

# Goodspeed Capital Advisors

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*This disclosure brochure provides clients with information about the qualifications and business practices of Goodspeed Capital Advisors, LLC ("GCA") an independent investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). Please contact M. Stephen Soltis at 212-983-5826 if you have any questions about the contents of this disclosure brochure.*

*The information in this disclosure brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that GCA or any individual providing investment advisory services on behalf of GCA possesses a certain level of skill or training. Additional information about GCA will be available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for GCA is 163413.*

**Item 2. MATERIAL CHANGES**

You are receiving a copy of this brochure to provide you with important information to assist you in making investment decisions about the products and services described. Each year you will receive a summary of material changes that were made to the brochure over the previous year with instructions on how to receive an updated copy of the brochure, if you would like one. You will also receive an updated brochure or summary of material changes whenever important information changes.

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## **Item 4. ADVISORY BUSINESS**

### **Company**

Goodspeed Capital Advisors, LLC is an independent, privately-held New York limited liability corporation founded in 2011.

Throughout this disclosure brochure, Goodspeed Capital Advisors is referred to as either “GCA” or the “firm”.

### **Principal Owners**

The principal owners of GCA are Thomas J. Clark, Ali Granmayeh, Bahman Mossavar-Rahmani, Keith M. Schappert and M. Stephen Soltis.

### **Investment Advisory Services**

GCA will provide advisory services to individuals (primarily high net worth), pension and profit sharing plans, trusts, estates, charitable organizations, corporations, municipalities, and other business and public entities.

GCA's management of client assets is designed to meet client needs and to achieve client objectives. GCA works closely with potential clients to understand their financial circumstances and to determine whether or not GCA can reasonably develop investment strategies to help accomplish a client's financial objectives. GCA accepts clients only when there is mutual agreement that the firm's services and strategies are compatible with and suitable to the needs and objectives of the client.

Once agreement is reached that the firm's services match the needs and objectives of the client, GCA will determine a client's risk profile and create and manage a portfolio based on that profile. When formulating its investment strategy, and to the extent such information is made available by the client, GCA will take into consideration the nature of the client's other assets and financial obligations. GCA then may invest its clients' assets in stocks, bonds, mutual funds, Exchange-Traded Funds (“ETF”s), and other investment vehicles as appropriate to meet the client's needs and objectives.

GCA primarily manages accounts on a discretionary basis, though, on occasion, it may accept non-discretionary accounts. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. GCA's relationship with its clients is formalized through execution of a written investment advisory agreement.

Based on the asset allocation and financial objectives determined for a client, GCA may in the best interest of serving client needs, employ services of other financial institutions or advisors. GCA's Investment Committee will have to approve any such arrangements and determine any disclosures to clients or specific approvals from the

clients that may be appropriate. Fees for such arrangements will be paid by GCA out of the fees GCA receives from its clients. Similarly, GCA may serve in a “sub-advisory” capacity to another investment advisor.

### **Investment Committee**

The GCA investment committee consists of the following individuals, all of whom are founding members of Goodspeed (please refer to the attached Brochure Supplements for more detailed information on each individual’s background):

#### **Bahman Mossavar-Rahmani**

Bahman is Chief Investment Officer of Goodspeed Capital Advisors and serves as senior portfolio manager of the Global Leaders Equity strategy of GCA. Bahman is also a founding member, the CIO and senior portfolio manager of UAS Asset Management (UAS), an investment advisory firm founded in 1987. Bahman has a controlling interest at UAS.

Bahman has a B.A. from Harvard College and an MBA from Harvard Business School.

#### **Keith (Kim) M. Schappert**

Kim has over 35 years in the asset management industry both as a portfolio manager and in senior management capacities including President and CEO of J.P. Morgan Investment Management, President and CEO of Federated Investment Advisory Companies and Vice Chairman and Head of the Americas for Credit Suisse Asset Management. He had a long tenure at J.P. Morgan Investment Management where, as president, he was responsible for over \$300 billion of assets. Kim is a graduate of Harvard College.

#### **Ali Granmayeh**

Ali serves as Director of Research at GCA. He is an officer of UAS and performs similar investment functions, including Head of Research, at that firm. Ali has an M.S. from Stanford University and a Ph.D. from the Wharton School of University of Pennsylvania.

#### **Thomas J. Clark**

Tom started his career in the investment management industry in the late 1970s with Salomon Brothers. In the early 1980s he cofounded U.S. Securities, Inc., a firm specializing in underwriting, trading and sales of municipal bonds where he served as a general principal.

Tom is a graduate of Harvard College and has an MBA from the Wharton School of University of Pennsylvania.

## Assets Under Management

GCA is currently registered with the SEC under the exemption for firms “under common control” through Bahman Mossavar-Rahmani and UAS Asset Management. As of March 31, 2013, GCA had \$1.6 million under management while UAS had approximately \$160 million under management. The same portfolio management team manages client portfolios for both firms employing the same investment management strategy. Client assets are managed on a discretionary basis.

## Item 5. FEES AND COMPENSATION

GCA charges its clients a management fee pursuant to a written investment advisory agreement with each agreement specifying the exact rate for determining such fees and the manner in which they will be charged. GCA’s management fees are based on a percentage of client assets managed by GCA.

GCA's annualized fees are as set forth in the following schedule. GCA may, in its discretion, negotiate alternative fees on a client-by-client basis, depending upon such factors as the size and complexity of the client's account, anticipated future additional assets and other business considerations:

Client Assets Under Management	Annual Fee
First \$5 million	1.00%
Next \$15 million	0.75%
Above \$20 million	0.60%

Security market values will be determined by the account custodian. In the event the account custodian cannot provide a market value, GCA will determine the security’s fair market value. As each account is managed separately, GCA does not combine the value of related accounts in the application of break points for the purpose of calculation of fees. However, GCA reserves the right to do so, in its sole discretion.

GCA has a minimum account size requirement of \$2.5 million and a minimum annual management fee of \$25,000. GCA, in its sole discretion, may accept smaller size accounts and/or lower minimum annual management fees on a client-by-client basis depending on relevant business considerations.

Fees will be calculated quarterly in arrears. The quarterly fee may be paid as of the end of the calendar quarter or as of the end of certain designated quarters as set forth in the client’s investment advisory agreement (e.g., August, November, February, and May). Management fees may be prorated for capital contributions and withdrawals made during the applicable calendar quarter (with the exception of *de minimus* contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account any earned, unpaid fees will be due and payable.

At the option of the client, the client may either authorize GCA to invoice its custodian for its management fees, or the client can request that GCA invoice the client for the fees.

### **Important Additional Fee Information**

#### No additional fees by GCA

GCA's clients pay commissions for trades in their account based on the commission rates in effect by their brokers/custodians. GCA acts solely as investment advisor for its clients. In its capacity as an investment advisor, GCA is compensated solely by the investment advisory fees paid by its clients.

It is expected that Pershing LLC, a subsidiary of Bank of New York Mellon ("Pershing"), will act as broker/custodian for most of GCA's client accounts.

#### Direct Debiting of Client Accounts

In order for the firm's advisory fees to be directly debited from a client's account, the client must provide written authorization permitting GCA to invoice the custodian. In addition, the account must be held by a qualified custodian and the qualified custodian must agree to send to the client an account statement on at least a quarterly basis. The account statement must indicate all amounts disbursed from the account including the amount of advisory fees paid directly to GCA. Clients are informed that it is their responsibility to verify the accuracy of the fee calculation and that the account custodian will not determine whether the fee is properly calculated.

#### Termination of Client Relationship

The investment advisory contract is ongoing and does not have a fixed term. Either party may terminate the advisory contract at any time. Since advisory fees for separately managed account clients are paid quarterly in arrears, no refund will be due. However, clients will be responsible for management fees on a pro-rated basis. GCA does not impose any fees or penalties for termination of accounts. Custodians, however, may impose such fees. GCA does not impose any "lock up" periods for separately-managed accounts. Clients are free to terminate their advisory relationship at any time with no penalty.

#### Mutual Fund and Exchange-Traded Fund (ETF) Fees

All fees paid to GCA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, ETFs and similar pooled vehicles to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an

initial or deferred sales charge. A client could invest in mutual funds, ETFs, or common stocks directly, without the services of GCA.

Accordingly, the client should review both the fees charged by the funds and the fees charged by GCA to fully understand the total amount of fees paid by the client and to thereby evaluate the advisory services being provided.

