be in cash or securities provided that the firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to GAWM, subject to the usual and customary securities settlement procedures. However, GAWM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. GAWM may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

### **Other Charges**

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Clients may incur certain charges imposed by third parties in addition to the Program fee. These additional charges may include fees charged by the *Independent Managers*, charges imposed directly by a mutual fund or exchange-traded fund ("ETF") in the account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

### **Compensation for Recommending the Program**

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GAWM has no internal arrangements in place whereby persons recommending the Program are entitled to receive additional compensation as a result of clients' participation.

## Item 5. Account Requirements and Types of Clients

### Minimum Account Requirements

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GAWM does not impose a stated minimum portfolio size or minimum annual fee to start and maintain an advisory relationship. However, as a condition for opening and maintaining a tactically sub-advised account, GAWM generally imposes a minimum account balance of \$150,000.

The firm, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention, and *pro bono* activities. GAWM only accepts clients with less than the minimum portfolio size if, in the sole opinion of the firm, the smaller portfolio size will not result in a substantial increase of investment risk beyond the client's identified risk tolerance. GAWM may aggregate the portfolios of family members to meet the minimum portfolio size.

Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than GAWM. In such instances, GAWM may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

### Types of Clients

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Services through the Program are offered to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.



## Item 6. Portfolio Manager Selection and Evaluation

Clients' investment portfolios are managed either directly by GAWM or through the use of *Independent Managers*, as referenced above.

### Investment Portfolio Management

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GAWM manages its clients' investment portfolios on a discretionary or non-discretionary.

GAWM primarily allocates client assets among various *Independent Managers*, mutual funds, ETFs, individual debt and equity securities, and options, as well as the securities components of variable annuities and variable life insurance contracts in accordance with the investment objectives of its individual clients. In addition, GAWM may also recommend that clients who qualify as accredited investors, as defined under Rule 501 of the Securities Act of 1933, invest in private placement securities, which may include debt, equity and/or pooled investment vehicles (e.g., hedge funds). The firm also provides advice about any type of legacy position or investment otherwise held in its clients' portfolios.

Clients may also engage GAWM to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, GAWM directs or recommends the allocation of client assets among the various investment options available with the product. Client assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

GAWM tailors its advisory services to accommodate the needs of its individual clients and continuously seeks to ensure that its clients' portfolios are managed in a manner consistent with their specific investment profiles. Clients are advised to promptly notify GAWM if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if GAWM determines, in its sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to the firm's management efforts.

In return for these services, GAWM receives a portion of the fees paid for participation in the Program, as described in Item 4.

### Selection of Independent Managers and Sub-Advisers

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GAWM evaluates various information about the *Independent Managers* and *Sub-Advisers* in which it selects for the management of its clients' portfolios. The firm generally reviews a variety of different resources, which may include the *Independent Managers'* or *Sub-Advisers'* public disclosure documents, materials supplied by the *Independent Managers* or *Sub-Advisers* themselves, and other third-party analyses it believes are reputable. To the extent possible, the firm seeks to assess the *Independent Managers'* or *Sub-Advisers'* investment strategies, past performance and risk results in relation to its

clients' individual portfolio allocations and risk exposures. GAWM also takes into consideration each *Independent Manager's* or *Sub-Adviser's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other related factors.

GAWM generally monitors the performance of those accounts being managed by *Independent Managers* by reviewing the account statements and trade confirmations produced by the *Financial Institutions*, as well as other performance information furnished by the *Independent Managers* and/or other third-party providers. The firm does not verify the accuracy of any such performance information and does not ensure its compliance with presentation standards. Clients are advised that any performance information they receive from the *Independent Managers* may not be calculated on a uniform and consistent basis. Clients should compare all supplemental materials with the account statements they receive from their respective custodians.

The terms and conditions under which the client engages an *Independent Manager* are set forth in a separate written agreement between GAWM or the client and the designated *Independent Manager*. In addition to this Brochure, the client also receives the written disclosure brochure of the designated *Independent Managers* engaged to manage their assets.

## Side-By-Side Management

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GAWM does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## Investment Strategy

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GAWM creates and manages a number of portfolios to manage the wealth of its clients. The firm utilizes an experienced, four-person Investment Committee, which meets quarterly and on an *ad hoc* basis in the event of unusual market conditions. The firm's internal wealth models are traded and rebalanced centrally in an effort to ensure consistent implementation and adherence to the strategic guidance of the Investment Committee. Under certain circumstances, GAWM may overlay its core models through the use of one or more tactical, momentum based *Sub-Advisers*, which employ strategies that are more marketing timing oriented.

