

GMF PRIVATE WEALTH MANAGEMENT LLP

FIRM BROCHURE (ADV PART 2A)

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***1301 Municipal Way, Suite 140
Grapevine, TX 76051
Phone: (321) 508-3911***

This brochure provides information about the qualifications and business practices of GMF Private Wealth Management, LP. If you have any questions about the contents of this brochure, please contact Matthew Myland at (321) 508-3911. 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.

GMF Private Wealth Management, LP is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about GMF Private Wealth Management, LP is available on the SEC's website www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Firm is 159471.

2. MATERIAL CHANGES

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4. ADVISORY BUSINESS

A. OWNERSHIP/ADVISORY HISTORY

GMF Private Wealth Management, LP (“we”) is an investment adviser registered with the Securities and Exchange Commission. Our general partner is GMF Private Wealth Management GenPar, LLC and its sole member is Matthew Myland (“Mr. Myland”). Additional information about Mr. Myland can be found in his supplemental brochure – ADV Part 2B.

B. ADVISORY SERVICES OFFERED

i. FINANCIAL PLANNING SERVICES

Financial Planning services typically focus on one or more specific areas such as financial and cash management, risk management, financial issues relating to divorce or death of a family member, insurance planning, estate planning, tax issues, retirement planning, educational funding, goal setting, or other needs identified by the client or by our review of the client’s financial circumstances. Through discussion with the client and/or questionnaires, we will collect pertinent data, identify goals, objectives, financial concerns and potential solutions. We will present the client with a written analysis. Following the conclusion of the consulting services, we may make recommendations regarding implementation of the financial strategies discussed.

Clients are not obligated to follow any recommendations we may make or to implement any recommendations through us.

ii. PORTFOLIO MANAGEMENT SERVICES

We manage individualized portfolios for our clients. We work with each client to formulate an individualized portfolio based upon his/her objectives, time frame, risk parameters and other investment considerations. We use a variety of securities that may include, among other securities, bonds, common stock (equities), options, futures, exchange traded funds, real estate investment trusts, mutual funds and treasury bonds. (Additional information about securities used their risks can be found under Item 8.) Our investment philosophy is to use principals of value, safety and quality to seek investment options globally. We place heavy emphasis on risk control, believing that avoiding losses allows appreciation potential of equities to be realized.

In addition to traditional portfolio management services, for high net-worth clients we offer a separate portfolio management service that charges our base fee along with a performance based fee. This is designed for high net-worth “qualified clients.” We will charge an incentive fee to be determined by investment performance. The incentive fee arrangement is subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) and in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance based fee arrangements may create an incentive for us to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee

paying accounts over other accounts in the allocation of investment opportunities. We have procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Pursuant to the Investment Advisers Act of 1940, an investment adviser can charge performance based fees provided these fees are only offered to "qualified clients".

The definition of "qualified clients" can be found in SEC Section 275.205-3.

"Qualified Client" pursuant to SEC 275.205-3 means:

- (i) A natural person who or a company that immediately after entering into the contract has at least \$1,000,000 under the management of the investment adviser;
- (ii) A natural person who or a company that the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:
 - (A) Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,000,000, at the time the contract is entered into; or
 - (B) Is a qualified purchaser as defined in section 2(a)(51)(AA) of the Investment Company Act of 1940 (15U.S.C. 80a-2(51)(A)) at the time the contract is entered into; or
- (iii) A natural person who immediately prior to entering into the contract is:
 - (A) An executive officer, director, trustee, general partner or person serving in similar capacity, of the investment adviser; or
 - (B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

C. TAILORED SERVICES

We generally do not allow clients to impose restrictions on the management of their accounts i.e., to avoid certain asset classes or industries. However, we may allow restrictions at our discretion.

D. WRAP PROGRAM

We do not sponsor in a wrap program.

E. CLIENT ASSETS MANAGED

Being a newly formed investment adviser, we do not manage any client asset on a discretionary or non-discretionary basis.

