

## **Form ADV Part 2A Disclosure Brochure**

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Date of Brochure: September 2014

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This brochure provides information about the qualifications and business practices of Gierl Augustine Investment Management, Inc. If you have any questions about the contents of this brochure, please contact us at 724-353-1800. 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 Gierl Augustine Investment Management is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view the firm's information on this website by searching for Gierl Augustine Investment Management. You may search for information by using Gierl Augustine Investment Management's name or by using Gierl Augustine Investment Management's CRD number. The CRD number for Gierl Augustine Investment Management is 143008.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since our last annual update was filed in March 2014, we have made various updates to this brochure detailing the fact that our investment advisor representatives moved their registered securities representative registrations from Cambridge Investment Research, Inc. to Purshe Kaplan Sterling Investments (PKS). The move was effective September 2, 2014 and impacted items 5, 10, 12, and 14 of this brochure. As a result of our move from Cambridge to PKS, GAIM is now solely responsible for the calculation of debiting of all advisory fees from client accounts. Thus, changes to Item 5 and 15 were made.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

Gierl Augustine Investment Management, Inc. (referred to as “GAIM” throughout this document) is an investment advisor registered with the SEC. GAIM is a limited liability company formed under the laws of the State of Pennsylvania.

- GAIM has been registered as an investment advisor since February 2007.
- The following individuals own at least 25% or more of GAIM.
  - Stephen W. Gierl, Officer
  - Timothy J. Augustine, Officer & Chief Compliance Officer
  - Gary E. Augustine, Officer

### **General Description of Primary Advisory Services**

The following are brief descriptions of GAIM's primary services. A detailed description of GAIM's services is provided in Item 5 – Fees and Compensation so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

**Asset Management Services.** This is the primary service offered by GAIM and most clients receiving this Disclosure Brochure will be signing up for Asset Management Services. The service involves providing clients with continuous and on-going supervision over client accounts. This means that GAIM will continuously monitor a client's account and make trades in client accounts when necessary. Typically, GAIM will have discretion on the client's accounts which means GAIM can buy and sell securities without talking to the client prior to each buy/sell decision.

**Financial Planning Services.** GAIM provides advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

**Retirement Plan Consultation Services.** GAIM provides advisory services in the form of Retirement Plan Consultation Services which entails GAIM providing on-going investment recommendations for retirement plan accounts not otherwise managed by GAIM through its Asset Management Services program. This service is consultative only which means clients signing up for the service are always responsible for implementing of all changes to their plans. GAIM does not actually trade or make changes to plans. Accounts eligible for this service include, but are not necessarily limited to, 401(k) accounts, pension plans, and qualified retirement accounts not otherwise managed by GAIM. Our Retirement Plan Consultation Services are provided through two sub-categories: Active 401k Strategies and Qualified Plan Consulting Services.

**Miscellaneous Services.** In addition, GAIM has entered into a research services agreement with unaffiliated investment advisors to produce trading signals (based on GAIM's proprietary trend following system) for the purpose of allocating portfolio positions. In return for these services the unaffiliated investment advisor firms pay GAIM monthly subscriptions fees. This service is not provided to retail advisory clients and is not considered material to our client arrangements.

**Non-Managed (Courtesy) Account Services.** Upon discretion and final approval by GAIM, some clients may be allowed to establish one or more non-managed (also known as "courtesy") accounts through Charles Schwab & Co., Inc. or TD Ameritrade and appoint GAIM as the investment advisor to the account. While our Firm will be listed as an investment advisor on a courtesy account; courtesy accounts do not receive ongoing supervision and monitoring services like those provided to accounts through our Asset Management Services described above. We do not make any investment recommendations and will not monitor specific securities or general portfolios for these accounts. The primary purpose for this service is to include non-managed accounts owned by the client in the performance reports provided by our firm to those clients. Although we do not provide on-going management services or provide specific investment recommendations for these accounts, non-managed accounts will be included in the performance reports that are prepared and provided from GAIM.

Clients are solely responsible for initiating all purchase and sale decisions of general securities held in non-managed accounts. Therefore clients with courtesy accounts, and not GAIM or any of our employees, will have the exclusive responsibility for the performance and monitoring of all securities that are purchased for, or held, in the non-managed account.

GAIM does not currently charge a fee for this service. However, clients will be required to enter into a written agreement with GAIM, and they will be provided a copy of this disclosure brochure prior to establishing a courtesy account.

### ***Types of Investments.***

With some exceptions, GAIM is willing to offer advice on most types of investments owned by a client and, at the specific request of a client, will explore investment options not currently owned by a client. However, GAIM does not provide advice on options contracts on commodities and commodities.

The following are some of the general categories of securities and investments that GAIM will advise.

- Exchange-listed securities
- Securities traded over-the-counter
- Exchange Traded Funds (ETFs)
- Foreign issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- Variable Life and Variable Annuity Products
- United States government securities
- Options contracts on securities

- Non-securities such as collectibles, hard assets, and fixed insurance
- GAIM may provide advice to a client regarding alternative investments including private placement investments. These types of investments are often illiquid, which means that the investments can be difficult to trade and consequently can limit a client's ability to sell the investments in a timely manner and at an advantageous price. Additionally, some investments may not have registered pursuant to the Securities Act of 1933, and therefore the client will need to complete a subscription agreement showing the client is an "accredited" investor (as defined by applicable law and rules and regulations) and acknowledge that he or she has read and understands the private placement memorandum and is aware of the various risk factors associated with such an investment.

### **Tailor Advisory Services to Individual Needs of Clients**

GAIM's services are always provided based on the individual needs of the individual client. Clients are given the ability to impose restrictions on their accounts including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and meetings to determine your investment objectives and suitability information.

When managing client accounts through our Asset Management Services, we have the option of managing accounts in accordance with one or more investment models that are developed and monitored by our investment team. When client accounts are managed using models, investment selections are based on the underlying model. We will, upon request, honor specific holdings that a client wishes to hold and then manage the model around that or those specific holdings. The determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates.

### **Client Assets Managed by GAIM**

The amount of clients assets managed by GAIM totaled \$167,607,877 as of January 4, 2014. The entire amount is managed on a discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provided in Item 4 – Advisory Business, this section provides details regarding GAIM's services along with descriptions of each service's fees and compensation arrangements.

In performing its services clients must understand that GAIM is not able or even required to verify the information received from the client or from the client's other professionals. GAIM must rely solely on information provided by clients therefore it is extremely important that clients provide answers to all questions and request for information from GAIM.

It is very important for clients to promptly notify GAIM if there are ever any changes to their financial situation or investment objectives. GAIM must always have the most current client information in order to adequately review, evaluate, and revise previous recommendations and/or services made by GAIM.

If requested by the client, GAIM may recommend and/or engage the services of other professionals for implementation decisions and clients are free to accept or reject any recommendation of other professionals from GAIM.

### **Asset Management Services**

Upon execution of an advisory agreement, GAIM provides asset management services which can best be defined as giving continuous investment advice and making investment decisions for the client based on the individual needs of the client. Through this service, GAIM offers a highly customized and individualized investment program for clients. GAIM will actively manage client investment portfolios in accordance with the client's individual needs, objectives and risk tolerance. These accounts are generally managed on a discretionary basis (See Item 16 of this Disclosure Brochure for an explanation of Investment Discretion). A specific investment strategy is crafted to focus on the specific client's goals and objectives.

GAIM's Asset Management Services are provided through accounts at Charles Schwab & Company, Inc. or TD Ameritrade. Clients must designate GAIM as its investment advisor on accounts at Charles Schwab and TD Ameritrade. Both Charles Schwab and TD Ameritrade are registered broker/dealers and members of FINRA and SIPC and serve as qualified custodian (See Item 15 – Custody for more information) for all client funds and securities managed through our program. Charles Schwab and TD Ameritrade have different account fees, execution charges and execution capabilities. Clients using a broker/dealer selected by GAIM may pay higher account-related fees and execution charges than if GAIM had selected a different broker/dealer (See Item 12 – Brokerage Practices for more information).

*Recommendation of Unaffiliated Sub-Advisers:* As part of its Asset Management Services, GAIM has recommended the use of unaffiliated Sub-Advisers to manage all or a portion of a client's assets. Sub-Advisers used to manage client assets are registered or exempt from registration in the client's home state. A complete description of the third-party investment advisor's services, fee schedules and account minimums is available in the third party investment advisor's Disclosure Brochure which is provided to clients at the time an agreement for services is executed and the Sub-Adviser account established.

For clients using the services of Sub-Advisers, GAIM is available to answer questions the client may have regarding the portion of client's Account managed by the Sub-Adviser and act as the communication conduit between Client and the Sub-Adviser. Sub-Advisers generally take discretionary authority to determine the securities to be purchased and sold for the client. Sub-Adviser(s) fee shall be calculated and collected separately from GAIM's fee described below.

Client accounts managed under GAIM's asset management services are charged an annual fee up to 1.80% of the assets under management and differ depending upon the investment strategy used by the client. Fees may be negotiable based on the amount of assets being managed, the number of accounts managed, the client's overall situation, complexity, historical relationship, anticipated future additional assets, and other factors unique to the client.

It should be noted that fees for GAIM's services may be higher or lower than fees charged by other financial professionals offering similar services.

The annual fee for GAIM's services is divided and billed quarterly in advance based on the value of the account at the end of the previous quarter. The initial fee will be pro-rated based on the number of days the account is opened during the initial period. However, we do not charge a fee for the initial (i.e. first) quarter of services when there is only one month remaining in the calendar quarter. Fees are deducted directly from the client's account by GAIM. Clients must provide the custodian with written authorization to have fees deducted from the account and paid to GAIM. The custodian will send client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account. Clients are encouraged to verify the accuracy of GAIM's fee

calculation and the qualified custodian will not determine whether the fee has been properly calculated. Please refer to Item 15 – Custody for more information.

A copy of this disclosure document shall be provided to the client prior to, or contemporaneously with, the execution of any advisory agreement between each client and GAIM. Any client who has not received a copy of the GAIM written disclosure statement at least forty-eight (48) hours prior to executing any advisory agreement shall have five (5) business days subsequent to executing the agreement to terminate the advisory services of GAIM and to receive a full refund of all client monies already paid without penalty.

After the initial five (5) day period, client or GAIM may terminate an advisory agreement by giving the other party at least thirty (30) days prior written notice to the date on which termination is to be effective and any prepaid, unearned fees shall be refunded promptly upon written request, determined on a pro-rata basis. However, in the event services are terminated with one month or less remaining in the last calendar quarter of services, we will not issue a refund for that that period.

There will be no termination fee; however, client accounts may be subject to a modest cost of reimbursement of fees related to transferring client's account. Such fees would be charged by the client's account custodian and GAIM will not receive any portion of such fee.

Brokerage commissions and/or transaction ticket fees charged by the broker/dealer-custodian will be billed directly to the client. In addition, clients may incur certain charges imposed by third parties other than GAIM in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. A description of these fees and expenses are available in each investment company security's prospectus. Management fees charged by GAIM are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. In other words, GAIM does not receive any portion of such commissions or fees from the custodian or client. The only compensation earned by GAIM for Asset Management Services is the management fee described on the preceding page.

### **Financial Planning Services**

In addition to the foregoing, GAIM may engage in fee based financial planning services. GAIM provides clients with financial planning services that may be specific or modular in their preparation (unique to each client in their depth of preparation). Topics included as part of the financial planning services may include the following: organization and assessment, retirement planning, education planning, long-term care, insurance planning, debt management, investments, tax planning, estate planning, and life events.

GAIM may provide the following financial planning services:

- **Comprehensive Financial Plan:** This service provides for a one-time financial plan that covers multiple topics of the client's concern.
- **Review:** This service provides for a one-time or ongoing review of and/or updates to a comprehensive financial plan.
- **Limited Scope Plan:** This service provides for limited scope services that focus on one or more separate specific areas but do not involve the creation of a comprehensive financial plan.

Fees for financial planning services are charged on a flat fee basis and will vary depending on the scope of services provided, complexity of the process undertaken, the types of issues addressed and the frequency that the services are rendered. The minimum fee charged is generally \$300 with a maximum fee of \$3,500. Financial planning fees are generally due and payable upon completion and presentment of the financial plan. However, depending on the scope and estimated fee, GAIM may require a retainer of up to 50% of the quoted fee prior to commencing services with the remainder due upon completion. In the event a client terminates services prior to completion of the plan, the client will be responsible for the amount of time expended by GAIM prior to notice of termination.

While GAIM reserves the ability to charge fees for financial planning services, typically GAIM will waive or offset the financial planning fees if clients elect to implement financial planning advice through GAIM. Implementation services may be provided through GAIM's other advisory programs detailed in this document. In these situations, GAIM will receive fees in addition to or in lieu of the financial planning fees charged. Implementation services may also be provided through GAIM's IARs in their separate capacities as securities agents and/or insurance agents and commissions will be earned. The decision to waive or reduce an advisory fee is at the sole discretion of GAIM.

While financial planning services are prepared with the intention of the client implementing recommendations made within the plan through GAIM's investment advisor services, clients are not obligated to do so. Clients may select any investment advisor, broker/dealer, or financial institution to implement GAIM's financial planning recommendations.

A copy of this disclosure document shall be provided to the client prior to, or contemporaneously with, the execution of the financial planning agreement between each client and GAIM. Any client who has not received a copy of the GAIM written disclosure statement at least forty-eight (48) hours prior to executing a financial planning agreement shall have five (5) business days subsequent to executing the agreement to terminate financial planning services of GAIM and to receive a full refund of the advance retainer fee if such retainer is charged.

After the initial five (5) day period, client or GAIM may terminate a financial planning agreement by giving the other party at least thirty (30) days prior written notice to the date on which termination is to be effective. The client will be responsible for time expended by GAIM. Any remaining funds from the advance retainer fee will be refunded to the client. Any fees due will be billed to the client.

### **Retirement Plan Consultation Services**

#### ***Qualified Plan Consulting Services***

Clients may engage GAIM to provide Retirement Plan Consultation Services which may include, but are not necessarily limited to, development and maintenance of asset allocation portfolios, recommendations regarding investment selection, and educational presentations to plan participants. Below is a list, with descriptions, of the suite of services offered through this program.

#### **Fiduciary Consulting Services**

GAIM provides the following Fiduciary Retirement Plan Consulting Services:

- Non-Discretionary Investment Advice. GAIM will provide you with general, non-discretionary investment advice regarding assets classes and investment options, consistent with your Plan's investment policy statement.
- Investment Selection Services. GAIM will provide you with recommendations of investment options consistent with ERISA section 404(c).
- Investment Due Diligence Review. GAIM will provide you with periodic due diligence reviews of the Plan's reports, investment options and recommendations.
- Investment Monitoring. GAIM will assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and GAIM will make recommendations to maintain or remove and replace investment options.
- Individualized Participant Advice. Upon request, GAIM will provide one-on-one advice to Plan participants regarding their individual situations.

GAIM acknowledges that in performing the Fiduciary Consulting Services listed above that it is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 ("ERISA") for purposes of providing non-discretionary investment advice only. GAIM will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause GAIM to be a fiduciary as a matter of law. However, in providing the Fiduciary Consulting Services, GAIM (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client's retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client's retirement plan or the interpretation of Client's retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the "Administrator" of Client's retirement plan as defined in ERISA.

#### Non-Fiduciary Services

GAIM provides clients with the following Non-Fiduciary Retirement Plan Consulting Services:

- Participant Education. GAIM will provide education services to Plan participants about general investment principles and the investment alternatives available under the Plan. GAIM's assistance in participant investment education will be consistent with and within the scope of DOL Interpretive Bulletin 96-1. Education presentations will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts.
- Participant Enrollment. GAIM will assist you with group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.

- Qualified Plan Development. GAIM will assist you with the establishment of a qualified plan by working with you and a selected Third Party Administrator. If you have not already selected a Third Party Administrator, we can assist with the review and selection of a Third Party Administrator for the Plan.

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the Plan as the term “fiduciary” is defined in Section 3(21)(A)(ii) of ERISA.

The exact suite of services provided to a client will be listed and detailed in the Investment Advisory Services Engagement.

All recommendations of investment options and portfolios will be submitted to the client for the client's ultimate approval or rejection. Therefore, it is always the client's responsibility to accept GAIM's investment recommendations and then physically make changes to the plan itself.

In the event a client contracts GAIM for one-on-one consulting services with Plan Participants, such services are consulting in nature and do not involve GAIM implementing recommendations in individual participant accounts. It will be the responsibility of each Participant to implement changes in their individual accounts.

The Plan custodian will send statements to the Plan, at least quarterly, showing all disbursements from the Plan, including the amount of the advisory fee paid and when such fee is deducted directly from the Plan.

Fees may be calculated and billed in advance or in arrears each quarter as determined by the client or Third-Party Administrator. Fees are based on the total market value of the Plan at the close of the quarter. The maximum fee shall not exceed 1.00% of assets under advisement. Fees are negotiable based on factors such as, but not limited to, the size of the plan and the number of participants.

The actual fee charged to a client will be noted in the Investment Advisory Services Engagement. Fees will be deducted from the Plan by the custodian and paid to GAIM based upon the custodian's receipt of written authorization to have the fees deducted from the Client's account and paid to GAIM.

In addition to GAIM's compensation, the client will also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses) and charges imposed by the Plan custodian and Third-Party Administrator (if applicable). Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to Client by the custodian. GAIM will not receive any portion of such brokerage commissions or transaction fees from the custodian or client. Service fees charged by GAIM are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

Either the client's authorized representative or GAIM may terminate the Investment Advisory Services Engagement with 30 days written notice to the other party. For clients paying fees in advance of each quarter, a refund of any unearned fees will be made based on the time expended by the GAIM before termination. For clients paying fees in-arrears of each quarter, the final fee will be calculated using the value of the Plan assets on the date of termination. A full refund of any fees paid in-advance will be made if the agreement is terminated within five business days of originally signing the agreement. Similarly, for clients paying in-arrears, no fees will be due if the client elects to terminate the agreement within five business days of originally signing the agreement.

### ***Active 401k Strategies***

Upon execution of an Investment Advisory Agreement, GAIM provides on-going investment recommendations for retirement plan accounts not managed or maintained by GAIM through our Active 401k Strategies program. Only accounts for which an IAR of GAIM is not the investment advisor representative of record on the account are eligible for this service. However, GAIM may provide consultation services on accounts established through a GAIM investment advisor representative in the investment advisor representative's separate capacity as a registered representative of Purshe Kaplan Sterling Investments (PKS). Accounts eligible for this service include, but are not necessarily limited to, 401(k) accounts, pension plans, and qualified retirement accounts not otherwise managed by GAIM.

This service is generally geared towards individual participant accounts. However, these services may be provided to ERISA qualified retirement plan at the "plan" level. In these cases, GAIM will work with the employer sponsoring the ERISA qualified retirement plan. When doing so, GAIM acknowledges that in performing these services that it is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 ("ERISA") for purposes of providing non-discretionary investment advice only. GAIM will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause GAIM to be a fiduciary as a matter of law. However, in providing Active 401(k) Strategies services, GAIM (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of your retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of your retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of your retirement plan or the interpretation of your retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the "Administrator" of your retirement plan as defined in ERISA.

GAIM shall work with the client to determine the client's investment objectives and help determine an appropriate investment model based on the client's investment objectives. Each investment model developed by GAIM will have specific investment recommendations that are available through the client's retirement account. GAIM will deliver updates to the recommended investments at least quarterly. Recommendations are delivered electronically to the client. Investment options are specific to the client's retirement plan and will typically be limited to open ended mutual funds and other investments commonly available through retirement plans.

Clients are under no obligation to implement the investment recommendations provided by GAIM. All trade implementation under this service is the responsibility of the client. GAIM and its investment advisor representatives will not at any time have access to a client's funds, securities,

or account(s) and therefore will not have authority to rebalance, reallocate or trade in the account. Clients will have the sole responsibility to accept or reject GAIM's investment recommendations.

Clients contracting for this service will receive a complimentary 90 day free trial period. During this period, GAIM will meet with the client to determine investment objectives and an appropriate investment model. Clients will receive specific recommendations and periodic updates to those recommendations. However, no fees are charged to the client by GAIM during the introductory 90 day period. At the end of the 90 day free trial period, clients have the option to terminate services with no penalty and no fees due.

After the initial 90 day free trial period, GAIM charges a monthly service fee of \$50. The monthly fee is due in advance, at the beginning of each calendar month. GAIM will deliver an electronic invoice to the client and payment is due upon receipt. The \$50 monthly fee is waived for subscribers receiving other GAIM services.

GAIM is willing to negotiate the monthly fee when services are paid by a company or group on behalf of its employees or members. For example, GAIM may charge an employer a monthly fee of up to \$500 which would cover up to 15 employees. Monthly fees charged to employers and other groups are negotiable based on the number of participants receiving GAIM's services and the retirement plan platform utilized.

The client or GAIM may terminate an Investment Advisory Agreement by giving the other party prior written notice. Prepaid, unearned fees shall be refunded to the client based on the number of days remaining in the final month.

Clients should be aware that retirement plan accounts are subject to fees and expenses separate from the advisory fee charged by GAIM. Such fees and expenses include, but are not limited to retirement plan administration fees and internal mutual fund fees and expenses including 12b-1 fees. GAIM and its investment advisor representatives do not receive a portion of such fees and expenses. However, for accounts sold by a GAIM investment advisor representative in the investment advisor representative's separate capacity as a PKS registered representative, the investment advisor representative will receive commissions in addition to GAIM's receipt of the investment advisory fee.

#### ***Additional ERISA Qualified Plan Disclosures***

Retirement plan consulting services are not management services, and GAIM does not serve as administrator or trustee of the plan. GAIM does not act as custodian for any client account or have access to client funds or securities (with the exception of, some accounts, having written authorization from the client to deduct our fees). In addition, we do not implement any transactions in a retirement plan or participant's account. For retirement plan consulting services, the retirement plan or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

GAIM will disclose, to the extent required by ERISA Regulation Section 2550.408b-2(c), to you any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary

circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

### **Custodial Fees and Charges**

The account custodian/clearing agent for the investment management accounts imposes a fee for executing transactions and other custodial services in each client account. These charges are not retail broker commissions and no part of the transaction charge is paid to GAIM. The fees and charges imposed by the clearing agent are in exchange for facilitating the execution of trades and for the custody of the assets in the client's account. In addition to transaction charges, the custodian may also impose various fees for transferring securities and for other services. These transaction fees are subject to change without warning.

On occasion, GAIM may purchase a mutual fund for a client's account that has a short term redemption fee. If we receive a sell signal before the minimum required holding period has elapsed, the client will be assessed a fee by the mutual fund company that is debited directly from their account.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Item 6 of the Form ADV Part 2 instructions is not applicable to GAIM's brochure because GAIM does not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

### **Item 7 – Types of Clients**

GAIM generally provides investment advice to the following types of clients.

- Individuals (including Trusts and Estates)
- High-Net Worth Individuals
- State and municipal government agencies
- Businesses

All clients are required to execute an agreement for services in order to establish a client arrangement with GAIM.

### **No Minimum Investment Amounts Required**

Unlike some other investment advisory firms, GAIM does not enforce a minimum investment amount or account balance to open an Asset Management Services program account. Similarly, GAIM does not require a minimum investment amount to sign-up for its Financial Planning or Retirement Consulting Services.

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

The following are some of the general investment strategies our Firm uses when providing investment advice and/or managing client accounts.

- Long term purchases - Investments held at least a year.
- Short term purchases - Investments sold within a year.
- Trading - Investments sold within 30 days.
- Margin transactions. On an occasional basis, GAIM offers margin accounts as a service to clients who desire check writing ability on their accounts. This service is primarily utilized to guard against over-drafts from the check writing account. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from GAIM.

#### **Investment Strategies**

GAIM provides discretionary investment management services for clients by employing a number of investment programs which can be generally categorized as addressing either income or capital appreciation objectives as described more fully below.

#### **Capital Appreciation - Active Portfolio Strategies (APS)**

For capital appreciation goals we believe that the best results are achieved through the avoidance of major losses. It is our opinion that a simple passive diversification of asset classes does not by itself reduce volatility sufficiently for most investors' peace of mind. Therefore, we have developed a number of programs that we refer to as **Active Portfolio Strategies (APS)**. In APS portfolios, we strive to miss the majority of significant market declines and capture the majority of major market up-trends to both protect client assets and to achieve reasonable growth for long-term investors. We employ a variety of strategies to help us achieve these goals. Several of the strategies employed involve daily analysis of each investment held. Although active repositioning of assets is possible during times of market turbulence, the average holding period for investments in our APS portfolios can normally be measured in weeks or months. The primary investment vehicles for these strategies are registered mutual funds, exchange traded funds, and publicly traded equities and debt securities.

#### **Income**

Current and future income is a common goal for many of our clients and we manage several programs to help meet this need. The primary investment vehicles for these programs are registered mutual funds, exchange traded funds, and publicly traded equities and debt securities. These investments are selected and managed for their ability to deliver predictable streams of income. Capital appreciation is not primary concern for these programs. The programs that we have developed for income include. **GAIM Income** (100% fixed income), **GAIM Total Return** (60% dividend paying equities/40% fixed income) and **GAIM Total Return 100** (100% dividend paying equities).

Our goal is to develop long-term relationships with our clients and personalized investment advice is a central part of each client experience at GAIM. The process of becoming a GAIM client begins with a free, no obligation consultation to determine your investment goals and aspirations, comfort (or lack of comfort) with risk, and address any questions you might have. At the end of this meeting, you will be given a cost estimate of our services, investment recommendations and an understanding of the GAIM investment process, and whatever else you might need to make an informed decision about our investment management services.

Guided by your stated objectives, with consideration given to your liquidity needs, risk tolerance, overall investment goals and personal considerations, GAIM provides investment supervisory services by making recommendations consisting of one or more of our investment programs. The programs may include, but are not limited to, GAIM managed programs in which you may choose one or more investment objectives from the selection offered, and GAIM then provides continuous, ongoing management. Blended mixes of various GAIM programs can be used to accommodate a wide range of client objectives.

### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will

erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When we invest in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produced the expected returns, the value of the investment will decrease.
- Margin Risk – To the extent that you authorize the use of margin, and margin accounts are managed by our Firm, the market value of your account and corresponding fee payable to GAIM will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin (see below), clients authorizing margin are advised of the potential conflict of interest whereby the decision to use margin will correspondingly increase the management fee paid to GAIM. Accordingly, the decision as to whether to open a margin account is left totally to the discretion of client.

A margin account will be carried by the broker/dealer of your account. The securities purchased in such an account are the broker/dealer's collateral for its loan to you.

If the securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and, as a result, a brokerage firm is required to take action, such as issue a margin call and/or sell securities or other assets in your accounts, in order to maintain necessary level of equity in the account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any Margin Account that may be established as a part of our Investment Management Services and held by your broker/dealer. These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The broker/dealer can force the sale of securities or other assets in your account.
- The broker/dealer can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account that may be liquidated or sold to meet a margin call.
- The broker/dealer may move securities held in your cash account to your margin account and pledge the transferred securities.

- The broker/dealer can increase its “house” maintenance margin requirements at any time and are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

### **Item 9 – Disciplinary Information**

This item is not applicable to GAIM's brochure because GAIM has not been subject to any legal or disciplinary events, including those listed at Item 9 of the Form ADV Part 2 instructions.

### **Item 10 – Other Financial Industry Activities and Affiliations**

GAIM is an independent investment advisory firm and only provides investment advisory services. While GAIM does not sell products or services other than investment advice, GAIM's officers and IARs may sell other products or provide outside of their roles with GAIM.

#### **Relationship with Purshe Kaplan Sterling Investments**

Our IARs are registered representatives of Purshe Kaplan Sterling Investments (PKS) and may work with clients on a strictly commission basis. Clients are not obligated to purchase or sell securities through PKS. However, if clients choose to implement the advice provided by our IARs in their separate capacities as registered representatives, PKS will be used and commissions may be earned in addition to any fees paid for advisory services. However, our Asset Management Services described in Item 4 – Advisory Services are not provided through PKS accounts. Commissions may be higher or lower at PKS than at other broker/dealers. Registered representatives are restricted to only offering those products and services that have been reviewed and approved for offering to the public by PKS and for which PKS and its clearing firm, National Financial Services, LLC, have obtained a selling agreement.

#### **Affiliation with Gierl Augustine & Associates**

GAIM is affiliated with Gierl Augustine & Associates. If clients of GAIM are in need of tax or accounting services, they may be referred to Gierl Augustine & Associates. Fees for tax and accounting services will be billed separately from advisory fees. Clients are not obligated in any manner to use Gierl Augustine & Associates. No fee sharing arrangements exist between GAIM and its affiliated accounting firm. However, clients should be aware that GAIM's owners will benefit from referring clients to the accounting due to the affiliation between the two firms.

GAIM's IARs are also independently licensed to sell insurance products through various insurance companies. GAIM's IARs conduct their insurance activities through Gierl Augustine & Associates. When acting in their separate capacities as insurance agents, IARs will receive commissions for selling insurance products. Clients are never required to purchase insurance from a GAIM IAR.

#### **Time Spent Conducting Outside Activities**

Generally less than half of an IAR's time will be spent providing brokerage services through PKS and insurance activities. When engaged by a client in these roles, IARs will receive compensation in the form of commissions. For example, when recommending and then selling a security investment through a straight brokerage account at PKS, the IAR (in his separate capacity as a registered representative of PKS) will receive a commission for selling the investment. Similarly, the IAR, when acting in his separate capacity as an insurance agent, will receive a commission when clients purchase insurance products through the IAR. As a result of these affiliations, a potential conflict of interest exists because in addition to receiving advisory fees, the IARs receive commission. IARs will always endeavor to explain these

conflicts and all potential sources of compensation to client before any transaction is made on client's behalf.

In addition to their brokerage and insurance activities, Gary and Tim Augustine provide tax and accounting services through Gierl Augustine & Associates. Approximately 15% of their time is devoted to this activity.

### **No Other Affiliations**

GAIM is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) lawyer or law firm, (7) pension consultant, (8) real estate broker or dealer, or (9) sponsor or syndicator of limited partnerships.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

Unlike some other companies and financial professionals offering investment-related services, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients.

As an investment advisor, GAIM and its employees have a fiduciary duty to all clients. GAIM has established a Code of Ethics which all employees must read. They must then execute an acknowledgment agreeing that they understand and agree to comply with GAIM's Code of Ethics. The fiduciary duty of GAIM and its employees to clients is considered the core underlying principle for GAIM's Code of Ethics and represents the expected basis for all employees' dealings with clients.

- GAIM has the responsibility to make sure that the interests of clients are placed ahead of it or its employees' own investment interests.
- All employees will conduct business in an honest, ethical and fair manner. All employees will comply with all federal and state securities laws at all times.
- Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted.
- All employees have a responsibility to avoid circumstances that might negatively affect or appear to affect the employees' duty of complete loyalty to their clients.

The Code of Ethics established by GAIM specifically addresses issues such as the following:

- Standards of conduct and compliance with applicable laws, rules, and regulations.
- Protection of material non-public information.
- The addressing of conflicts of interest.
- Employee disclosure and reporting of personal securities holdings and transactions.

- The firm's initial public offering (IPO) and private placement policy.
- The reporting of violations of the Code of Ethics.
- Educating employees about the Code of Ethics.
- Enforcement of the Code of the Ethics.

This section is only intended to provide current clients and potential clients with a description of GAIM's Code of Ethics. If current clients or potential clients wish to review GAIM's Code of Ethics in its entirety, a copy may be requested from any of GAIM's employees and a copy will be provided promptly.

#### **Affiliate and Employee Personal Securities Transactions Disclosure**

IARs and associated persons of GAIM may buy or sell the same securities as recommended to client. This policy was result in conflicts between our client's interests and the investing interests of our personnel. Therefore we have developed certain procedures to help control for the conflicts of interest.

- Client accounts are given priority over accounts owned by our personnel. In many cases our personal accounts are actively managed by GAIM using the same strategies as our client accounts. When an individual equity order is purchased for model portfolios, the orders are typically entered as block orders. The executed equity orders are allocated to the accounts as discussed in the trade aggregation section of Item 12.
- GAIM is in full compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988.
- Furthermore, GAIM monitors the personal securities transactions of all of its employees. As stated described above, GAIM has adopted a written Code of Ethics in accordance with SEC Rule 204A-1. Tim Augustine, as Chief Compliance Officer for GAIM, carries out all compliance related mandates as set forth by the Code of Ethics.

### **Item 12 – Brokerage Practices**

Clients wishing to implement GAIM's financial planning advice are free to select any broker they wish and are so informed. Client's that would like to implement advice through GAIM's Asset Management Services are required to use a broker/dealer selected by GAIM. Clients that choose to work with a GAIM IAR on a strictly commission-only basis will be required to open account through PKS.

#### **Recommendation of Charles Schwab and TD Ameritrade**

GAIM requires clients to establish brokerage accounts with either the Schwab Institutional division of Charles Schwab & Co., Inc. (Charles Schwab), a registered broker-dealer, member SIPC, or TD Ameritrade, also a registered broker/dealer, member SIPC to maintain custody of clients' assets and to effect trades for their accounts. The recommendation of TD Ameritrade is tied directly to our use of the TD Ameritrade Institutional division which, like Schwab Institutional, services independent investment advisor firms. Not all investment advisors require the use of a particular broker/dealer. Some investment advisors allow their clients to pick which broker/dealer the client uses. However, in order to provide efficient services and due to operational and compliance considerations, we require the use of either Charles Schwab or TD Ameritrade when opening an account through our firm's Asset Management Services program.

GAIM is independently owned and operated and not affiliated with Charles Schwab or TD Ameritrade. Both Charles Schwab and TD Ameritrade provide GAIM with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as they maintain a pre-determined, minimum amount of client assets on the respective platform. We have not entered into a written soft-dollar agreement nor do we receive client referrals from either TD Ameritrade or Charles Schwab.

Services received include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Charles Schwab and TD Ameritrade also make available to GAIM other products and services that benefit GAIM but may not benefit all client accounts. Some of these other products and services assist GAIM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and allocation of aggregated trade orders from multiple client accounts); provide research, pricing information and other market data; facilitate payment of GAIM's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of GAIM's accounts, including accounts not maintained on the broker/dealer platform providing the service.

Schwab Institutional and TD Ameritrade Institutional also make available to GAIM other services intended to help GAIM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, institutional programs may make available, arrange and/or pay for these types of services rendered to GAIM by independent third party providing these services to GAIM. While as a fiduciary, we endeavor to act in our clients' best interests, it should be noted that our requirement for clients to maintain their assets in accounts at Charles Schwab and TD Ameritrade is based in part on the benefits, products and services received and not solely on the nature, cost or quality of custody and brokerage services provided by Charles Schwab and TD Ameritrade.

Through our relationship with Charles Schwab, GAIM may also use the Charles Schwab Prime Brokerage service. Prime Brokerage is a service allowing GAIM to place trades with other broker/dealers without the need to have individual accounts with the other broker/dealers. The use of Prime Brokerage allows greater flexibility to access more fixed income products, ability to implement trades with companies that may make a market in a security, the ability to access Initial Public Offerings (IPO's), and the ability to access new issue bonds. Prime Brokerage Service is beneficial because it allows GAIM to place trades through several executing broker/dealers, yet receive centralized custody, clearing and settlement, recordkeeping and other services from one source, Charles Schwab. GAIM's decision to use an executing broker/dealer will depend on the executing broker's respective expertise and costs. All assets will be kept in a Charles Schwab account with all confirmations and statements generated by Charles Schwab.

#### **Additional Disclosures for TD Ameritrade Arrangement**

##### **TD Ameritrade Institutional Equity Management Program**

GAIM's President, Stephen Gierl, participates in the TD Ameritrade Institutional Equity Management Program. Subsequently, GAIM may receive succession planning, practice valuation, and equity

management services from third-party vendors available through the Program. In addition to meeting the minimum eligibility criteria for participation in the Program, GAIM was selected to participate in the Program based on the amount and potential profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade.

TD Ameritrade is a discount broker-dealer independent of and unaffiliated with GAIM and there is no employee or agency relationship between TD Ameritrade and Mr. Gierl or GAIM. TD Ameritrade has established the TD Ameritrade Institutional Equity Management Program as a means of assisting independent unaffiliated investment advisory firms to grow and maintain their respective investment advisory business. TD Ameritrade does not supervise GAIM and has no responsibility for GAIM's management of client portfolios or our other advice or services to clients.

Participation in the Program raises potential conflicts of interest. We may encourage our clients to custody their assets at TD Ameritrade which in return increases the profitability to TD Ameritrade. Consequently, in order to participate in the Program, GAIM may have an incentive to recommend to clients that the assets under our management be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Mr. Gierl's participation in the Program does not relieve us of the duty to seek best execution of trades for client accounts.

#### **Operations Panel Participation Disclosure.**

Members of our operational staff serve on the TD Ameritrade Institutional Operations Panel ("Panel"). The Panel consists of approximately twenty-four independent investment advisors that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the independent advisor and their experience with TD Ameritrade's service, technology and products. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for a three year terms by TDA Institutional sales, service and senior management. An investment advisor may serve longer than three years if appointed to additional terms by TDA Institutional senior management. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate Panel members. However, TD Ameritrade pays or reimburses GAIM for the travel, lodging and meal expenses GAIM incurs in attending Panel meetings. The benefits received by GAIM or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by GAIM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence GAIM's recommendation of TD Ameritrade for custody and brokerage services.

#### **Trade Aggregation Policy**

Transactions of ETFs and stock portfolios for client accounts are usually implemented by GAIM individually unless GAIM decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by GAIM when GAIM believes such action may prove advantageous to clients. When GAIM aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among GAIM's clients in proportion to the purchase and sale orders placed for each client account on any given day. When GAIM determines to aggregate client orders for the purchase or sale of securities, including securities in which the associated person of GAIM

may invest, GAIM will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, GAIM does not receive any additional compensation or remuneration as a result of aggregation.

While GAIM will sometimes use aggregate trading strategies, GAIM usually implements trade on an individual client-by-client basis. GAIM does not aggregate trades for mutual funds. Because GAIM generally trades accounts individually, clients may not enjoy the effects of lower commissions per share cost for individual trades compared to lower costs received as a result of bunching trades. As a result, clients may pay a higher transaction cost than could be received elsewhere.

#### **Trade Error Policy**

GAIM has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of GAIM to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by GAIM if the error was caused by GAIM. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. GAIM may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons).

GAIM will never retain any portion of any gains made as a result of trade error corrections or profit in any way from trade errors. IARs are not permitted to make payments to Client or to Client accounts.

If the gain does not remain in the account and Charles Schwab is the custodian, Charles Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100 due to an error made by GAIM, GAIM will pay for the loss. Charles Schwab will maintain the loss or gain (if such gain is not retained in the client's account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in an account, they may be netted.

If the gain does not remain in the account and TD Ameritrade is the broker/dealer, TD Ameritrade will maintain gains that may result from correcting a trade error and in some instances may use such gains to offset overall losses TD Ameritrade may incur from trading errors.

#### **Recommendation of Purshe Kaplan Sterling Investments**

If clients wish to have GAIM's IARs implement the advice in their capacity as registered representative and receive services on a strictly commission-only basis (i.e. non-fee based arrangement) Purshe Kaplan Sterling Investments (PKS) will be used. Associated persons of GAIM are registered representatives of PKS and are required to use the services of PKS and PKS's approved clearing broker-dealers when acting in their capacity as registered representatives. PKS serves as the introducing broker-dealer. All accounts established through PKS will be cleared and held at National Financial Services, LLC. PKS has a wide range of approved securities products for which PKS performs due diligence prior to selection. PKS's registered representatives are required to adhere to these products when implementing securities transactions through PKS. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another

broker/dealer. Because the associated persons of GAIM may also be registered representatives of PKS, PKS provides compliance support to GAIM's associated persons.

### **Item 13 – Review of Accounts**

#### **Account Reviews and Reviewers**

IARs of GAIM continuously monitor investment advisory accounts to identify situations that may warrant specific actions to be taken on behalf of a client's investments or overall portfolio. Such reviews may include, but are not necessarily limited to, suitability, performance, asset allocation and changes in investment objectives and risk tolerance. In addition, all client accounts are reviewed at a minimum of once every six months by GAIM's Principals, Stephen W. Gierl, CFP®, Timothy Augustine, CFP® or other advisory personnel as selected by Mr. Gierl or Mr. Augustine. Any material change in financial situation communicated by Client to GAIM will result in an immediate review. Our investment models, allocations and investments contained within our models and client accounts are reviewed on a more frequent basis. Those reviews are conducted on a weekly basis.

In addition, GAIM and its IARs may engage in fee based financial planning activity. An annual review for financial planning services is suggested and encouraged.

#### **Statements and Reports**

Clients or their independent representatives are provided with statements from the client's independent qualified custodian. Statements showing all current positions and all current transactions that have occurred during the corresponding time period are sent no less frequently than quarterly. Most custodians will send statements on a monthly basis when there is activity in the underlying account(s). Statements may be provided electronically. Independent custodians also provide confirmations to clients of each transaction in their accounts. Clients may elect to receive their trade confirmations and account statements electronically instead of delivery through regular mail. Clients can view their account information at any time via their independent custodian's secure website. During client review meetings or upon client request, GAIM provides performance reports for accounts managed and/or reported to GAIM. Clients are strongly encouraged to compare all reports provided by GAIM against corresponding account statements generated by independent custodians. You should contact us if there are discrepancies or if you do not receive custodial account statements.

### **Item 14 – Client Referrals and Other Compensation**

#### **Referral Arrangements**

When a client is introduced to GAIM by either an unaffiliated or an affiliated solicitor, GAIM may pay that solicitor a portion of the client's total investment management fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements.

If the client is introduced to GAIM by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of the solicitor relationship, and shall provide each prospective client with a copy of GAIM's Disclosure Brochure, together with a copy of GAIM's *Investment Advisory Agreement* to the client disclosing the terms of the solicitation arrangement between GAIM and the solicitor, including the compensation to be received by the solicitor from GAIM. Any affiliated solicitor of GAIM shall disclose 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 GAIM's Disclosure Brochure.

GAIM has formed relationships with a select number of individual solicitors. These solicitors may refer prospective clients to GAIM and/or its IARs in their separate capacities as registered representatives of PKS. When referring clients to GAIM or PKS, the solicitors will receive a portion of the advisory fee charged to the client or a portion of the commission charged through PKS. Individuals acting as solicitors through these arrangements are properly licensed as investment advisor representatives of GAIM. Solicitors referring clients to IARs in their separate capacities as PKS registered representatives must also be approved as registered representatives of PKS to receive compensation. While, solicitors are properly licensed, the only activity they are allowed to engage in is referring clients to GAIM and its IARs. Individuals acting as solicitors through this arrangement do not provide securities recommendations to clients or formulate investment advice for clients. Because such solicitors are licensed as investment advisor representatives of GAIM they are considered "affiliated" solicitors and are required to disclose their relationship with GAIM and provide this Disclosure Brochure to clients at the time of solicitation.

GAIM has entered into a Financial Institution Marketing Agreement with ESB Bank. GAIM offers and solicits advisory services to customers of ESB Bank at sales areas located in the ESB Bank main office and at selected ESB Bank branches. In consideration of this arrangement, GAIM shares with ESB Bank a portion of advisory fees received from ESB Bank customers that become clients of GAIM. In addition, a portion of commissions earned by GAIM's IARs in their separate capacities as PKS registered representatives are paid to ESB Bank when such commissions are generated from PKS accounts owned by ESB Bank customers.

Advisory fee compensation to ESB Bank is based on a percentage of the GAIM advisory fee charged to clients generated through ESB Bank. The arrangement between GAIM and ESB Bank is in compliance with federal and state regulations (as applicable) specific to the payment of compensation to properly registered banks through Financial Institution Marketing Agreements.

ESB Bank is not permitted to offer clients any investment advice on behalf of GAIM. The advisory fee charged to clients referred by ESB Bank is not higher than fees charged to other GAIM clients and therefore is not increased as a result of compensation being shared by GAIM with ESB Bank.

GAIM clients that are in need of banking services may be referred to ESB Bank by GAIM. GAIM clients are not obligated in any manner to use the services of ESB Bank and GAIM does not receive any referral fees or other forms of compensation for recommending the services of ESB Bank.

### **Additional Compensation**

- The only form of compensation received by GAIM is the advisory fees billed directly to clients. However, in some situations, an advisory client could work with us in our separate capacities as PKS registered representatives or as insurance agents. For example, a financial planning client could choose to implement our advice through a commission-based PKS account rather than through our Asset Management Services or choose to purchase insurance products through our IARs in the separate capacity as insurance agents. In those cases, the following disclosures are provided.
  - GAIM's IARs, in their separate capacities as registered representatives, receive commissions from the execution of securities transactions. In addition, IARs may receive 12b-1 fees from certain mutual fund companies as outlined in the fund's prospectus. 12b-1 fees come from fund assets, therefore, indirectly from client assets. The receipt of such fees could represent an incentive for the registered representative to recommend

funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest.

- o GAIM's IARs that are licensed as insurance agents may receive commissions and other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of this compensation may affect the judgment of GAIM's IARs when recommending products to its clients. While GAIM's IARs endeavor at all time to put the interest of the clients first as a part of GAIM's fiduciary duty, clients should be aware that the receipt of commission and additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations. GAIM and its IARs may receive from product sponsors marketing and sales training support including reimbursement for expenses related to client seminars and advertising materials, and due diligence or educational seminars, including reimbursement for travel expenses, meals and lodging.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

GAIM is deemed to have custody of client funds and securities whenever the firm is given the authority to have fees deducted directly from client accounts.

For accounts in which GAIM is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from GAIM. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

When a client needs to fund their account, payment must never be made to GAIM. GAIM can only accept payment for fees earned from advisory services rendered such as financial planning and consulting services. Payments for accounts, securities or any other items must be payable to the qualified custodian for the account such as Charles Schwab or TD Ameritrade. The qualified custodian for client's account will never be GAIM or its IARs.

### **Item 16 – Investment Discretion**

GAIM and its IARs shall provide investment supervisory services on a discretionary basis. The client for each account via a Trading Authorization will grant this authority in writing. The Trading Authorization details the specific types of securities that may be traded on a discretionary basis. GAIM and its IARs will also determine the amount of the purchases and sales of securities executed on behalf of the client.

Discretion will be limited to trades that do not generate any commission income to GAIM or its IARs. Neither GAIM nor its IARs shall take possession of funds or securities.

GAIM may elect to purchase bonds through bond broker/dealers in order to obtain a better price for the client and then have the bonds delivered into the client's brokerage account. This practice is conducted through the Charles Schwab Prime Brokerage Service. This is the only case in which GAIM selects a broker/dealer to be used without specific client consent. Charles Schwab & Co., Inc. charges the client a Prime Brokerage Service Fee per order entered at an executing broker/dealer by GAIM. The Prime Brokerage Service Fee will be charged to the client's account. GAIM clients must execute the Charles Schwab Brokerage Account Agreement - Prime Brokerage Amendment form before GAIM can execute trades at broker/dealers other than Charles Schwab that settle in the client's Charles Schwab account. See Item 12.B. for additional information regarding the Charles Schwab Prime Brokerage Service.

### **Item 17 – Voting Client Securities**

GAIM does not vote proxies on behalf of its clients. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, GAIM had determined that taking on the responsibility for voting client securities results does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is the responsibility of GAIM clients to vote all proxies for securities held in accounts managed by GAIM.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered to clients from GAIM. While GAIM does not vote client proxies, if a client has a question about a particular proxy the client can contact their investment advisor representative.

### **Item 18 – Financial Information**

This item is not applicable to GAIM's brochure. GAIM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, GAIM is not required to include a balance sheet for its most recent fiscal year. GAIM is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, GAIM has not been the subject of a bankruptcy petition at any time.

### **Customer Privacy Policy Notice**

All information given to GAIM and all recommendations and advice furnished by GAIM to the client will be kept confidential and will not be disclosed to anyone, except as GAIM and client may agree upon in writing or as may be required to do so by law.

GAIM will collect non-public personal information about the client as part of this engagement. This information will be obtained directly from the client and includes details, such as the client's date of birth, social security number, financial account numbers and balances, tax returns, sources and amounts of income, home addresses, telephone numbers and other such personal information.

As part of GAIM's policy, GAIM restricts access to confidential personal information about the client to those GAIM employees who need to know that information in order to provide products or services to the

client. GAIM maintains physical, electronic and procedural safeguards to comply with federal standards to guard the client's confidential personal information.

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