The Investment Committee utilizes what it deems to be state of the art screening tools to create models and select individual positions. The following is list of the firm's key screening tools, without limitation:

- Fidelity Mutual Fund Evaluator
- Vanguard Advisor Tools
- Morningstar Advisor Workstation
- Thompson/Reuters Investment View
- iShares ETF Tools (EFs)
- CE Tracker (Closed End funds)
- Value Line Investment Research
- Standard & Poor Investment Research
- Market Edge Second Opinion
- GS360 Investment Research

The firm manages several risk-based portfolio strategies. A thorough fact finding and risk profiling process is utilized in an effort to determine the best fit for a client's model selection. These investment strategies are generally employed for clients with portfolio assets in excess of \$250,000. The firm's risk-based portfolio strategies are as follows:

- Conservative – 100% Fixed Income
- Moderately Conservative – 25% Equity / 70% Fixed Income / 5% Tactical
- Moderate – 40% Equity / 50% Fixed Income / 10% Tactical
- Moderately Aggressive – 55% Equity / 30% Fixed Income / 15% Tactical
- Aggressive – 80% Equity / 20% Tactical

The firm also manages several strategic asset allocation models for clients with less than \$250,000. The firm's asset allocation models include:

- |  |  |
|--|--|
| • Basic Asset Allocation                   | • Enhanced Wealth Equity                   |
| • Socially Responsible Investing (SRI)     | • Enhanced Wealth Fixed Income – Qualified |
| • Core Wealth Equity                       | • Enhanced Wealth Fixed Income – Non-      |
| • Core Wealth Fixed Income – Qualified     | Qualified                                  |
| • Core Wealth Fixed Income – Non-Qualified | • Tactical                                 |

The strategic portfolios are funded with any or all of the following securities, without limitation:

- Mutual Funds (Open-End and Closed-End)
- Exchange Traded Funds (ETFs)
- Master Limited Partnerships (MLPs)
- Alternative Investment Classes (Long/Short, Commodities, Inverse, Managed Futures, Real Estate Investment Trusts, Pre-IPO funds, Oil and Natural Gas Exploration and multiple Hedge Fund Investment strategies)
- Retirement Target-Date Funds (Blended Allocation)

The asset allocation models are generally funded with passive and actively-managed mutual funds.

## Methods of Analysis

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The selection criterion of the Investment Committee follows a disciplined process and considers a variety of factors in model creation and security selection. The underlying metrics on which the firm relies are largely based on a series of analyses generally aligned with Modern Portfolio Theory, as well as a range of inherently technical analytical measures. Specifically, the Investment Committee examines the following indicators, without limitation:

- Modern Portfolio Theory (“MPT”)
  - *Alpha* (i.e., measure of performance on a risk-adjusted basis)
  - *Beta* (i.e., measure of volatility in relation to broad market conditions)
  - Standard Deviation (i.e., measure of historic volatility)
  - R-Squared (i.e., measure of price movements relative to a benchmark index)
- Portfolio Manager
  - Tenure
  - Experience
  - Depth of Management
- Equity
  - Asset Overlap Study
  - Index Benchmarking (e.g., Peer review)
  - Turnover Ratio (e.g., Tax-Efficiency and Capital Gain Exposure)
  - Expense Ratio
- Fixed Income
  - Duration, Convexity and Yield
  - Credit Quality and Tax-Exempt Status (e.g., AMT Free, Tax Free)
  - Turnover Ratio (e.g., Tax-Efficiency)
  - Expense Ratio
- Tactical
  - Alpha Creation Potential
  - Hedging Capability
  - Non-Correlation Potential

## *Modern Portfolio Theory (MPT)*

MPT is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nonetheless, GAWM's investment process is structured in such a way to integrate those assumptions and real life considerations for which MPT analytics do not account.

## *Technical Analysis*

Technical analysis involves the examination of historical market data and trading variables rather than an assessment of a security's intrinsic value. Technical analysis involves variation diagnostics, regression and correlation measures, and various charting techniques, which are used to identify perceived market patterns and trends. These metrics may be based on swings in investor sentiment or cyclical economic movements, rather than the fundamental conditions of a particular manager or company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that GAWM will be able to accurately predict such a reoccurrence.

## **Risk of Loss**

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### *Mutual Funds and Exchange-Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

## *Options*

Options allow investors to buy or sell a security at a contracted “strike” price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

## *Market Risks*

The profitability of a significant portion of GAWM’s recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that GAWM will be able to predict those price movements accurately.

## *Use of Independent Managers*

GAWM may recommend the use of *Independent Managers* for certain clients. GAWM will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, GAWM does not have the ability to supervise the *Independent Managers* on a day-to-day basis, if at all.

## *Use of Private Collective Investment Vehicles*

GAWM recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund’s private placement memorandum and/or other documents explaining such risks prior to investing.

## *Management Through Similarly Managed “Model” Accounts*

GAWM manages certain accounts through the use of similarly managed “model” portfolios, whereby the firm allocates all or a portion of its clients’ assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients' net after tax gains. While the firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact GAWM if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

### **Voting of Client Securities**

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GAWM does not accept the authority to vote clients' securities (i.e., proxies) on their behalves.

## Item 7. Client Information Provided to Portfolio Managers

Clients participating in the Program generally grant GAWM the authority to discuss certain non-public information with the *Independent Managers* engaged to manage their accounts. Depending upon the specific arrangement, the firm may be authorized to disclose various personal information including, without limitation: names, phone numbers, addresses, social security numbers, tax identification numbers and account numbers. GAWM may also share certain information related to its clients' financial positions and investment objectives in an effort to ensure that the *Independent Managers'* investment decisions remain aligned with its clients' best interests. This information is communicated on an initial and ongoing basis, or as otherwise necessary to the management of its clients' portfolios.



## Item 8. Client Contact with Portfolio Managers

There are no restrictions on clients' ability to correspond with GAWM. Clients can generally contact the *Independent Managers* managing their portfolios through GAWM by providing the firm with written request and identification of the questions or issues to be discussed with the *Independent Managers*. After receiving the client's written request, GAWM, at its sole discretion, may contact the *Independent Managers* for the client or arrange for the *Independent Managers* and the client to communicate directly.

## Item 9. Additional Information

### Disciplinary Information

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GAWM has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

### Other Financial Industry Activities and Affiliations

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#### *Registered Representatives of a Broker-Dealer*

A number of the firm's *Supervised Persons* are registered representatives of Triad Advisors, Inc. ("*Triad*") and may provide clients with securities brokerage services under a separate commission-based arrangement. A conflict of interest exists to the extent that GAWM recommends the purchase of a security and its *Supervised Person* receives a portion of the commissions paid to *Triad*. GAWM has procedures in place to ensure that all recommendations are made in the best interests of clients regardless of any additional compensation earned. For accounts covered by ERISA (and such others that GAWM, in its sole discretion, deems appropriate), the firm provides investment advisory services on a fee offset basis. In this scenario, GAWM may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by the firm's *Supervised Persons* in their capacities as registered representatives of *Triad*.

#### *Licensed Insurance Agents*

Certain of GAWM's *Supervised Persons* are licensed insurance agents and in such capacity may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. A conflict of interest exists to the extent that GAWM recommends the purchase of insurance products where its *Supervised Person* receives insurance commissions or other additional compensation. The firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

### Code of Ethics

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GAWM and its associated persons are permitted to buy or sell securities that it also recommends to clients consistent with GAWM's policies and procedures.

GAWM has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (the "*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by GAWM or any of its associated persons. The *Code of Ethics* also requires that certain of GAWM's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in GAWM's *Code of Ethics*, none of GAWM's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of GAWM's clients.

When GAWM is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when GAWM is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact GAWM to request a copy of its *Code of Ethics*.

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### Account Reviews

GAWM monitors its clients' investment portfolios on a continuous and ongoing basis, and conducts regular account reviews at least quarterly. Such reviews are conducted by the firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with GAWM and to keep GAWM informed of any changes thereto. GAWM contacts ongoing investment advisory clients at least annually to review its previous services and recommendations, and to discuss the impact resulting from any changes in their financial situation and/or investment objectives. Clients who maintain higher asset levels with GAWM may also receive more frequent in-person and/or telephone consultations.

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### Account Statements and General Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions*. Clients in the Program also receive reports from GAWM that may include relevant account and/or market-related information, such as an inventory of account holdings and account performance as clients may request from time to time. Clients should compare any supplemental reports they receive from GAWM and/or the *Independent Managers* with the account statements they receive from the *Financial Institutions*.

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### Client Referrals

GAWM does not compensate any unaffiliated third-party for client referrals.

## Receipt of Economic Benefit

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GAWM may receive from *Fidelity* or *TD Ameritrade*, without cost to GAWM, computer software and related systems support, which allow GAWM to better monitor client accounts maintained at *Fidelity* or *TD Ameritrade*. GAWM may receive the software and related support without cost because GAWM renders investment management services to clients that maintain assets at *Fidelity* or *TD Ameritrade*. The software and support is not provided in connection with securities transactions of clients (i.e. not “soft dollars”). The software and related systems support may benefit GAWM, but not its clients directly. In fulfilling its duties to its clients, GAWM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that GAWM’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence GAWM’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

GAWM may receive the following benefits from *Fidelity* through the Fidelity Wealth Services Division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Wealth Services participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

GAWM receives economic benefits through its participation in the institutional customer program offered by TD Ameritrade Institutional that are typically not available to TD Ameritrade retail investors. However, there is no direct link between GAWM’s participation in the program and the investment advice it gives to its clients. Additionally, GAWM may receive the following benefits from *TD Ameritrade* through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

These products or services may assist GAWM in managing and administering client accounts, including accounts not maintained at *TD Ameritrade*. Other services made available by *TD Ameritrade* are intended to help GAWM manage and further develop its business enterprise. The benefits received by GAWM’s participation in the program do not depend on the amount of brokerage transactions directed to *TD Ameritrade*. Clients should be aware, however, that the receipt of economic benefits by GAWM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence GAWM’s recommendation of *TD Ameritrade* for custody and brokerage services.

### Financial Information

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GAWM is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.



GITTERMAN & ASSOCIATES  
WEALTH MANAGEMENT

70 Wood Avenue South  
Iselin, New Jersey 08830

(848) 248-4869

[www.gawmllc.com](http://www.gawmllc.com)

Prepared by:



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