

## ADV Part 2

### **Part 2A: Firm Brochure**

#### **Item 1. Cover Page**

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Principals: Charles A. Flood  
Kristin Gamble

April 28, 2015

This brochure provides information about the qualifications and business practices of Flood, Gamble Associates, Inc. If you have any questions about the contents of this brochure, please contact us at 212-333-2020 or email [Kristin@floodgamble.com](mailto:Kristin@floodgamble.com). The information in this brochure has not been approved or verified by the United States Securities & Exchange Commission or by any state securities authority.

Additional information about Flood, Gamble Associates, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Flood, Gamble Associates, Inc. is a registered investment adviser. Such registration does not, by itself, imply a certain level of skill or training.

#### **Item 2. Material changes**

There are no material changes since our prior ADV filing on April 25, 2014.

Item 3. Table of Contents

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Item 4. Advisory Business

The firm was founded in 1983 by Charles A. Flood as Charles A. Flood Associates, Inc.; in 1984 Kristin Gamble joined the firm and the name was changed to Flood, Gamble Associates, Inc. (FGA). Charles A. Flood and Kristin Gamble each own 50% of the firm.

FGA provides continual advice to clients regarding the investment management of client funds. Clients' funds are all in separately managed accounts and FGA's investment advice and decisions are based on the known individual needs and investment objectives of each client. Advice is limited to liquid, publicly-traded securities, primarily equities, ETF's (exchange-traded funds) and bonds. In some cases mutual funds are used as well. Clients can impose restrictions on certain types of investments. In some cases accounts are managed without specific knowledge of the individual needs of the clients, based solely on the analysis of the portfolio.

As of March 31, 2015 we managed a total of \$373.5 million; \$363.5 million on a discretionary basis and \$10.0 million on a non-discretionary basis (the latter are cases where trust instruments preclude delegating discretionary management). These numbers are calculated per the SEC definition of regulatory assets under management.

Item 5. Fees and Compensation

FGA charges annual fees up to 1% of portfolio assets, which are payable quarterly in advance; under certain circumstances the fee may be negotiated. Fees less than 1% are charged on accounts in excess of \$3 million, or, sometimes, on balanced accounts (owning both stocks and bonds), especially those with municipal bond or significant cash holdings.

Clients should recognize that assets invested in mutual funds, ETF's and/or money market funds are charged a fee by the fund managers as well as the quarterly fee on the market value of assets under FGA's management. Certain custodians who hold client assets may also charge a fee. Clients will also incur brokerage fees (commissions) on transactions in their portfolios. For further discussion of brokerage commissions, see Item 12. None of these fees go to FGA or its principals. FGA does not receive income from any source other than the management of client funds.

On occasion, at the request of a client and in conjunction with managing an account, FGA will consult with a client about investment matters or the securities of a particular corporation. FGA has no established fee for such consultation which may be done without a fee.

FGA fees are generally deducted at the beginning of each quarter from clients' assets. Clients have the option to be billed directly.

Advisory service contracts may be terminated on 30 days notice by either the client or FGA. If a contract is terminated, the unearned portion of any prepaid fee is refunded to the client.

Item 6. Performance-based Fees

FGA does not charge “performance-based fees” which is where FGA would share a portion of realized profits. It is true however, that if client assets appreciate, the FGA fee will also increase.

Item 7. Types of Clients

FGA manages portfolio assets for individuals, personal pensions and profit sharing plans, foundations, trusts and estates. We generally require new accounts to have assets of \$1 million or greater.

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

We offer advice on exchange-listed securities, securities traded over the counter, some foreign issuers, some corporate debt securities, US Government securities, municipal securities and some mutual fund shares.

FGA aims to achieve solid long term investment returns for its clients. Equity investments are generally made with a 3-5 year time horizon with the hope of owning a given stock for even longer. The principals personally do research on the investments made on behalf of clients. Such research includes visiting with the company managements, reading corporate SEC filings, reading investment reports, analyzing business trends, consulting with brokerage firm analysts, and attending industry meetings. Despite our best efforts, however, some investments are not successful.

Investment in equities involves the risk of loss; this can be because of a company-specific mistake or because stock markets in general have a setback. FGA does not actively trade the stocks it owns for clients, but securities are sold when we recognize a mistake or when we believe a different investment may offer greater promise. Sometimes existing holdings are partially sold when a holding gets large in a client portfolio, when client withdrawals require raising funds, or when a stock does better than anticipated. Transactions involve costs to the client, including brokerage commissions and possibly capital gains tax liabilities.

In the fixed income portion of a client’s portfolio we tend to have low-risk investments, primarily U.S. Treasury securities or highly rated corporate or municipal bonds. We do not actively trade in the fixed income portion of a portfolio either. These investments tend to be for income and for balance. Nevertheless, if fixed income markets are under stress (usually because interest rates increase), the principal value of bonds can decline. We try to avoid credit risk in our bond holdings.

Item 9. Disciplinary Information

Neither FGA nor its principals have been involved in any disciplinary events.

Item 10. Other Financial Activities & Affiliations

Neither FGA nor its principals have any other financial activities or affiliations as defined by the SEC.

Item 11. Code of Ethics, Participation or Interest in Clients' Transactions and Personal Trading

FGA has adopted a code of ethics pursuant to SEC Rule 204A-1. Our code of ethics is available to any client or prospective client on request.

At a minimum FGA employees and officers will act within the law. More importantly, all employees and officers have an overarching fiduciary duty to the clients of the firm, and must

- Place the interest of clients first;
- Conduct all personal transactions in a manner consistent with the code of ethics and avoid conflicts of interest or any abuse of position of trust and responsibility;
- Never take inappropriate advantage of their positions;
- Protect the confidentiality of client information and security holdings;
- Act in a way to uphold the firms' reputation for honesty, integrity and professionalism.

FGA forbids any officer, director or employee from trading, either personally or on behalf of others, on material non-public information or communicating material non-public information to others in violation of the law. This conduct is frequently referred to as "insider trading." FGA's policy applies to every officer, director and employee and extends to activities within and outside their duties at FGA. Employees are likewise forbidden from communicating non-public information, recommending action based on non-public information or assisting someone else in doing the above.

Personal investment accounts of officers, employees and families are managed at FGA and FGA receives statements and confirms from the custodian broker. Transactions for employees and the Flood Gamble Profit Sharing Plan are executed pari passu with clients. Transactions for principals are executed after all appropriate client accounts have had a reasonable opportunity to purchase or sell the security.

For self-initiated trades, all officers and employees of FGA obtain clearance from Kristin Gamble, Chief Compliance Officer, prior to effecting any securities transaction in which they, their families (including spouse, minor children and adults living in the same household as the officer, director or employee) or trusts of which they are trustees have a beneficial interest.

In the normal course of business, conflicts of interest may arise. Such conflicts should be brought to the attention of Kristin Gamble. Clients' best interest is the guiding principle in resolving conflicts.

One potential conflict is the fact that Kristin Gamble is on the board of directors (trustees) of two publicly held companies: Ethan Allen and Federal Realty Investment Trust. If FGA clients own securities of either company trading in the security could be restricted by the fact of trading "windows" or inside information. We do not own shares of Ethan Allen for clients. Federal Realty is owned by some clients, purchased as a bond substitute before 1995, and transactions are rare. If a trade is done, it must be approved by the general counsel of Federal Realty in order to prevent trading on inside information.

#### Item 12. Brokerage Practices

FGA usually exercises discretionary authority to determine through which broker or dealer securities are to be bought or sold and the commission rates for securities transactions. A limited number of clients maintain authority to determine through which broker or dealer securities for their account are to be bought or sold.

It is our aim to achieve the best overall results for our clients with the brokerage commission dollars generated. Because of our small size and low portfolio turnover our choice of brokers is quite limited. We do our best to achieve a low commission and best possible price, but clients must recognize that best overall result (best execution) includes consideration of total value provided FGA, which in turn is a value to clients.

Our procedure to achieve best execution means we seek to achieve the best possible value for the client under the circumstances. We consider the full range and quality of a broker's service including, among other things, the value of research provided to FGA, which benefits clients, as well as execution capability, financial responsibility, responsiveness to FGA and custody services provided to the client. Almost all of our clients who are custodied at a broker give their transaction business to that broker, with rare exceptions. We execute trades for bank-custodied accounts with one firm whose service is critical to our clients, namely, good research assistance. Our commission rates per share are higher than those of a discount broker, in recognition of service provided, but total dollar commissions paid by any account are low, especially after the initial positioning has been accomplished as our stock turnover is quite low.

Essentially all our OTC trades will be done on an agency basis to help assure that the trade is consummated with the best market maker.

We review our brokerage list at least annually. The list has shrunk over the years as fewer and fewer institutional brokers are willing to cover us because of our small total dollar commissions and because of the complexity of transacting for many small individual trades. Our review includes consideration for the broker's services to the clients and to FGA so that the best possible value and execution is achieved for clients.

Our review of broker qualifications includes:

- Consideration of the brokers' ability to service FGA type accounts.
- Consideration of the brokers' communication and administrative abilities including efficiency of reporting, settlement efficiency and proper correction of trade errors.
- The brokers' research capability in the type of investments favored by FGA and its relevant conferences, meetings and management connections.
- Access to brokers' trading desk and the familiarity of the firm with FGA's business and client interests.

FGA does not engage in use of "3<sup>rd</sup> party soft dollar" arrangements where commissions pay for services to FGA. We pay hard dollars for outside services (eg. Reuters, Leuthold, Ed Yardeni, Street Events). We do use "proprietary" soft dollar arrangements because we execute trades through brokers who also provide us with investment research, conferences and management meetings in exchange for one bundled commission price. While the per share commission may be higher, we still attempt to achieve best execution for our clients. We review whether the total commissions paid are reasonable in relation to the value of the brokerage and research services provided by the brokers used. Such review includes consideration of the value of the research, conferences and management meetings for FGA clients and whether the broker is providing us with best execution. Because of our low turnover total dollar commissions in clients accounts are quite small.

FGA does not use brokerage commissions (or any other type of payments) for client referrals.

If a client wants to use a particular broker we will comply though we warn that the trades will be executed after other clients and the commission rate per share may be higher.

Our purchases and sales are almost always allocated prior to entering the trade with a broker because we review accounts individually prior to decisions. Orders for bank-custodied accounts are aggregated and placed as one order, and broker-custodied accounts are aggregated and placed as another order generally on an alternating basis. This enables the benefit of a lower per share commission, an average price for clients, and allows the most number of client accounts to be accommodated on a fair and equitable basis. Clients requesting directed brokers are executed next and principals' trades are executed last.

Item 13. Review of Accounts

Portfolios are reviewed in detail regularly (usually every two months) by the principals of FGA. Decisions are made on an account-by-account basis, depending on the known specific needs and objectives of each client. Resultant orders for bank-custodied accounts are aggregated and executed as one trade with an average price; and FGA-directed broker-custodied accounts are aggregated and executed as one trade with an average price. Sometimes orders for bank-custodied accounts are executed first; sometimes the orders for accounts at the FGA-directed broker are executed first. No client will be favored over any other client over time. Then we execute orders to brokers directed by clients. Clients who wish to use directed brokers are made aware that their executions will be different from other FGA clients.

In the unusual circumstance that a given order cannot be completed in a single day, allocation is made according to the needs and priorities of the individual accounts by Kristin Gamble and Charles Flood.

Accounts are also reviewed because of the desire to buy, sell or trim a specific security. In such instances the principals consider each client and the appropriateness of the action for that client, summing the resultant order and executing as per the above.

FGA provides a written statement of client accounts on a quarterly basis, or monthly if requested. Our written statement includes a listing of all holdings, the market value of each holding, the cost of each holding, the date of purchase, the indicated income from each holding and the total value of assets in the account as of the end of the month.

Item 14. Client Referrals and Other Compensation

FGA does not use third party solicitors for new business. On occasion a referral to FGA is made, but no payment is paid to the referrer.

Item 15. Custody

FGA does not have physical custody of client assets, but we request clients put their accounts with a qualified custodian, which will issue directly to the client statements of valuation and transactions at least quarterly, but usually monthly.

However, the SEC deems us to have custody by virtue of the fact that we deduct fees directly from some client accounts.

We request clients never send us securities. If they do so inadvertently, we will return them within 3 business days.

Client accounts are reconciled monthly by FGA to assure custodian and FGA records are accurate. We suggest clients also carefully compare our statements with those issued by the third party custodians. Security valuations for FGA statements are provided by an outside pricing service.



Item 16. Investment Discretion

FGA manages client accounts mostly with discretionary authority, which means we execute orders for trades without first discussing the decision with a client. These decisions are made within the context of our understanding of the investment objectives of each client. In some cases, clients have put certain limitations on specific securities or types of securities we might purchase.

This authority is granted to us in writing at the outset of our relationship when the client grants us a limited power of attorney to execute transactions within their account.

Item 17. Voting Client Securities

FGA does not vote proxies for clients. Clients generally receive proxies or other corporate communications directly from the custodian and it is their right to vote them. A client may ask for our input on a vote if desired.

Item 18. Financial Information

Were FGA to require or solicit prepayment of fees of at least \$1,200 six months or more in advance, we would be required by the SEC to provide balance sheet information to all clients. FGA does not solicit prepayment of fees on such a basis.

April 28, 2015

**Part 2B      Brochure Supplement**

Item 1.      Cover Page

The investment professionals working on all client accounts are the two principals: Charles Flood and Kristin Gamble who both work at Flood, Gamble Associates' only office:

610 Fifth Avenue, Suite 511  
New York, NY 10020  
Tel: 212-333-2020

This brochure supplement provides information about Charles Flood and Kristin Gamble that supplements the Flood, Gamble Associates, Inc.'s brochure. This is attached to the brochure. Please contact either Charles Flood or Kristin Gamble if you did not receive a copy of the Flood, Gamble Associates Brochure or if you have any questions about the content of this supplement.

Item2.      Educational Background & Business Experience

Charles A. Flood, Chairman

born: December 1, 1938  
Amherst College 1961, BA in Economics  
NYU School of Business Administration 1963-1966  
Flood, Gamble Associates 1983-present

Kristin Gamble, President, Treasurer, Chief Compliance Officer

born: October 15, 1945  
Wellesley College 1968, BA in Economics  
Flood, Gamble Associates 1984-present

Chartered Financial Analyst, 1973

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

Chartered Investment Counselor

The Chartered Investment Counselor (CIC) charter is a professional designation established in 1975 and awarded by the Investment Adviser Association (IAA). The Charter was designed to recognize the special qualifications of persons employed by IAA member firms whose primary duties involve investment counseling and portfolio management.

Item 3. Disciplinary Information

Neither Charles Flood nor Kristin Gamble has had any disciplinary events.

Item 4. Other Business Activities

Neither Charles Flood nor Kristin Gamble is involved in any investment related business activity other than Flood, Gamble Associates.

Kristin Gamble does serve on the Board of Directors of Ethan Allen Inc. and the Board of Trustees of Federal Realty Investment Trust. She also serves as co-Vice Chairman of the Board of Directors of Scenic Hudson, as a director of Scenic Hudson Land Trust , and as chair of the Investment Committee of Scenic Hudson, non-profit organizations.

Item 5. Additional Compensation

Neither Charles Flood nor Kristin Gamble receives additional economic benefits for investment advisory services other than from fees earned by FGA.

Item 6. Supervision

Charles Flood and Kristin Gamble are the principals and the only owners of FGA. Kristin Gamble is the Chief Compliance Officer.