5. FEES AND COMPENSATION

A. FINANCIAL PLANNING SERVICES

We charge an hourly rate of \$150 per hour for financial planning services. The number of hours will vary depending upon the complexity of the client's financial situation and the preparation and research required to address the client's financial issues and concerns. The estimated number of hours required and the fee will be set forth in the Financial Planning Agreement. Hourly fees for consulting services are agreed upon in advance in writing and due upon the signing of the Financial Planning Agreement. For prepaid fees in excess of \$500.00, services will be completed within six months of the date fees are received.

Termination of the Financial Planning Services

A client may terminate the financial planning services for any reason within the first five (5) business days after signing the Financial Planning Agreement without any cost or penalty. After five (5) days if a client cancels, any prepaid fees will be refunded on a prorated basis based upon the number of hours worked. The written notice of termination must be sent to GMF Private Wealth Management, LP, 1301 Municipal Way, Suite 140, Grapevine, TX 76051.

B. PORTFOLIO MANAGEMENT SERVICES

Our portfolio management fee ranges from .50% to 2.50% and it is negotiable. The fee is calculated and billed on a monthly in arrears or advance at the client's discretion. The fee will be calculated on the account's previous month-end value as reported by the account's custodian and deducted from the client's account. Cash balances and investments in money market funds, demand deposit accounts, and certificates of deposit at banks or brokerage firms are covered by the account and are included in the fee calculations.

The fee is separate and distinct from brokerage fees, transaction fees, and other related costs and expenses that are incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, 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. Mutual funds and exchange traded funds also charge internal management fees, as disclosed in a fund's prospectus, which are separate and distinct from the fee. Such charges, fees and commissions are exclusive of and in addition to our fee, which it does not receive any portion of these commissions, fees, and costs. For additional information on the firm's brokerage practices please see Item 12, below.

Fees will not be based upon a share of capital gains or capital appreciation of the funds or of any portion of the funds under advisory contract. Fees for services to be performed will not be collected six or more months in advance.

Termination of the Portfolio Management Services

A client may terminate our Portfolio Management Agreement for any reason at any time and, within the first five (5) business days after signing the contract, without any cost or penalty. Thereafter, the Agreement may be terminated at any time by giving ten (10) days written notice to GMF Private Wealth Management, LP, 1301 Municipal Way, Suite 140, Grapevine, TX 76051. Upon termination, any fees charged in advance will be prorated for the time services were rendered during the termination month and refunded to the client.

C. PERFORMANCE FEE CALCULATION

For our performance based portfolio we charge we charge our base fee, as described the section above, in addition to a performance fee is 20% of the Account's "high water mark" gain above a yearly 15% gain. The performance fee will be assessed on the returns of such accounts at the end of each month. In determining the return on client accounts, we considers the "high water mark," the highest value of the assets during the year previous to the end of the current billing period (as adjusted for deposits and withdrawals of capital). In the event that we fail to achieve an investment return above 15% during the year prior to a billing period, no performance fee would be due for the management of client's account.

The performance fee is calculated as follows: We will receive a percentage of the net capital appreciation (i.e. capital appreciation less capital depreciation and any accumulated net capital depreciation carry-forward from prior periods) of each client's account above a 15% return for the previous year. The performance fee is payable only if and to the extent that the capital appreciation of the client's account exceeds any capital depreciation accumulated during the performance fee period (as adjusted for withdrawals of capital). In the event that we fail to achieve any capital appreciation relative to the high water mark as defined above during the performance fee period, no performance fee would be due to the Adviser for that quarter of management. All performance fees will comply with Section 205 of the Investment Advisers Act of 1940, Rule 205-3 there under, or similar state statutes, as applicable. We in our discretion may waive all or any portion of the performance fee or may agree with a client to other changes to the performance fee by written agreement only.

The performance fee is separate and distinct from brokerage fees, transaction fees, and other related costs and expenses that are incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, 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. Mutual funds and exchange traded funds also charge internal management fees, as disclosed in a fund's prospectus, which are separate and distinct from the

fee. Such charges, fees and commissions are exclusive of and in addition to our fee, which it does not receive any portion of these commissions, fees, and costs. For additional information on the firm's brokerage practices please see Item 12, below.

Performance Based Management Fee Example:

Client A is a qualified client who contracts us for management of his/her portfolio and assumes client A has a \$1,000,000 portfolio. The performance fee charged is payable only if and to the extent that the net capital appreciation of the clients account exceeds any net capital depreciation accumulated in prior quarters (as adjusted for withdrawals of capital) above 15% for the prior year. For example, suppose client A has \$1,000,000 under management with us and achieves a 20% return for a full quarter of management, which equates to a \$200,000 return. Also suppose that there was a 2% carry forward loss from a previous quarter. Our performance fee would be calculated as follows: the entire gain of \$200,000 less a carry forward loss of \$20,000 (i.e., the 2% carry forward loss mentioned earlier) equals \$180,000 minus \$150,000 (i.e., only gains above 15% qualify for performance fee) equals \$30,000 multiplied by 20% equals a performance fee due to the Adviser of \$6,000. Pro-rated performance fees may be charged during the first month of management.

Termination of Portfolio Management Services

A client may terminate the portfolio management services for any reason within the first five (5) business days after signing the Portfolio Management Agreement ("Agreement") without any cost or penalty. Thereafter, the Agreement may be terminated at any time by giving ten (10) days written notice to GMF Private Wealth Management, LP, 1301 Municipal Way, Suite 140, Grapevine, TX 76051. Upon termination, any fees charged in advance will be prorated for the time services were rendered during the termination month and refunded to the client. In the event that the client terminates the Agreement before the end of the quarter and there is a net return during the performance fee period, the client shall be billed performance fee on assets under management for all profits accrued during the performance period to termination date, as agreed upon in the Contract.

6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

We offer performance based fees to qualified clients. This is described above in Item 4(B) and 5(C) above. Performance based fee arrangements may create an incentive for us to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. We have policies and procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. These policies and procedures include:

- All accounts are managed according to the strategy agreed to with each client.

- We perform a periodic review of each client's account. In this review, performance account trades are reviewed and compared with non-performance account trades to ensure favoritism was not exercised.
- We have trade allocation policies and procedures designed to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients.

7. TYPES OF CLIENTS

Our services are offered to individuals and high net worth individuals.

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

A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

We use various methods of security analysis to help us manage client investment account(s). These may include one or more of the following:

Technical Analysis - Technical Analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

Fundamental Analysis - Fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's *actual* business and its future prospects. The analysis is performed on historical and present data. On a broader scope, one can perform fundamental analysis on industries or the economy as a whole. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

We use various sources of information to help us manage your investment account(s). These include:

- Computer software that performs statistical analysis
- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services
- Annual reports, company financial statements, prospectuses and filings with the Securities and Exchange Commission
- Company press releases
- Financial news media, including televised and Web-based
- Contact with investment company representatives

B. INVESTMENT RISKS/RISK OF LOSS

We use several types of securities in our clients' accounts. These securities may include, but are not limited to, the following: Bonds and other corporate debt instruments; Exchange Traded Funds; Commodities; Futures; Options; Mutual Funds such as Large Cap Growth, Large Cap Value, Mid Cap Growth, Mid Cap Value, Small Cap Growth, Index, Leveraged, Inverse and Small Cap Value; Government Debt instruments including Treasury Bills and Municipal securities; Stocks; Preferred Stock; High Yield Debt; Domestic Fixed Income; Money Market Funds and Cash.

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 we use investment strategies that are 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, we would be pleased to discuss them.

We strive to render its best judgment on behalf of our clients. Still, we 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 is not a reliable predictor of future performance. We continuously strive 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.
- **Options Risk:** Like other securities - including stocks, bonds, and mutual funds - options carry no guarantees, and a person must be aware that it is possible to lose all of the principal he/she invests, and sometimes more. As an option holder, a person risks the entire amount of the premium he/she paid pay. But as an options writer, a person takes on a much higher level of risk. For example, if a person writes an uncovered call, he/she faces unlimited potential loss, since there is no cap on how high a stock price can rise. However, since initial options investments usually requires less capital than equivalent stock positions, a potential cash losses as an options investor are usually smaller than if someone bought the underlying stock or sold the stock short. The exception to this general rule occurs when an option is used to provide leverage: Percentage returns are often high, but it is important to remember that percentage losses can be high as well.
- **Leveraged and inverse fund risks:** A number of factors may hinder a leveraged or inverse fund's ability to achieve correlation with its benchmark index, including fees, expenses, transaction costs, use of margin or other leveraged investment techniques, index rebalancing, and other factors described in the prospectus. The effects of leverage and compounding, however, are the two primary reasons why the return of an index over the specified rebalancing period does not translate into the return of a leveraged or inverse fund held for *longer* than the rebalancing period (and, remember, a leveraged or inverse fund does not typically *attempt* to track an index over any period longer than the rebalancing period, which is most commonly one day). Compounding and leverage are likely to have a significant effect on long-term performance, whether positive or negative. This is one reason why a leveraged or inverse fund that closely tracks the daily performance of an index will not necessarily track the long-term performance of that index. When held for longer than one day, a leveraged or inverse fund that seeks to achieve a multiple of the daily return of a benchmark index can even have negative performance over a period in which the benchmark index achieved positive returns. This divergence tends to be particularly pronounced in volatile markets, but can also occur in relatively "flat" markets.

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 Adviser or the integrity of its management.

We have no information applicable to this Item because we have not been the subject of any administrative, civil, criminal, regulatory (SEC or State) or self-regulatory proceedings.

10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. BROKER-DEALER AFFILIATIONS

Our owner, Mr. Myland, is a registered representative of Purshe Kaplan Sterling Investments, Member FINRA and SIPC, a registered broker-dealer. He spends approximately 10-to-20 hours a month on these activities. Mr. Myland may recommend these services to clients. This creates a conflict of interest because these services pay him commissions and fees that are separate from his investment adviser fees described above. However, Mr. Myland 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. Also, it is our policy that recommended securities purchases do not have to be purchased through Mr. Myland.

B. FUTURES/COMMODITIES FIRM AFFILIATION

We are not affiliated with a futures or commodities broker.

C. OTHER INDUSTRY AFFILIATIONS

Our owner, Mr. Myland, is also a licensed insurance agent in Life and Health. Mr. Myland sells these insurance products for commissions and he is appointed with various insurance carriers. He may recommend the purchase of these products by clients. Mr. Myland spends approximately 5% of his time per month on these activities. PLEASE NOTE: Clients should be aware that a conflict exists between the interests of Mr. Myland and the interests of the clients; and the client is under no obligation to act upon the recommendations of Mr. Myland; and if the client elects to act upon any of the recommendations, the client is under no obligation to affect the insurance transactions through him. Mr. Myland attempts to mitigate the conflict of interest to the best of his ability by placing the client's interests ahead of his own through his fiduciary duty.

D. SELECTION AND MONITORING OF THIRD PARTY INVESTMENT ADVISERS

Currently, we do not select and monitor third party investment advisers to manage our clients' assets.

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

A. DESCRIPTION

Our Code of Ethics establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. The Code of Ethics is available free of charge upon request by any client or prospective client.

Our Code of Ethics covers all supervised persons and it describes our 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. All of our supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

B. MATERIAL INTEREST IN SECURITIES

Our owner, Mr. Myland, is a director for a firm that creates private placements. The private placements may be recommended to our clients. This causes a conflict of interest because he receives compensation from the fund that is separate from the investment advisory fees outlined above. Mr. Myland attempts to mitigate this conflict of interest to the best of his ability by placing the client's interest ahead of his own through his fiduciary duty.

C. INVESTING IN OR RECOMMENDING THE SAME SECURITIES

We or individuals associated with us may buy or sell – for their personal account(s) - investment products identical or opposite to those recommended to clients. It is our general policy that no person employed by it may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. On occasion, circumstances may arise where different goals, trading programs or time horizons could have us or individuals associated with us assuming a trading position before or after the client(s), transaction that may or may not be the same or is counter to those of advisory accounts. All positions are reviewed in an effort to prevent such employees from benefiting from transactions placed on behalf of advisory accounts. We will always act in the client's best interest.

12. BROKERAGE PRACTICES

A. RECOMMENDATION CRITERIA

When we recommend brokers or custodians, we will seek broker-dealers who offer competitive commissions costs together with reliable services. A client's choice of another broker-dealer is acceptable if proven feasible. We have and continue to recommend Interactive Brokers for transaction execution. We recognize our fiduciary responsibility in negotiating brokerage commissions, assuring best execution practices and assuring adequate investment availability/inventory on behalf of our clients.

With the use of independent broker-dealers, a client may incur a ticket charge or sales commission for the sale or purchase of securities. We do not receive any portion of the ticket charge or sales commission. It also does not receive or use any soft dollars or research from the independent third-party broker-dealers.

i. RESEARCH AND SOFT DOLLARS

“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. We do not receive “soft dollars” from any vendor, service provider or custodian in exchange for its placement of brokerage services.

ii. BROKERAGE FOR CLIENT REFERRALS

We do not receive client referrals or any other incentive from Interactive Brokers.

iii. DIRECTED BROKERAGE

Some clients may direct us to a specific broker-dealer to execute securities transactions for their accounts. When so directed, we may not be able to effectively negotiate lower brokerage commissions or achieve best execution on clients’ transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the clients’ account because the Adviser cannot negotiate favorable prices.

B. TRADING POLICIES

On occasions when selling the same security for multiple accounts, we may aggregate orders to a single block order against an average price account. The average price account will allocate proportionate shares to each client’s account.

It is our policy that we will not affect any principal or agency cross securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

13. REVIEW OF ACCOUNTS

A. PERIODIC REVIEWS

We review the general holdings of our portfolios on a daily basis. Mr. Myland also meets with client on an annual 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

We do not prepare regular client reports. All clients will receive at least quarterly statements from Interactive Brokers. We urge clients to carefully review such statements.

14. CLIENT REFERRALS AND OTHER COMPENSATION

A. OTHER COMPENSATION

We do not receive extra compensation or any other economic benefit for providing investment advice or other advisory services to clients.

B. CLIENT REFERRALS

We do not use the services of solicitors or pay for client referrals.

15. CUSTODY

All client funds, securities and accounts are held at third-party custodians. We do not take possession of a client's securities. However, the client will be asked to authorize us with the ability to deduct fees directly from the client's account. We follow the guidelines established by the Securities and Exchange Commission for directly debiting advisory fees from client custodial accounts to ensure that we will not be deemed to have custody of client funds and/or securities with the regard to the practice of debiting.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. The statements will show the fee withdrawn. We urge each client to carefully review such statements.

16. INVESTMENT DISCRETION

We manage client accounts on a discretionary basis, which is granted when the client signs our discretionary investment management agreement. The Agreement limits our discretionary trading authority to the type, price, time and amount of securities to be bought and sold. We will be allowed to place trades without first obtaining the client's consent to each trade. Directions will be given to the account custodian to complete the transaction.

17. VOTING CLIENT SECURITIES

We will not be responsible for responding to proxies for 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 Mr. Myland.

18. FINANCIAL INFORMATION

A. BALANCE SHEET

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we do not have to provide a balance sheet.

B. FINANCIAL CONDITION

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to service our clients.

C. BANKRUPTCY

We have not been the subject of a bankruptcy proceeding.