To avoid this duplication of fees, client accounts will not be invested in mutual funds and/or ETFs unless there is a very specific and timely advantage to be gained for the benefit of the client, which advantage could not be achieved from a direct investment in individual stocks or bonds. This is particularly true in the case of mutual funds or ETFs that specialize in one sector, industry or category, or that represent the overall market.

### Trading and Other Costs

In addition to the fees paid by the client to GCA for investment advisory services, broker-dealers associated with the purchase and sale of securities on behalf of the client will charge the client for related transaction fees. Pershing's commission rates for GCA's clients are generally considered discounted from Pershing's listed commission rates. GCA's sole compensation is the management fees it receives from its clients and it does not receive any additional compensation based on the transactions effected for its clients.

Clients may incur certain charges imposed by custodians, brokers, and other third parties such as 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. A schedule of all such fees charged by Pershing is sent to the client once the account is opened and is also available upon request. Such fees and charges are subject to change by Pershing without approval from GCA.

Clients who select brokers/custodians other than Pershing assume the responsibility for fees and charges (e.g., trading commissions) that the selected broker/custodian may impose on the accounts. Such fees are likely to be different from, and may be higher than, those paid by the majority of GCA accounts which use Pershing as their broker/custodian.

Please see the section entitled "Brokerage Practices" on page \_\_ of this disclosure brochure for additional information on brokerage and other transaction costs.

### **Item 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

This section is not applicable to GCA, since GCA does not provide advisory services on a performance fee basis.



## **Item 7. TYPES OF CLIENTS**

GCA provides investment advisory services to individuals (primarily high net worth), pension and profit sharing plans, trusts, estates, charitable organizations, foundations, corporations, municipalities, and other business and public entities. GCA has a minimum account size of \$2.5 million and a minimum annual management fee of \$25,000. GCA, in its sole discretion, may accept smaller account sizes and lower minimum annual management fees on a client-by-client basis.

### **Engaging the Services of GCA**

All clients wishing to engage GCA for investment advisory services must sign an investment advisory agreement that governs the relationship with GCA. The investment advisory agreement is written in plain English and describes the services and responsibilities of GCA to the client. It also outlines the firm's fees in detail.

In addition to completing the firm's internal documents (e.g., investment advisory agreement), clients must complete certain broker-dealer/custodian documentation. Upon proper execution of all required documents, GCA will be considered engaged by the client. A client has an ongoing responsibility for ensuring that GCA is informed in a timely manner of changes in the client's investment objectives and risk tolerance.

## **Item 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Types of Investments**

Investment advice may be offered on any investments held by a client at the start of the advisory relationship. New investments will typically be limited to domestic and foreign equity securities, warrants, corporate debt securities, certificates of deposit, municipal and United States government securities, exchange-traded funds and mutual funds, although GCA reserves the right to invest in other types of investment vehicles it deems appropriate. GCA may offer asset allocation as a separate service, and/or asset allocation-based strategies to certain clients.

### **Investment Strategies**

GCA pursues an investment strategy that seeks to deliver superior performance without undue risk to principal, recognizing, however, that neither superior performance nor safety of principal can be guaranteed. Stocks are subject to different kinds of risk, including individual company risk and market risk, which cannot be fully mitigated (please see important risk disclosures below). However, GCA attempts to reduce equity risks by investing primarily in established companies having strong fundamental characteristics. One particular feature of the firm's investment strategy is relatively high levels of concentration. The GCA strategy of concentrating in relatively fewer, superior positions is intended to

achieve better performance results, but carries the risk of greater decline in the event of poor stock selection.

Similar to its stock selection, GCA invests client assets primarily in bonds issued by established companies with strong fundamentals.

Factors that may affect performance include, but are not limited to: the timing and amount of cash deposits and withdrawals into and from the account, pricing and timing differences in purchase of securities for different accounts, the possibility that GCA may not purchase or sell a particular security for an account, differentials in the percentages of different securities comprising a portfolio, differences in management fees, and restrictions imposed by clients on the management of their accounts. In addition, clients who select a specific broker may experience different commission rates and other fees.

### **Security Analysis**

The method of securities analysis used by GCA to implement its investment strategies is commonly referred to as “fundamental” analysis. Fundamental analysis is a method of evaluating securities by attempting to measure the intrinsic value of a security. Fundamental analysts study such factors as the overall economy and industry conditions as well as the financial condition and management of companies. Accordingly, GCA bases its investment decisions primarily on its assessment of a company’s value to its shareholders and its ability to create positive returns for its shareholders.

The investment approach taken by GCA does not rely on “technical” analysis. Technical analysis is the evaluation of securities by means of studying 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 to identify patterns and trends that may suggest what a security will do in the future.

GCA monitors its approved third party managers on an ongoing basis, evaluating performance versus appropriate benchmarks, peer rankings and risk characteristics as well as organizational changes and asset flows. GCA meets periodically with each approved manager as part of its due diligence process.

A risk of investment manager analysis is that past performance is not a guarantee of future results. Managers who have a successful track record may not be able to replicate their success in the future. Also there is a risk that investment managers may deviate from their stated investment strategy, which could make the managers' strategy less suitable for a client's account. Moreover, GCA is not able to control an investment manager's daily business and compliance operations, and, therefore, may not detect the absence of internal controls necessary to prevent business or regulatory deficiencies.

## Sources of Information

GCA relies on its own internal research for selection of stocks and bonds and other investment vehicles such as mutual funds and exchange traded funds (ETFs). In conducting its research, GCA may consult the following sources of information: a variety of general and specialized financial and business publications, research materials prepared by others (e.g., Value Line or Morningstar), inspection of corporate activities, corporate rating services, annual reports, prospectuses, filings with the U.S. Securities and Exchange Commission and company press releases. In addition, the portfolio managers of GCA may also conduct direct, first-hand research (such as monitoring traffic in certain outlets or surveying customers), consult specialist advisors or purchase research products provided by other analysts. GCA does not publish research reports of its own.

## Risk of Loss

### In General

*Investing in securities involves risk of loss that each client should be prepared to bear.*

Typical investment risks include company risk typified by a drop in a security's price due to a company specific event, or general market activity. In addition, certain strategies may impose more risk than others. For example, with fixed income securities, a period of rising interest rates could erode the value of bonds since bond values generally fall as interest rates rise. Investment risk with international equities also includes fluctuation in currency values, differences in accounting methods and economic and political instability.

As mentioned earlier, the firm's investment strategies involve an additional risk of concentration as client portfolios may contain fewer positions and/or be exposed to fewer sectors than the broad market or indices related to the market as a whole.

### Exchange Traded Funds (ETFs)

Equity-based exchange traded funds are subject to risks similar to those of stocks. If the stocks tracked within an ETF decline due to weakening fundamentals, crumbling technical support, global events, or any other market fluctuations, the value of the ETF will likely go down. In addition, ETFs may include additional risks associated with the way they are structured or sponsored. Fixed income-based ETFs are subject to risks similar to those of bonds such as increasing interest rates. Investment returns will fluctuate and are subject to market volatility, so that an investor's ETF shares, when sold, may be worth more or less than their original cost.

### Asset Allocation

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector or that a different allocation of asset classes may produce better results. Also, there is the risk that the ratio of equity securities, fixed income securities and cash will change due to market movements,

and, if not adjusted, may no longer be the appropriate allocation for the client's goals.

In general, GCA does not use margin or trade in options or other derivatives, although GCA reserves the right to do so, in client portfolios.

### **Frequent Trading and Investment Performance**

Strategies involving frequent trading of securities can affect investment performance through increased brokerage and other transaction costs and taxes.

### **Cash Management**

At any given time, the cash portion of a client's account, while awaiting investment or re-investment, may be swept into a money market account so as to earn additional returns. As mentioned earlier, clients in effect pay management fees twice for such amounts.

## **Item 9. DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the firm or the integrity of its management.

Neither GCA nor any of its employees have any reportable legal or disciplinary history.

## **Item 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Since Mr. Mossavar-Rahmani maintains voting rights of 25% or more in GCA and UAS, GCA and UAS Asset Management are deemed to be under common control pursuant to Rule 203A-2(c) of the Investment Advisers Act of 1940. Both companies are located at 441 Lexington Avenue, suite 1220, New York, NY.

UAS was founded in 1987 and offers its advisory services mainly to individual clients and their related entities (IRAs, pension plans, 401(k) accounts, trusts, and similar entities). GCA was founded in 2011 and intends to offer a broader range of services than does UAS, primarily to institutional and high net worth clients. GCA intends to use the same basic investment philosophy for its core equity strategy that UAS uses for its core equity strategy. In addition, GCA intends to employ other complementary investment strategies and in doing so may utilize and contract with third party managers in a subadvisory or similar capacity.

Two of the principals of GCA, Messrs. Mossavar-Rahmani and Granmayeh are also principals of UAS. Both will be involved in the management of GCA's core equity strategy, the Global Equity Leaders strategy, which is based upon UAS's core equity strategy.

GCA and UAS believe that their relationship will not negatively impact their ability to act in the best interests of their respective clients.

In addition to his roles at GCA and UAS, Mr. Mossavar-Rahmani, is an investor in and serves as the Chairman and CEO of three closely-held companies not involved in the financial industry. Mr. Mossavar-Rahmani receives no direct compensation for such services. GCA has determined that these activities will not affect Mr. Mossavar-Rahmani's ability to always act in the best interests of GCA's clients.

In addition to his roles at GCA and UAS, Mr. Granmayeh serves on the board of directors of three closely-held companies not involved in the financial industry. While as an investor he may benefit from such association, Mr. Granmayeh receives no compensation from these companies for his services. GCA has determined that these activities will not affect Mr. Granmayeh's ability to always act in the best interests of GCA's clients. Mr. Granmayeh's name is also spelled as Geranmayeh.

Mr. Schappert is a director of the MetLife Series Fund and a Trustee of the Common Fund. In addition he is a director of Trilogy Global Advisors, a director of Mirae Asset Management Discovery Funds, and an independent director of Calamos Asset Management, Inc.. Mr. Schappert does receive compensation from those companies for his services. Goodspeed believes that Mr. Schappert's activities are complementary to, and enhance, his responsibilities at Goodspeed.

Mr. Clark is a director and CEO of Miller Chemical & Supply Company, LLC, a distribution company based in Pennsylvania. GCA has determined that Mr. Clark's outside activities will not affect Mr. Clark's ability to always act in the best interests of GCA's clients.

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

### **Code of Ethics**

GCA has adopted a Code of Ethics for all employees of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes, among other things, provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on the use or misuse of false rumors, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All GCA employees must acknowledge the terms of the Code of Ethics annually and when it is amended.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of GCA will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt (Exempt Securities), based upon a determination that these would by their nature not interfere with the best interest of the firm's clients (e.g., obligations of the U. S. Government and shares of unrelated open-end mutual funds). In addition, the Code requires pre-clearance of transactions (excluding Exempt Security transactions) effected by employees of GCA other than through their GCA managed accounts, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is regularly monitored under the Code of Ethics to reasonably prevent conflicts of interest between GCA and its clients.

Clients and prospective clients may request a copy of the GCA Code of Ethics by contacting M. Stephen Soltis at 212-983-5826.

### **Participation or Interest in Client Transactions**

Using its discretion in managing client accounts, GCA purchases and sells various publicly traded securities (stocks, bonds, mutual funds and ETFs) for its clients. In addition, GCA or its employees may purchase, sell or hold the same securities for their own or related accounts.

GCA may aggregate firm, employee and client trades. It is GCA's policy, however, that no firm or employee account will receive a more favorable execution price than any of GCA's clients. To that end, all trading activities are scrutinized daily on a trade by trade basis by GCA's Chief Compliance Officer and portfolio managers. In the event there is only a partial fulfillment of a particular batched order, GCA will allocate the purchased securities pro-rata to its client accounts until all client account requirements are satisfied, prior to any allocation to its own or related accounts.

A key feature of fair and equal treatment of all accounts is the use of an "Average Price Account" for all of the firm's trades. In this manner all purchases and sales of securities executed for the firm are first booked in the Average Price Account and then allocated to client and related accounts. Therefore, all accounts that get an allocation of a security on a given day, be they client accounts, firm accounts or related accounts, get the same execution price for that security. This price will be the average price for all the trades of that security executed for the firm on that day. In this manner we eliminate the possibility of a price disadvantage for any client as compared to a GCA or GCA related account.

The only exceptions to this process are when clients direct us to liquidate their accounts by selling all their positions, or when clients have a need for an emergency cash request requiring a shorter-term settlement of a trade. Under such

circumstances trades are generally placed directly in the client account. Prices for such trades are likely to be different from the average price of the other GCA accounts and they may be more or less favorable to the client with the special request.

As mentioned earlier, for clients choosing to have trades placed with a broker of their choosing, the option of an “Average Price Account” will not be available. For those clients, therefore, execution prices are likely to differ from the trades placed through Pershing and the execution prices may be more or less favorable than those placed through Pershing.

### **Principal or Agency Cross Transactions**

It is GCA's policy not to permit any principal or agency cross securities transactions for client accounts. GCA will also not cross trades between client accounts. For further clarification, 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 private 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.

### **Additional Information**

At times, GCA or its related persons may purchase securities that GCA believes are not appropriate for client accounts at that time, based on prevailing conditions and circumstances. GCA may, however, at a later time deem it is in the best interests of its clients to purchase certain of these securities for client accounts at prices that may be higher or lower than those originally paid for its own or related accounts. The foregoing may create a conflict of interest, since GCA or its related persons may have an incentive to effect transactions in client accounts in a manner that may benefit GCA or its related accounts.

## **Item 12. BROKERAGE PRACTICES**

### **Best Execution**

Best execution has been defined by the SEC as the “execution of securities transactions for clients in such a manner that the client’s total cost or proceeds in each transaction is the most favorable under the circumstances.” The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer’s

services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness.

When placing portfolio transactions for client accounts, the primary objective of GCA is to obtain the best price and best execution, taking into account the costs, promptness of execution and other qualitative considerations. To that end, GCA recommends to its clients that they authorize GCA to effect their transactions through Pershing. GCA has striven to establish and maintain an excellent working relationship with that firm and has rapid access to the firm's trading departments through computer, telephone and fax services.

Pershing provides regular reports of its execution performance. For directed brokerage accounts GCA is not able to impact commissions, monitor best execution or use average prices.

### **Broker Analysis**

GCA evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer's trading costs, efficiency of execution and error resolution, financial strength and stability, positioning and distribution capabilities, information with regard to the availability of securities, trading patterns, statistical or factual information, and prior performance in serving GCA.

If GCA determines in good faith that the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and investment management-related services provided by such broker, the client may pay trading costs to such broker in an amount greater than the amount another broker might charge.

The GCA investment committee is responsible for continuously monitoring and evaluating the performance and execution capabilities of brokers that transact orders for its client accounts to ensure consistent, quality executions. In addition, GCA periodically reviews its transaction costs in light of current market circumstances and other relevant information.

### **Research/Soft Dollar Benefits**

Soft dollar practices are arrangements under which products or services, other than execution of securities transactions, are obtained by an advisor from or through a broker-dealer in exchange for the direction by the advisor of client brokerage transactions to the broker-dealer. As a matter of policy, GCA does not engage in soft dollar arrangements with any broker-dealer.

Certain broker-dealers, however, may offer certain services to all of its investment advisor clients without any prior commitment by the investment advisors to direct a minimum amount of brokerage transactions to the broker-dealer. GCA plans to have an arrangement with Pershing Advisor Solutions through which Pershing LLC provides GCA with its "platform" services. The platform services include, among



others, brokerage, custodial, administrative support, recordkeeping, and related services that are intended to support intermediaries such as GCA in conducting business and serving the best interests of clients. While these services may be of some indirect benefit to GCA, GCA will not agree to direct any minimum amount of brokerage activity to Pershing for these services. Pershing may assess certain usage fees to GCA, however, if the value of total assets under management falls below a prescribed level.

As part of the platform services, Pershing may also make available to GCA certain research and brokerage services, including research services obtained by Pershing directly from independent research companies (such as Reuters, Standard and Poor's, and Bloomberg). Some of these materials may be offered at no charge and others may incur a subscription or usage fee. GCA has not requested such services and research reports. Occasionally, however, GCA may use such research materials when it feels they can supplement its own research to benefit all its clients.

Pershing enables GCA to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Pershing's commission rates and transaction fees for effecting securities transactions are generally considered discounted from its listed commission rates. However, the commissions and transaction fees charged by Pershing may be higher or lower than those charged by other custodians and broker-dealers.

Pershing also offers online access to GCA's clients for a range of information regarding their accounts. Such information includes but is not limited to account statements, tax documents, trade confirmations, and market commentary.

In fulfilling its duties to its clients, GCA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the firm's receipt of economic benefits from a broker-dealer creates a conflict of interest, since these benefits may influence the firm's choice of a broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

### **Brokerage Selection**

Unless otherwise instructed by its clients, GCA will use Pershing for securities transactions for its client accounts. GCA believes that Pershing has the experience, financial stability, trading capability, market access, delivery and impartiality (Pershing does not maintain an independent retail sales force) to provide most favorable price and execution for brokerage orders in a manner that is consistent with the best interests of GCA's investment advisory clients. At the same time, GCA will regularly review and assess Pershing's commission schedules and quality of execution to determine whether GCA's clients continue to receive favorable pricing and service. However, clients are free to direct transactions to their broker of choice.

GCA typically recommends that its clients open accounts with Pershing's Advisor Solutions (PAS). Pershing's Advisor Solutions is a full service brokerage with its own commissions and fee schedule which it offers to the firm's clients. Pershing's

commission rates for GCA's clients are generally considered discounted from Pershing's listed commission rates. These fees are subject to change from time to time. All advisors do not recommend that its clients direct brokerage to a broker selected by the advisor.

For accounts within PAS, there is a choice of asset-based or transaction-based commissions. As GCA generally trades infrequently, transaction-based charges are generally more advantageous to clients. Periodically GCA makes such analysis of trade-offs for its clients.

#### Client Directed Brokerage

Certain clients may direct GCA to use particular brokers for executing transactions in their accounts. With regard to client directed brokerage, GCA is required to disclose that GCA may be unable to negotiate commissions, block or batch orders or otherwise achieve the benefits described above, including best execution. Directed brokerage commission rates may be higher than the rates GCA might pay for transactions in non-directed accounts. Therefore, directing brokerage may cost clients more money.

GCA encourages each client to compare the possible costs or disadvantages of directed brokerage against the value of custodial or other services provided by the broker to the client.

#### **Trade Aggregation/Allocation**

It is the objective of GCA to provide a means of allocating trading and investment opportunities between advisory clients on a fair and equitable basis and in compliance with all applicable state and federal guidelines. As mentioned earlier, with respect to clients' accounts with substantially similar investment objectives and policies, GCA often seeks to purchase or sell a particular security in each account. GCA will aggregate orders consistent with the firm's duty to seek best execution and in accordance with the investment objective of each client. No client account will be unfairly favored over any other account. Each client that participates in an aggregated order will participate based on the average execution price in that particular security.

### **Item 13. REVIEW OF ACCOUNTS**

#### Reviews

Every client is interviewed at the outset to determine the client's needs, objectives, risk profile, and overall financial situation.

There are three levels of review at GCA. The investment committee continuously reviews the firm's strategies, managers and securities that are approved for inclusion in client portfolios. This process constitutes the primary investment review

function at the firm. Currently, the standing members of the investment committee are Bahman Mossavar-Rahmani, chief investment officer, Ali Granmayeh, Thomas Clark and Keith Schappert all of whom are principals of the firm. (see their respective brochure supplements for background information).

Separately, portfolio managers monitor client portfolios on a continuous basis, with attention to the particular objectives, requirements and risk profile of each individual client. Currently Bahman Mossavar-Rahmani is the firm's senior portfolio manager for its main strategy, *Global Leaders Equity*.

In addition, the firm's Risk Management Committee, chaired by Mr. Schappert, assigns a principal the responsibility for reviewing activity and performance for a group of accounts on a regular basis. The principal assigned this role cannot be the portfolio manager for that account..

### Reports

Confirmation of trades will be mailed by Pershing or by designated brokers to clients who requested a paper copy the day after the trade is made and also made available online at that time. Clients can expect to receive monthly account statements from Pershing or their designated brokerage firms that holds their accounts. Moreover, GCA will furnish clients with annual or quarterly statements of account upon written request.

## **Item 14. CLIENT REFERRALS AND OTHER COMPENSATION**

From time to time, GCA may retain independent solicitors to refer clients to GCA. Such arrangements will be pursuant to a written agreement clearly stating that the independent solicitor is not an employee of GCA and cannot provide investment advice to clients. If a client is introduced to GCA by a solicitor, GCA may pay that solicitor a referral fee in accordance with the requirements of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the firm's investment management fee, and shall not result in any additional charge to the client.

If the client is introduced to GCA by a solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her solicitor relationship with GCA, and shall provide each prospective client with a copy of the required written disclosure document, which discloses the terms of the solicitation arrangement between GCA and the solicitor, including the compensation to be received by the solicitor from GCA.

## **Item 15. CUSTODY**

GCA is deemed to have custody of certain client funds and/or securities when it is authorized by certain clients to deduct its management fee directly from their accounts. All client funds and securities are held for safekeeping and recordkeeping

at unrelated custodians (e.g., Pershing). Under the current rules of the SEC, the firm's custody arrangement must meet the following criteria:

- 1) all accounts are held at a qualified custodian;
- 2) all clients are notified in writing, both at the inception of a custodial relationship and in the event of any changes in such relationship, that the custodian is holding the funds or securities, the address of the custodian, and the manner in which the assets are held; and
- 3) clients receive statements directly from the custodian on at least a quarterly basis.

GCA has taken steps to ensure that it is in compliance with these requirements. For Pershing's current contact information, visit <http://www.pershing.com>. Information will also be included on clients' quarterly statements.

Custody of client assets will be maintained with the independent custodians selected by the clients. GCA will not have physical custody of any assets in clients' accounts. GCA may be authorized by some clients to authorize custodians to pay its advisory fees directly from client account. Clients will be solely responsible for paying all fees or charges of the custodian. Clients will authorize GCA to give their custodians instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for their accounts.

Clients will receive directly from the custodian at least quarterly a statement showing all transactions occurring in their accounts during the period covered by the account statement, and the funds, securities and other property in their accounts at the end of the period. Clients are urged to carefully review account statements sent by their broker-dealer/custodians and to compare the account statement provided by the broker-dealer/custodians with any statements provided by GCA.

## **Item 16. INVESTMENT DISCRETION**

GCA's investment advisory agreement with each client provides GCA with written discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected: (1) which securities are bought and sold for the account; (2) the total amount of securities to be bought and sold; (3) selecting the broker or dealer with whom orders for the purchase or sale of securities are placed for execution, unless specifically instructed to the contrary through the investment management agreement or investment policy statement; (4) the prices and commission rates at which securities transactions are effected; and (5) the allocation of assets among approved third party investment managers, when authorized by the client. The firm's authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between GCA and the client and set forth in writing in the investment management agreement.

## **Item 17. VOTING CLIENT SECURITIES**

### **Proxy Voting**

GCA does not vote proxies on behalf of its separately managed account clients. Therefore, although GCA may provide investment advisory services relative to client investment assets, it is the client that maintains exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceeding or other type of events pertaining to the client's investment assets. GCA and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. GCA will, however, make tender offer elections for the client.

On rare occasions, if an issue is deemed critical, GCA may contact clients and suggest a particular vote. Clients can contact M. Stephen Soltis at 212-983-5826 if they have questions regarding a particular solicitation.

### **Class Action Settlements**

Although GCA has discretion over client accounts, it will not be responsible for handling client claims in class action lawsuits or similar settlements involving securities owned by the client. Clients will receive the paperwork for such claims directly from their account custodians. Clients should verify with their custodians or other account administrators whether such claims are being made on their behalf by their custodians or administrators, or if the clients are expected to file such claims directly. GCA will endeavor to assist clients in their efforts to collect and report relevant data in relation to such class action claims.

## **Item 18. FINANCIAL INFORMATION**

### **Prepayment of Fees**

Because GCA does not require or accept prepayment of more than \$1,200 in fees six months or more in advance, GCA is not required to include a balance sheet with this disclosure brochure.

### **Financial Condition**

GCA does not have any adverse financial conditions to disclose that might affect GCA's ability to meet its contractual obligation to its clients.

### **Bankruptcy**

GCA has never been the subject of a bankruptcy petition.