

Disclosure Brochure

March 20, 2013



1600 Tysons Boulevard, Suite 800
McLean, Virginia 22102

(703) 534-4444

www.glassmanwealth.com

This brochure provides information about the qualifications and business practices of Glassman Wealth Services[®], LLC (hereinafter "GWS"). If you have any questions about the contents of this brochure, please contact Lisa Poff at (703) 534-4444. 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 GWS is available on the SEC's website at www.adviserinfo.sec.gov.

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

1600 Tysons Boulevard, Suite 800, McLean, VA 22102 | (703) 534-4444
www.glassmanwealth.com

Item 2. Material Changes

In this Item, GWS is required to discuss the material changes which have been made to this brochure since the last annual update on March 29, 2012.

Item 3. Table of Contents

Item 1. Cover Page i

Item 2. Material Changes ii

Item 3. Table of Contents iii

Item 4. Advisory Business 4

Item 5. Fees and Compensation 6

Item 6. Performance-Based Fees and Side-by-Side Management 8

Item 7. Types of Clients 9

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss 10

Item 9. Disciplinary Information 13

Item 10. Other Financial Industry Activities and Affiliations 14

Item 11. Code of Ethics 15

Item 12. Brokerage Practices 16

Item 13. Review of Accounts 19

Item 14. Client Referrals and Other Compensation 20

Item 15. Custody 21

Item 16. Investment Discretion 22

Item 17. Voting Client Securities 23

Item 18. Financial Information 24

Item 4. Advisory Business

Glassman Wealth Services®, LLC (“GWS”) offers financial planning, consulting and investment management services. Families who work with GWS desire comprehensive and well-coordinated financial services. From investment decisions and retirement planning to sophisticated tax and estate planning strategies, GWS offers the services needed to effectively manage clients’ wealth both in-house and through a network of trusted financial professionals.

Prior to engaging GWS to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with GWS setting forth the terms and conditions under which GWS renders its services (collectively the “*Agreement*”).

GWS has been in business as an SEC registered investment adviser since September 17, 2009. Barry Glassman, the principal owner of GWS, has been a financial planner and investment advisor since 1995. As of March 4, 2013, GWS had approximately \$635,498,342 in assets under management, all of which was managed on a discretionary basis with the exception of \$28,953,009, or approximately 5%, in qualified retirement plan assets managed on a non-discretionary basis.

This Disclosure Brochure describes the business of GWS. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of GWS’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 GWS’s behalf and is subject to GWS’s supervision or control.

Financial Planning and Consulting Services

GWS may offer its clients a broad range of comprehensive financial planning and consulting services. These services include retirement, philanthropic, education, insurance planning, estate planning in collaboration with estate planning attorneys and wealth administration services, as well as the tax and cash flow needs of the client.

Additionally, GWS may offer family office type services to certain clients. These services may include the above mentioned services as well as coordination of other advisers, budgeting, intergenerational planning and financial education services.

In performing its services, GWS 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. GWS may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if GWS recommends its own services. The client is under no obligation to act upon any of the recommendations made by GWS under a financial planning or consulting engagement or to engage the services of any such recommended professional, including GWS itself. Clients are advised that it remains their responsibility to promptly

notify GWS if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising GWS's previous recommendations and/or services.

Investment Management and Advisory Services

Clients can engage GWS to manage all or a portion of their assets on a discretionary basis.

GWS primarily allocates clients' investment management assets among mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities in accordance with the investment objectives of the client. In addition, GWS may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity and/or pooled investment vehicles when consistent with the clients' investment objectives. GWS also provides advice about any type of investment held in clients' portfolios.

GWS also may render discretionary or non-discretionary investment advice to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans or other products that may not be held by the client's primary custodian. In so doing, GWS either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

GWS may also be engaged by sponsors of qualified retirement plans to advise on the various investment options offered to plan participants. As referenced above, GWS currently provides ongoing management and advisory services to qualified retirement plans with aggregate plan-level assets of approximately \$28,953,009.

GWS tailors its advisory services to the individual needs of clients. GWS consults with clients initially and on a periodic basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. GWS ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify GWS if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon GWS'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 GWS's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Item 5. Fees and Compensation

GWS offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management.

Financial Planning and Consulting Fees

GWS may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$500 to \$10,000 on a fixed fee basis and/or from \$150 to \$450 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages GWS for additional investment advisory services, GWS 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.

Prior to engaging GWS to provide financial planning and/or consulting services, the client is required to enter into a written agreement with GWS setting forth the terms and conditions of the engagement. Generally, GWS requires one-half of the financial planning and/or consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

Investment Management Fees

GWS provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by GWS. GWS'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. GWS does not, however, receive any portion of these commissions, fees and costs. GWS's annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by GWS on the last day of the previous quarter. The annual fee varies (between 0.25% and 1.25%) depending upon the market value of the assets under management and the type of investment management services to be rendered.

GWS, 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), GWS generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*") for investment management accounts.

GWS may only implement its investment management recommendations after the client has arranged for and furnished GWS with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Schwab*, any other broker-dealer recommended by GWS, 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 fees charged by 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, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to GWS’s fee.

GWS’s *Agreement* and the separate agreement with any *Financial Institutions* may authorize GWS to debit the client’s account for the amount of GWS’s fee and to directly remit that management fee to GWS. Any *Financial Institutions* recommended by GWS 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 GWS.

Fees for Management During Partial Quarters of Service

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

The *Agreement* between GWS and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. GWS’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 GWS’s right to terminate an account. Additions may be in cash or securities provided that GWS 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 GWS, subject to the usual and customary securities settlement procedures. However, GWS designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. GWS 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.

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

GWS 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

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

Minimum Account Size and Minimum Fee

As a condition for starting and maintaining a relationship, GWS generally imposes a minimum portfolio size of \$2,000,000. In addition, GWS also imposes a minimum annual fee of \$10,000. This minimum fee may have the effect of making GWS's services impractical for clients, particularly those with portfolios less than \$600,000 under GWS's management. GWS, in its sole discretion, may accept clients with smaller portfolios or waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention and *pro bono* activities. GWS only accepts clients with less than the minimum portfolio size if, in the sole opinion of GWS, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. GWS may aggregate the portfolios of family members to meet the minimum portfolio size.

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

Methods of Analysis

GWS's primary methods of analysis are fundamental and technical analysis.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. GWS will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the 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 GWS will be able to accurately predict such a reoccurrence.

Investment Strategies

GWS creates investment portfolios based on the investment objectives, risk tolerance and individual financial issues of each client. GWS's goal-driven investment strategies consider the clients' short and long term financial objectives, retirement horizon and tolerance for risk. GWS periodically reviews changes in clients' needs, as well as economic and market conditions. When recommending any investment, GWS is sensitive to expenses and fees as they relate to added value and return. The strategies and asset classes that GWS may use include:

Equities:

GWS invests in the full spectrum of equities including individual stocks, index and actively managed funds. US stocks are diversified by style and size of companies, as well as management methodology. Foreign stocks include both developed and emerging markets and, at times, with currency hedges in place.

Bonds:

There are virtually an unlimited number of bond categories that GWS may recommend at various times:

- US Government, TIPS, municipals, floating rate, adjustable agency, mortgage-backed, convertible, asset-backed, corporate, foreign;
- From high quality and investment grade to high yield and distressed;

- Durations may include ultra-short, short, intermediate and long term bonds;
- Individual bonds may be laddered, actively managed in a Separately Managed Account (“SMA”), or in mutual fund format; and
- Fixed income investments may also include index funds, ETFs and ETNs.

Hard Assets:

Hard assets may benefit from rising prices and may perform better in an inflationary environment. GWS utilizes hard assets to further diversify portfolios and as an inflation hedge. Categories may include:

- Diversified commodities indexes, as well as actively managed companies that produce or distribute commodities;
- Hard assets may be in individual holdings or actively managed mutual funds, Master Limited Partnership’s (“MLPs”), ETF and/or ETN formats; and
- Real Estate Investment Trusts (“REITs”).

Alternatives:

GWS attempts to provide clients with further portfolio diversification through a variety of asset classes that may offer returns not highly correlated with US or foreign stocks, bonds or hard assets. These may include managed futures, merger arbitrage, long-short, interest rate hedges and diversified strategies which may include relative value, event-driven, directional, pairs trading, multi-strategy and multi-manager strategies.

Cash and Cash-equivalents:

These are short-term in nature and are set aside for future cash needs and for ultra-conservative allocations. These may include money market funds, certificates of deposit, commercial paper and treasury bills.

Risks of 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 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 GWS'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 GWS will be able to predict those price movements accurately.

General Risk of Loss

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

Item 9. Disciplinary Information

GWS 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. GWS does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

GWS is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. GWS does not have any required disclosures to this Item.

Item 11. Code of Ethics

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

GWS 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*”). GWS’s *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by GWS or any of its associated persons. The *Code of Ethics* also requires that certain of GWS’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.

When GWS is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* 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*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

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.

This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above.

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

Item 12. Brokerage Practices

As discussed above, in Item 5, GWS generally recommends that clients utilize the brokerage and clearing services of *Schwab*.

Factors which GWS considers in recommending *Schwab* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by *Schwab* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by GWS's clients comply with GWS'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 GWS 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. GWS seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

GWS 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 GWS 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 GWS 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 GWS (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, GWS may decline a client's request to direct brokerage if, in GWS's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless GWS decides to purchase or sell the same securities for several clients at approximately the same time. GWS 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 GWS'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 GWS's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that GWS determines to aggregate client orders for the purchase or sale of securities, including securities in which GWS's *Supervised Persons* may invest, GWS 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. GWS does not receive any additional compensation or remuneration as a result of the aggregation. In the event that GWS 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, GWS 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 GWS in its investment decision-making process. While GWS taps the resources of *Schwab* and other custodians, they have found that the trading and reporting systems available through these resources are inadequate to meet the needs of their clients. To that end, GWS has sought help in the form of soft dollars to enhance their trading, reporting and research capabilities. GWS may have an incentive to select *Schwab* because it receives such services. Additionally, these soft dollars may fall outside of the safe harbor under Section 28(e) of the Securities and Exchange Act of 1934. GWS reviews all soft dollar arrangements on at least an annual basis in light of the firm's duty to seek best execution. Such research and services generally will be used to service all of GWS'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 GWS does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

GWS may receive from *Schwab*, without cost to GWS, computer software and related systems support, which allow GWS to better monitor client accounts maintained at *Schwab*. GWS may receive the software and related support without cost because GWS renders investment management services to clients that maintain assets at *Schwab*. The software and related systems support may benefit GWS, but not its clients directly. In fulfilling its duties to its clients, GWS endeavors at all times to put the interests of its clients first. Clients should be aware, however, that GWS's receipt of economic benefits from a broker-

dealer creates a conflict of interest since these benefits may influence GWS's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

Additionally, GWS may receive the following benefits from *Schwab* through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional 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.

Item 13. Review of Accounts

For those clients to whom GWS provides investment management services, GWS monitors those portfolios as part of an ongoing process. For those clients to whom GWS provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of GWS’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with GWS and to keep GWS informed of any changes thereto.

Unless otherwise agreed upon, 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 GWS provides investment advisory services will also receive a report from GWS that may include relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from GWS.

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

Item 14. Client Referrals and Other Compensation

GWS is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, GWS is required to disclose any direct or indirect compensation that it provides for client referrals. GWS does not have any required disclosures to this Item.

Item 15. Custody

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

The *Financial Institutions* recommended by GWS 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 GWS. In addition, as discussed in Item 13, GWS 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 GWS.

Item 16. Investment Discretion

GWS is given the authority to exercise discretion on behalf of clients. GWS 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. GWS is given this authority through a power-of-attorney included in the agreement between GWS and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). GWS takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

Item 17. Voting Client Securities

GWS is required to disclose if it accepts authority to vote client securities. GWS does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

Item 18. Financial Information

GWS 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.



a Registered Investment Adviser

Prepared by:

