

Disclosure Brochure

March 28, 2013



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This brochure provides information about the qualifications and business practices of GKFO, LLC (hereinafter “GKFO” or the “firm”). If you have any questions about the contents of this brochure, please contact Stephen R. Kitching at (610) 341-3900. 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. Additional information about the firm is available on the SEC’s website at www.adviserinfo.sec.gov.

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

Item 2. Material Changes

In this Item, GKFO is required to discuss any material changes which have been made to the brochure since the last annual amendment filed March 29, 2012. There are no such material changes to report pursuant to this Item.

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Item 4. Advisory Business

GKFO has been in business as an SEC registered investment adviser since August 2009. The firm's current principal owners, Dr. Christopher C. Geczy, Ph.D., and Stephen R. Kitching, formed GKFO to provide high net worth families and others with highly customized, client-centric wealth management solutions. The firm offers a variety of family office and investment management services. As of December 31, 2012, GKFO had approximately \$495,967,000 in assets under management, of which \$246,489,000 was managed on a discretionary basis and \$249,478,000 was managed on a non-discretionary basis.

Prior to engaging GKFO to provide any of the foregoing investment advisory services, clients generally enter into one or more written agreements with GKFO setting forth the terms and conditions under which GKFO renders its services (collectively the "Agreement").

This Disclosure Brochure describes the business of GKFO. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of GKFO's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on GKFO's behalf and is subject to GKFO's supervision or control.

Financial Planning and Consulting Services

GKFO provides clients with a broad range of financial planning and consulting services, addressing a multitude of matters, which include the following, without limitation:

- Retirement planning
- Estate planning
- Financial modeling
- Consolidated reporting
- Cash management
- Balance sheet analysis
- Tax strategy
- Trust administration
- Succession planning

In performing its services, GKFO is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. GKFO may recommend the services of itself, its affiliates, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if GKFO recommends its own services or the services of its affiliates, as discussed in Item 10 (below). The client is under no obligation to act upon any of the recommendations made by GKFO under a financial planning or consulting engagement or to engage the services of any such recommended professional, including GKFO itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of GKFO's recommendations. Clients are advised that it remains their responsibility to promptly notify GKFO if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising GKFO's previous recommendations and/or services.

Family Office Services

GKFO also provides family office services, comprised of both portfolio management and ongoing financial planning and consulting services. The terms and conditions of each family office arrangement are individually negotiated by GKFO and the client and typically memorialized in writing prior to commencement of the agreed upon services.

As part of this service offering, GKFO may perform a range of additional family related functions, which may address the following, without limitation:

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|--------------------------|---------------------------|----------------------|
| • Wealth transfer | • Missions statements | • Concierge services |
| • Philanthropic concerns | • Real estate and private | • Legacy planning |
| • Family governance | business transactions | • Expense management |
| • Insurance design | • Debt optimization | • Mortgage financing |
| • Investment policies | • Trust administration | • Foundations |

Investment Management

GKFO manages all or a portion of its clients' assets on a discretionary or non-discretionary basis.

GKFO primarily recommends or allocates clients' investment management assets among exchange-traded funds ("ETFs"), mutual funds, individual debt and equity securities, derivatives, and/or alternative investment vehicles in accordance with the clients' individual investment objectives. GKFO may recommend that certain clients invest in private placement securities, which may include, without limitation, debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. GKFO may also provide advice about any legacy positions or investments otherwise held in clients' portfolios.

GKFO also may render investment management services to clients relative to other products that may not be held by the client's primary custodian. In so doing, GKFO either directs or recommends the allocation of client assets among the various investment options that are available with the product, or provides an opinion thereon. Client assets are maintained at the specific custodian designated by the product.

GKFO generally tailors its advisory services to the individual needs of clients. GKFO consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. GKFO seeks to ensure that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify GKFO if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon GKFO's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in GKFO's sole

discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Affiliated Collective Investment Vehicle

GKFO's affiliate, Forefront Analytics, LLC ("*Forefront*"), is the investment adviser to Forefront Dynamic Strategies Fund, L.P. (the "*Private Fund*"), a Delaware limited partnership formed in March 2008 to engage primarily in the business of investing and trading in securities and other instruments. GKFO may recommend that certain of its clients invest in the *Private Fund*. Interests in the *Private Fund* are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. The *Private Fund* currently relies on an exemption from registration under the Investment Company Act of 1940, as amended. GKFO's affiliate has discretionary authority to determine the broker or dealer to be used by the *Private Fund*.

The *Private Fund* seeks to provide attractive risk-adjusted returns by investing primarily in traditional and alternative asset classes or strategies. The *Private Fund* seeks exposure to alternative asset classes by investing in a number of instruments, which might include structured notes, managed accounts, stocks, bonds, exchange-traded notes ("ETNs"), exchange-traded funds ("ETFs"), mutual funds, and closed-end funds. The *Private Fund* may also seek to obtain, reduce or enhance exposure to one or more traditional or alternative asset classes through investments in derivatives, such as futures, options, and swaps. The *Private Fund* may also use leverage or sell securities or contracts short. *Forefront* utilizes an approach that blends both quantitative and qualitative signals using proprietary optimization methods. There can be no assurance that the *Private Fund* will achieve its objective.

Participation as an investor in the *Private Fund* is restricted to investors that qualify as "accredited investors" under the Securities Act.

To the extent certain of GKFO's individual advisory clients qualify, they will be eligible to participate as limited partners of the *Private Fund*. Investment in the *Private Fund* involves a significant degree of risk. Relevant information, terms and conditions relative to the *Private Fund*, including the compensation received by GKFO or any affiliate as the general partner and/or investment manager, suitability, risk factors, and potential conflicts of interest, are set forth in the Confidential Private Offering Memorandum (the "*Memorandum*"), Limited Partnership Agreement (the "*Agreement*"), and Subscription Agreement (together, the "*Offering Documents*"), which each investor is required to receive and/or execute prior to being accepted as an investor in the *Private Fund*.

GKFO and *Forefront* devote their best efforts with respect to the management of both individual client accounts and the *Private Fund*. Given the above discussion relative to the objectives, suitability, risk factors, and qualifications for participation in the *Private Fund*, *Forefront* may manage the investments of the *Private Fund* differently from GKFO's management of individual client accounts.

Item 5. Fees and Compensation

GKFO offers its services on a fee basis, which include monthly and fixed fees, as well as fees based upon assets under management. Additionally, certain of GKFO's *Supervised Persons*, in their individual capacities, may offer insurance products under a commission arrangement.

Financial Planning and Consulting Fees

In the event a client engages the firm to provide standalone or ongoing financial planning or consulting services, GKFO may charge a fixed fee. This fee is negotiable, but generally ranges from \$2,500 to \$250,000, depending upon the level and scope of the services and the professional engaged to render them. For ongoing financial planning and consulting projects, the firm may charge an ongoing monthly fee, as set forth in the *Agreement* between the client and GKFO. If the client engages GKFO for additional investment advisory services, GKFO may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Fees for Family Office Services

GKFO provides ongoing family office services for a fixed annual fee, which is prorated and charged monthly in advance. The annual fees generally varies between \$24,000 and \$360,000, depending on a number of factors, such as the market value of the assets on which GKFO is advising or managing, the type of investment management services to be rendered (if included), and the range of family office functions to be provided under the engagement.

Investment Management Fees

For investment management services, the firm charges either an annual fee based upon the amount of assets being managed by GKFO or, in the alternative, a fixed annual fee, as follows:

- **Fees Based on Assets Under Management.** The annual fee generally varies between 0.20% and 1.50%, depending upon the amount of assets under management and the type of the management services to be rendered. This fee is prorated and charged quarterly in advance, based upon the amount of assets being managed by GKFO on the last day of the previous quarter.
- **Fixed Fees.** The annual fee generally varies between \$3,000 and \$250,000, depending upon the amount of assets under management and the type of management services to be rendered. This fee is prorated and charged quarterly in advance.

GKFO's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. GKFO does not, however, receive any portion of these commissions, fees, and costs.

GKFO, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), GKFO generally recommends that clients utilize the brokerage and/or clearing services of Credit Suisse Group ("*Credit Suisse*"), Interactive Brokers, LLC ("*IB*"), Merlin Securities, LLC ("*Merlin*"), J.P. Morgan Clearing Services ("*JP Morgan*"), E-Trade Financial ("*E-Trade*"), and/or ADM Investor Services, Inc. ("*ADM*") for investment management accounts. In addition to those broker-dealers discussed throughout, GKFO may also recommend the brokerage and clearing services of The Goldman Sachs Group, Inc. and/or Northern Trust Securities, Inc., amongst other such institutions that GKFO deems reputable.

GKFO may only implement its investment management recommendations after the client has arranged for and furnished GKFO with all necessary information and authorization regarding the accounts held at their respective financial institutions. Financial institutions include, but are not limited to, those broker-dealers discussed above, any other broker-dealer recommended by GKFO, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are 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. Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to GKFO's fee.

Fee Debit

GKFO's *Agreement* and a separate agreement with any *Financial Institutions* may authorize GKFO to debit the client's account for the amount of GKFO's fee and to directly remit that management fee to GKFO. Any *Financial Institutions* recommended by GKFO have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to GKFO. Alternatively, clients may elect to have GKFO send an invoice for payment.

Fees for Management During Partial Periods of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between GKFO and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. GKFO's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

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

If investment management assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

Item 6. Performance-Based Fees and Side-by-Side Management

GKFO does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

GKFO provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

No Minimums

The firm does not impose a minimum portfolio value or minimum annual fee for new or existing family office or investment management engagements.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

GKFO relies on both quantitative and qualitative data derived from a series of analyses, the underlying methodologies of which can loosely be described as derivatives of Modern Portfolio Theory (“MPT”). The firm’s hybrid approach is largely based on quantitative, qualitative and/or academic research metrics that incorporate both historical data points and current market observations in relation to a client’s total balance.

MPT is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. 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 do 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, the firm’s investment process is structured in such a way as to integrate those real life considerations for which MPT analytics do not account.

Investment Strategies

GKFO, where and when appropriate, employs a multi-faceted approach to wealth management in which the firm seeks to combine a unique, “total balance sheet” view of its clients with advanced, institutional/endowment-like asset allocation, risk measurement and risk management techniques.

The “total balance sheet” approach generally involves a rigorous and ongoing accounting of each family’s assets and liabilities. GKFO’s process accounts for private business ventures, real estate holdings and other discrete assets (e.g., fine art), which are largely overlooked by conventional treatments. The distinct risks, liquidity profiles and constraints associated with each holding – both liquid and illiquid – may be used to sculpt a wholly customized portfolio tailored to its clients’ specific risk appetite and investment objectives.

It is the firm’s view that institutional investors, like large endowments and pension funds, have historically attained substantially better returns than retail investors because of their willingness to adopt advanced academic and industry practices. GKFO believes that it has unique access to and implementation of the latest ideas, research and analytical techniques used by sophisticated institutional investors. It is the firm’s goal to bring these practices to a select handful of clients and deliver them in a highly customized solution.

GKFO also employs an “open architecture” strategy, whereby the firm seeks to leverage its network of providers and choose from what it believes to be the best solutions for its clients. Among the components

contained within the firm's open architecture include asset managers, private banks, lenders, section agents, custodians and financial service providers.

GKFO's "multi-generational portfolio" approach is designed to grow and maintain wealth in real terms and span generations. It is constructed with an endowment-like time horizon (greater than 20 years) and contains a number of institutional design features. GKFO seeks to provide each client a portfolio allocation that is both risk managed (i.e., conceived to mitigate extreme portfolio downside and inflation risk) and risk-factor diversified (i.e., makes use of diversifying alternative investments and risk-factor exposure diversification). The firm believes that many conventional diversification methods fall short of diversifying the underlying risk exposures of a portfolio even though they may incorporate a litany of fund styles and strategies.

Risks of Loss

General Risk of Loss

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

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 stated NAV or eventual prices at which the mutual fund's shares transact may therefore differ significantly from the fund's actual NAV during periods of market volatility.

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.

Derivatives

GKFO may use derivatives (e.g., options, futures, warrants, swaps, etc.) to enhance returns or hedge against market declines. GKFO's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. These risks include, without limitation: (i) the risk of default by a counterparty to a derivative contract; (ii) risk of improper valuation; and (iii) the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate, index or other such benchmark. Derivative prices are highly volatile and may fluctuate substantially during a short period of time. Such prices are influenced by numerous economic and market related factors, including, but not limited to: changing supply and demand relationships; government programs and policies; national and international political and economic events, changes in interest rates, inflation and deflation and changes in supply and demand relationships. Trading derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities or other asset classes.

Market Risks

The profitability of a significant portion of GKFO'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 GKFO will be able to predict those price movements accurately.

Private Collective Investment Vehicles

GKFO may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called "hedge funds"). The managers of these vehicles will 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. The 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. The client will receive a private placement memorandum and/or other documents explaining such risks.

Use of Margin and Leverage

To the extent that a client authorizes the use of margin or leverage, and margin or leverage is thereafter employed by GKFO in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to GKFO will not be increased.

While the use of margin borrowing and/or leveraging an account can substantially improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client's securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral,

the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

Item 9. Disciplinary Information

GKFO is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. GKFO does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

GKFO is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

Affiliated Investment Advisers

GKFO is under common control with its affiliated SEC registered investment advisers, *Forefront* and Advanced Quantitative Consulting, LLC (“AQC”). Certain of GKFO’s Principals and *Supervised Persons* also serve in the same or similar capacities for *Forefront* and/or AQC. GKFO and its affiliated investment advisers all share the same principal place of business. Under certain circumstances, GKFO may recommend, on a fully disclosed basis, the services of one of its affiliated investment advisers.

A conflict of interest exists to the extent that GKFO or its *Supervised Persons* recommend the services of its affiliated investment advisers and certain of GKFO’s Principals or *Supervised Persons* receive a portion of the investment advisory fees or other additional compensation by virtue of their positions with the affiliated adviser. GKFO’s investment process is structured around the specific objectives, risk profile and time horizon of their individual clients and, as such, the firm seeks to ensure that any recommendation is made in its clients’ best interest.

Affiliated Collective Investment Vehicle

As discussed in depth in response to Item 4 (above), *Forefront* serves as the investment manager to the *Private Fund*.

Affiliated Consulting Firm

Certain of GKFO’s Principals are also owners and consultants of PPB Advisors, LLC (“PBB”), through which GKFO may invest client assets in alternative investments. A conflict of interest exists to the extent that GKFO recommends PBB and certain of GKFO’s Principals receive additional compensation by virtue of their positions with PBB.

Other Outside Consulting Activities

GKFO’s Principal, Dr. Geczy, as well as certain other officers and employees of GKFO or its affiliates, in certain cases, may engage in outside consulting and other activities relating to the investment management industry. For example, in some cases, they may provide consulting services to other investment advisers or managers of alternative investments. They also may provide litigation consulting or expert witness services relating to disputes involving investment management services, alternative investments and other areas. In some cases, they may provide these services to clients who either manage or are affiliated with persons who manage investments that GKFO has recommended to its clients or might in the future recommend to its clients. Accordingly, these outside consulting services

could give rise to a conflict of interest when GKFO recommends investment in, or invests client assets in, investments that are managed by a person who pays Dr. Geczy or another GKFO employee for consulting, expert or other services. It is the policy of GKFO to at all times put the interests of its client first. Accordingly, GKFO makes investment decisions for, and provides advice to, clients without regard to whether any other employee of GKFO receives compensation from a third party for providing consulting, expert or other services.

Receipt of Insurance Commissions

Certain of GKFO's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While GKFO does not sell such insurance products to its investment advisory clients, GKFO does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that GKFO recommends the purchase of insurance products where

Other Principal Business

One of the firm's Principals, Dr. Christopher C. Geczy, Ph.D. serves as Adjunct Associate Professor of Finance at The Wharton School, University of Pennsylvania. This is Dr. Geczy's principal business as he devotes approximately sixty percent (60%) of his time to his academic responsibilities. GKFO does not believe this relationship raises any potential conflicts of interest.

Item 11. Code of Ethics

GKFO and persons associated with GKFO (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with GKFO’s policies and procedures.

GKFO 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 (“*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 GKFO or any of its associated persons. The *Code of Ethics* also requires that certain of GKFO’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 GKFO’s *Code of Ethics*, none of GKFO’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 GKFO’s clients.

When GKFO 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 GKFO 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.

As discussed above in response to Item 4, an affiliate of GKFO is the investment adviser to and general partner of the *Private Fund*. GKFO may recommend, on a fully disclosed basis, that certain clients invest in the *Private Fund*. As such, a conflict of interest exists to the extent that GKFO recommends that clients invest in *Private Fund*. GKFO does not receive any additional compensation if a client invests in the *Private Fund*. As such, GKFO does not believe this arrangement poses any additional conflict of interest.

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

Item 12. Brokerage Practices

As discussed above, in Item 5, GKFO generally recommends that clients utilize the brokerage and/or clearing services of *Credit Suisse*, *IB*, *Merlin*, *JP Morgan*, *E-Trade*, and/or *ADMI*.

Factors which GKFO considers in recommending *Credit Suisse*, *IB*, *Merlin*, *JP Morgan*, *E-Trade*, *ADMI*, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Credit Suisse*, *IB*, *Merlin*, *JP Morgan*, and/or *ADMI* may enable GKFO to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Credit Suisse*, *IB* and/or *Merlin* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by GKFO's clients comply with GKFO's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where GKFO determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. GKFO seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom GKFO and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. GKFO periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct GKFO in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and GKFO will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by GKFO (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, GKFO may decline a client's request to direct brokerage if, in GKFO's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless GKFO decides to purchase or sell the same securities for several clients at approximately the same time. GKFO may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among GKFO's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently.

Under this procedure, transactions will generally be averaged as to price and allocated among GKFO's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that GKFO determines to aggregate client orders for the purchase or sale of securities, including securities in which GKFO's *Supervised Persons* may invest, GKFO generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. GKFO does not receive any additional compensation or remuneration as a result of the aggregation. In the event that GKFO determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, GKFO may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist GKFO in its investment decision-making process. Such research generally will be used to service all of GKFO's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because GKFO does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

GKFO may receive from *Credit Suisse, IB, Merlin, JP Morgan, E-Trade, and/or ADMI*, without cost to GKFO, computer software and related systems support, which allow GKFO to better monitor client accounts maintained therein. GKFO may receive the software and related support without cost because GKFO renders investment management services to clients that maintain assets at, or executes transactions through, *Credit Suisse, IB, Merlin, JP Morgan, E-Trade, and/or ADMI*. The software and related systems support may benefit GKFO, but not its clients directly. In fulfilling its duties to its clients, GKFO endeavors at all times to put the interests of its clients first. Clients should be aware, however, that GKFO's receipt of economic benefits from a broker-dealer creates a conflict of interest since these

benefits may influence GKFO's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, the firm may receive the following benefits from *Credit Suisse, IB, Merlin, JP Morgan, E-Trade*, and/or *ADMI*:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services the broker-dealer's registered investment advisers or other institutional participants;
- Access to block trading which provide 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.

Item 13. Review of Accounts

Account Reviews

For those clients to whom GKFO provides investment management services, GKFO monitors those portfolios as part of an ongoing process while regular account reviews are conducted not less than annually. For those clients to whom GKFO provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of GKFO’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with GKFO and to keep GKFO informed of any changes thereto. GKFO contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Account Statements and General Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom GKFO provides investment advisory services may also receive a monthly, quarterly and annual report from GKFO (depending on the particular engagement) that may include such relevant account and/or market-related information, such as an inventory of account holdings and account performance. Clients should compare the account statements they receive from their custodian with those they receive from GKFO.

Financial Planning and/or Consulting Reports

Those clients to whom GKFO provides financial planning and/or consulting services will receive reports from GKFO summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by GKFO.

Item 14. Client Referrals and Other Compensation

Economic Benefits

GKFO is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. GKFO may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

Client Referrals

GKFO is required to disclose any direct or indirect compensation that it provides for client referrals.

If a client is introduced to GKFO by either an unaffiliated or an affiliated solicitor, GKFO may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from GKFO's investment management fee, and does not result in any additional charge to the client. If the client is introduced to GKFO by an unaffiliated solicitor, the solicitor provides the client with a copy of GKFO's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of GKFO discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of GKFO's written disclosure brochure at the time of the solicitation.

Item 15. Custody

Fee Debit

GKFO's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize GKFO through such *Financial Institution* to debit the client's account for the amount of GKFO's fee and to directly remit that management fee to GKFO in accordance with applicable custody rules.

The *Financial Institutions* recommended by GKFO have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to GKFO. In addition, as discussed in Item 13, GKFO also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from GKFO.

Surprise Independent Examination

GKFO is deemed to have custody over certain of its clients' cash, bank account and securities. As such, the firm is required to engage an independent accounting firm to perform a surprise annual examination of those assets and accounts over which it maintains custody. The most recent unqualified opinion issued by the independent accounting firm, as based upon its last surprise annual examination, was filed with the SEC and is publicly available on the SEC's website.

Item 16. Investment Discretion

GKFO may be given the authority to exercise discretion on behalf of clients. GKFO is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. GKFO is given this authority through a power-of-attorney included in the agreement between GKFO and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). GKFO takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The *Financial Institutions* to be utilized; and
- The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

GKFO does not accept the authority to vote clients' securities (i.e., proxies) on their behalves. Clients receive proxies directly from the *Financial Institutions* where their assets are custodied and may contact the Firm at the number on the cover of this brochure with questions about proxies and/or other such solicitations.

Item 18. Financial Information

GKFO 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.



Prepared by:

