

# **Great Northern Asset Management**

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## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Great Northern Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at 651-222-6130. 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 Great Northern Asset Management, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Great Northern Asset Management, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

This is our first annual updating amendment. We have the following material changes to report. In December 2013, the Firm was purchased by Gnam Acquisition Corp. (owned by Mark Zavanelli). In connection with the acquisition, the firm filed a successor application for registration as well as a new form ADV Part 2A. All previous owners and associated persons are no longer affiliated with the firm.

Our firm's Part 2A was materially different than the previous disclosure brochure as follows:

We no longer provide the Alpha-Max equity strategy.

We disclosed that, in some cases, upon your request, we will deduct our fee directly from your account through the qualified custodian holding your funds and securities.

We made certain disclosures regarding side-by-side-management and the conflicts associated therewith.

We amended our disclosure under Item 8- Methods of Analysis, Investment Strategies and Risk of Loss.

We disclosed that Mark Zavanelli, our principal indirect owner, is also the owner of ZPR Investment Management, Inc. a registered investment adviser. Clients of our firm may also be clients of ZPR Investment Management, Inc. and are hereby advised that fees charged and services provided by ZPR Investment Management, Inc. are separate and apart from the those of our firm. You are under no obligation to use the services of ZPR Investment Management, Inc.

We disclosed a new Code of Ethics Summary.

We disclosed that our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading").

We disclosed we may engage in cross transactions between two or more managed accounts.

We disclosed, when exercising our discretionary authority to select the broker-dealer to be used, we utilize the brokerage services of Abel Noser Corp., Western International and Instinet Corp for equity transactions and Capital Institutional Services for fixed income transactions.

We amended our disclosure under Item 16- Investment Discretion.

We amended our disclosure on proxy voting.

We disclosed that we do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

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## Item 4 Advisory Business

### Description of Services and Fees

Great Northern Asset Management, Inc. is a registered investment adviser based in Orange City, Florida. We are organized as a corporation under the laws of the State of Minnesota. We also conduct business under the name Great Northern Capital. We have been providing investment advisory services since 1994 and under new ownership since December 2012. GNAM Acquisition Corp. is our principal owner. GNAM Acquisition Corp. is owned by Mark Zavanelli.

The following paragraphs describe our services and fees. As used in this brochure, the words "we", "our" and "us" refer to Great Northern Asset Management, Inc. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

### Portfolio Management Services

We provide discretionary portfolio management services utilizing the following strategies based upon proprietary quantitative models developed by the our firm. Our models may be based on information provided by outside sources.

- Long-only Small Cap equity
- Long-only SMID (a combination of small and mid-cap) Cap equity
- Tactical Duration fixed income

Each strategy is designed to meet a particular investment goal, as detailed in Item 8. Our equity portfolios utilize proprietary quantitative modeling to provide a systematic, repeatable, dynamic process that forecasts expectations for the near-term while adjusting for the current investment environment.

At the inception of the client relationship, we will meet with you to determine the appropriate strategy based on your investment objectives, risk tolerance and other relevant information. Once the appropriate strategy or blend of strategies has been determined for a client, we will monitor your portfolio on an ongoing basis and will rebalance your portfolio based on the strategy's goal, rather than on each client's individual needs. However, each client will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

If you retain our firm to provide portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and mount of securities, to be purchased or sold for your your account, the broker-dealer to be used and the commission rates to be paid without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms.

### Wrap Fee Programs

Our strategies are also offered within various wrap-fee programs. We act as portfolio manager within such programs whereby model portfolios based upon our strategies are made available to wrap fee clients. We receive a portion of the wrap fee for providing such services.

Currently we serve as portfolio manager within the following wrap-fee programs that are sponsored by unaffiliated entities:

1. Unified Managed Account program, sponsored by Oppenheimer Asset Management, Inc.
2. Advisory Program sponsored by Envestnet Asset Management.
3. Managed Account Services, sponsored by Wedbush Morgan Securities, Inc.

#### 4. Managed Account Service, sponsored by Clearbrook Financial LLC.

Clients and potential clients of the wrap fee programs should refer to the applicable wrap-fee program disclosure brochure for information on such programs, including the services offered and fees charged.

### Types of Investments

We primarily provide advice on equity securities and fixed income securities.

### Assets Under Management

As of December 31, 2013, we had \$56,253,226 in assets under management on a discretionary basis.

## Item 5 Fees and Compensation

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<b>Investment Strategy</b>	<b>Max. Annual Fee (%)</b>
Small Cap Equity	1.00%
Small / Mid Cap Equity	1.00%
Tactical Duration Fixed Income	0.30%

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter.

In lieu of and/or in addition to an asset based fee, we may charge clients a performance based fee. Performance based fees are individually negotiated with each client on a case by case basis.

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

In general, we will send you an invoice for the payment of our advisory fees. In the alternative, in some cases, upon your request, we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

You may terminate the portfolio management agreement upon 30 days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### Additional Fees and Expenses

While it is not anticipated that mutual funds will be included in client portfolios, money market mutual funds may be used to "sweep" unused cash balances until they can be appropriately invested. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund

expenses. Portfolio management clients will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

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

We may enter into performance fee arrangements with certain "qualified clients" having a net worth greater than \$2,000,000 or for whom we manage at least \$1,000,000 immediately after entering an agreement for our services. Performance-based fees are fees based on a share of capital gains or capital appreciation of a client's account. The amount of the performance based fee we charge is negotiated with each client on a case by case basis.

We manage accounts that are charged performance-based fees while at the same time managing accounts (perhaps with similar objectives) that are not charged performance-based fees ("side-by-side management"). Performance-based fees and side-by-side management create conflicts of interest, which we have identified and described in the following paragraphs.

Performance-based fees create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a senior officer of our firm periodically reviews client accounts to ensure that investments are suitable.

Performance based fees may also create an incentive for our firm to overvalue investments which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments, which do not have a readily ascertainable value.

Side-by-side management might provide an incentive for our firm to favor accounts for which we receive a performance-based fee. For example, we may have an incentive to allocate limited investment opportunities to clients who are charged performance-based fees over clients who are charged asset based fees only. To address this conflict of interest, we have instituted policies and procedures that require our firm to allocate investment opportunities (if they are suitable) in an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees.

## **Item 7 Types of Clients**

We provide investment advisory services to high net worth individuals, pension and profit sharing plans, corporations and other business entities including financial institutions and state or municipal government entities.

We typically require a minimum account size of \$1 million, which minimum may be waived in our sole discretion.

Each of the wrap-fee programs in which we act as portfolio manager may impose minimum account size requirements. Clients and potential clients in these wrap fee programs should refer to the applicable wrap-fee disclosure document for the program(s) in question for more information.

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

We use one or more of the following methods of analysis or investment strategies when providing investment advice:

### Methods Of Analysis:

Our equity portfolios utilize quantitative modeling to select securities. Our models use a variety of company specific data points in combination to find stocks which we believe have the potential for outperformance. These selection criteria are data-driven and typically do not include fundamental analysis of a company's business. Two primary tools employed are:

#### Valuation Factor

Our valuation factor predicts an efficient price for a company by combining balance sheet data with profitability metrics. We believe this combination is predictive of future stock prices, as it objectively models the market's tradeoff between value and growth.

#### Market Factor

Our market factor utilizes data on how a company is viewed by market participants. This acts as a control check on our valuation factor, helping us to avoid companies where there is relatively higher uncertainty.

Our fixed income portfolios utilize a quantitative model designed to predict interest rate changes at the short end of the yield curve. This model analyzes historical relationships and fluctuations in the yield curve to select the maturity with the highest predicted total return.

### Investment Strategies:

Small Cap (Capitalization) Equity: This strategy utilizes quantitative modeling to provide a systematic, repeatable, process that attempts to identify outperforming stocks. The small cap strategy is an actively managed strategy that typically holds approximately 50 individual stock positions.

SMID Cap Equity: SMID Cap is a small/mid cap strategy that uses the same investment process as the Small Cap strategy to create a portfolio optimized to the Russell 2500 Index. The SMID cap strategy is an actively managed strategy that typically holds approximately 50 individual stock positions.

Tactical Duration Fixed Income: Tactical Duration is geared to provide enhanced returns on short-term fixed income investments. Tactical Duration only invests in U.S. Treasuries and Agencies with maturities of five years or less. There are no derivatives or leverage of any sort in the portfolio. Tactical Duration aims to provide enhanced returns by identifying pricing anomalies at longer maturities on the treasury yield curve and capturing the resulting capital gains.

We engage in long term and short term purchases as described below.

Long-Term Purchases: Securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Risk: Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Short-Term Purchases: Securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Risk: Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

We may use investment strategies that involve buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses during a volatile market. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional prior to and throughout the investing of your assets.

As a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. All investments present the risk of loss of principal - the risk that the value of securities, when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the *Advisory Business* section in this brochure, we primarily recommend equities and fixed income securities.

Stocks: There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the

issuing company; and, the overall health of the economy. In general, larger, more well established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Municipal Securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

## **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 your evaluation of our firm or the integrity of our management. We have no information applicable to this Item.

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

Mark Zavanelli, our principal indirect owner, is also the owner of ZPR Investment Management, Inc. a registered investment adviser. Clients of our firm may also be clients of ZPR Investment Management, Inc. and are hereby advised that fees charged and services provided by ZPR Investment Management, Inc. are separate and apart from the those of our firm. You are under no obligation to use the services of ZPR Investment Management, Inc.

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

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the *Brokerage Practices* section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

### **Cross Transactions**

We may engage in cross transactions between two or more managed accounts. This would occur where one client desires or needs to purchase securities which another client desires or needs to sell. In such transactions, a potential conflict of interest exists in that one client may be disadvantaged by the transaction. For example, we could cause a transaction in a security to occur at a price above the market price for such security that would then be available on the open market, which would benefit the selling account and harm the buying account. We generally only engage in cross transactions where both parties receive equal or more favorable prices as would be available in the open market. As a fiduciary, we effect cross transactions only when clients are informed on the terms of the transaction and such transactions are consistent with our duty to obtain best execution. When we engage in a cross transaction, the parties may be charged a commission by the broker dealer facilitating the transaction. We will maintain a written record of each cross transaction annotated to disclose the terms of the transaction. When we engage in cross transactions, we do not receive additional compensation other than our advisory fees, as disclosed above.

## **Item 12 Brokerage Practices**

When exercising our discretionary authority to select the broker-dealer to be used, we utilize the brokerage services of of Abel Noser Corp., Western International and Instinet Corp. for equity transactions and Capital Institutional Services for fixed income transactions.

We believe that broker-dealers we utilize provide quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided, research, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services provided, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Subject to the requirement to obtain best execution of brokerage transactions, transactions for accounts may be allocated to brokers on the basis of and in consideration of such broker's provision of products and services referred to as "soft dollar" services and products, as discussed below that are of benefit to our firm.

### **Soft Dollars**

In selecting a broker-dealer, we will consider the value of research and additional brokerage products and services a broker-dealer has provided or will provide to our clients and our firm. Receipt of these additional brokerage products and services are considered to have been paid for with "soft dollars." Because such services could be considered to provide a benefit to our firm, we have a conflict of

interest in directing your brokerage business. We could receive benefits by selecting a particular broker-dealer to execute your transactions, and the transaction compensation charged by that broker-dealer might not be the lowest compensation we might otherwise be able to negotiate.

Products and services that we may receive from broker-dealers may consist of research data and analyses, financial publications, recommendations, or other information about particular companies and industries (through research reports and otherwise), and other products or services (e.g., software and data bases) that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Brokerage products and services include but may not be limited to computer services and software that permit our firm to effect securities transactions and perform functions incidental to transaction execution. We use such products and services in our general investment decision making, not just for those accounts for which commissions may be considered to have been used to pay for the products or services. For example, transactions for accounts within wrap fee programs cannot generate soft dollar credits, but the soft dollar services utilized by our firm may benefit these wrap program clients.

The test for determining whether a service, product or benefit obtained from or at the expense of a broker constitutes "research" under this definition is whether the service, product or benefit assists our firm in investment decision-making for discretionary client accounts. Services, products or benefits that do not assist in investment decision-making for discretionary client accounts do not qualify as "research." Also, services, products or benefits that are used in part for investment decision-making for discretionary client accounts and in part for other purposes (such as accounting, corporate administration, recordkeeping, performance attribution analysis, client reporting, or investment decision-making for the firm's own investment accounts) constitute "research" only to the extent that they are used in investment decision-making for discretionary client accounts.

Before placing orders with a particular broker-dealer, we determine that the commissions to be paid are reasonable in relation to the value of all the brokerage and research products and services provided by that broker-dealer. In some cases, the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts charged by another broker-dealer that did not provide research services or products. We may therefore use a broker-dealer who provides soft dollar services and products even though a lower commission may be charged by a broker-dealer who does not offer the same level of products and services.

Brokers-dealers who provide us with soft dollars anticipate a minimum amount of commissions generated from client trades during the year. We believe that any minimum commissions amounts can be met in the course of normal business. We will not put minimum commission requirements above our duty to achieve best execution for clients.

The products and services we receive from broker-dealers will generally be used in servicing all of our clients' accounts. Our use of these products and services will not be limited to the accounts that paid commissions to the broker-dealer for such products and services. In addition, we may not allocate soft dollar benefits to your accounts proportionately to the soft dollar credits the accounts generate. As part of our fiduciary duties to you, we endeavor at all times to put your interests first. You should be aware that the receipt of economic benefits by our firm is considered to create a conflict of interest.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

**Directed Brokerage**

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

**Block Trades**

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

**Item 13 Review of Accounts****Reviews:**

While the underlying securities within Portfolio Management client accounts are continuously monitored, these accounts will be reviewed at least weekly by a Portfolio Manager and/or the Chief Compliance Officer. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

**Reports:**

In addition to quarterly statements and confirmations of transactions that Portfolio Management clients may receive from their custodian, we will provide monthly and/or quarterly reports that consist of holdings, performance data and trading activity. In addition, we may provide customized reports at a client's request. We urge clients to compare our reports against statements received for their custodian and should notify their custodian and our firm should discrepancies appear.

**Item 14 Client Referrals and other Compensation****Client Referrals**

We may directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

## **Other Compensation**

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from broker-dealers.

## **Item 15 Custody**

As paying agent for our firm, in some circumstances, upon your request, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other [independent,] qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

You should compare any statements we provide to you with the statements from your account custodian(s) to reconcile the information reflected on each statement. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

## **Item 16 Investment Discretion**

Portfolio management clients are required to grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s), the broker-dealer to be used and the the commission rates to be paid without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

## **Item 17 Voting Client Securities**

Client may either authorize us to vote proxies on their behalf or retain the authority to vote proxies. In cases where clients retain the authority to vote proxies, we will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In such cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

In cases where client have authorized us to vote proxies, we will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue.

In the event you wish to direct our firm on voting a particular proxy, you should contact Mark Zavanelli at 609-273-5405 or [mzavanelli@gnci.com](mailto:mzavanelli@gnci.com) with your instruction.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

#### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

### **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance nor have we filed a bankruptcy petition at any time in the past ten years. Therefore, we are not required to include a financial statement with this brochure.

### **Item 20 Additional Information**

#### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.