

Disclosure Brochure

May 20, 2015



GITTERMAN
WEALTH MANAGEMENT

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This brochure provides information about the qualifications and business practices of Gitterman Wealth Management, LLC (hereinafter "GWM" the "firm"). If you have any questions about the contents of this brochure, please contact Jennifer Easley at (848) 248-4869. 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 GWM is available on the SEC's website at www.adviserinfo.sec.gov.

Gitterman Wealth Management, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses the material changes which have been made to the Disclosure Brochure since GWM's last annual amendment filed March 31, 2015. GWM has the following material change to disclose:

Change of Name

The firm as of October 2, 2014, has changed its name from Gitterman & Associates Wealth Management, LLC to Gitterman Wealth Management, LLC. GWM does not anticipate that this will result in any change of services.

Change of Address

The firm as of May 1, 2015, has changed its main address from 70 Wood Avenue South, Iselin, New Jersey 08830, to 379 Thornall Street 14th, Floor, Edison, New Jersey 08837. GWM does not anticipate that this will result in any change of services.

Change of Fee Basis

The firm as of the date of this filing, has updated its range of their advisory fee from 0.50 to 1.25, to .50 to 1.65. GWM does not anticipate that this will result in any change of services.

Item 3. Table of Contents

Item 1. Cover Page	i
Item 2. Material Changes	ii
Item 3. Table of Contents	iii
Item 4. Advisory Business	4
Item 5. Fees and Compensation	7
Item 6. Performance-Based Fees and Side-by-Side Management	10
Item 7. Types of Clients	11
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	12
Item 9. Disciplinary Information	17
Item 10. Other Financial Industry Activities and Affiliations	18
Item 11. Code of Ethics	19
Item 12. Brokerage Practices	20
Item 13. Review of Accounts	24
Item 14. Client Referrals and Other Compensation	25
Item 15. Custody	26
Item 16. Investment Discretion	27
Item 17. Voting Client Securities	28
Item 18. Financial Information	29

Item 4. Advisory Business

GWM is a full service investment advisory and financial planning firm that has been in business as an SEC registered investment adviser since April 2010. The firm was founded by a group of seasoned investment professionals, including GWM's current principal owner, Jeffrey L. Gitterman. GWM's mission is to help its clients create and preserve assets through a consultative process, designed to make the most appropriate recommendations based on their individual needs, goals and risk temperance. The firm seeks to provide clients with informative, unbiased research and select the best financial solutions from a wide universe of financial products and services.

GWM offers services through two distinct divisions:

- **Gitterman Wealth Management Services**, which offers financial planning and asset management solutions to individuals and entities to help build, protect and distribute wealth; and
- **E Squared Financial Services**, which offers financial education and advice to the faculty and employees of educational institutions (K-14 and higher education).

As of March 20, 2015, GWM had \$347,340,086 in assets under management, all of which was managed on a discretionary basis.

Prior to engaging GWM to provide any of the foregoing services, clients are required to enter a written agreement with GWM setting forth the relevant terms and conditions of the advisory relationship (the "Agreement"). While this brochure generally describes the business of GWM, certain sections also describe the activities of *Supervised Persons*, which refer to any of GWM's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on the firm's behalf and is subject to GWM's supervision or control.

Financial Planning and Consulting Services

GWM offers a broad range of comprehensive financial planning and personal consulting services. These services may address a multitude of matters, which include the following:

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|------------------------------------|--------------------------------|
| • Retirement planning | • Charitable giving |
| • Estate planning and conservation | • Educational funding |
| • Year-end tax strategy | • Employee stock options |
| • Long-term care planning | • Job transition planning |
| • 401(k) retirement plans | • Credit and debt management |
| • 403(b) plans | • Marital and divorce finances |

In performing its services, GWM is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on

such information. GWM may recommend the services of itself, its *Supervised Persons* in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if GWM recommends its own services. The client is under no obligation to act upon any of the recommendations made by GWM under a financial planning or consulting engagement or to engage the services of any such recommended professional, including GWM itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of GWM's recommendations. Clients are advised that it remains their responsibility to promptly notify GWM if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising GWM's previous recommendations and/or services.

Wealth Management Services

The firm manages clients' investment portfolios on a discretionary or non-discretionary basis through the Gitterman Wealth Management Program. The Program is structured as a wrap fee program, meaning that clients are provided with investment advisory services (which generally includes portfolio management and financial planning) and the execution of securities transactions for an asset based fee that is not related to the number of transactions in their accounts. These services are described at length in the firm's Wrap Fee Program Brochure, which appears as Part 2A Appendix 1 of GWM's Form ADV (the "Wrap Brochure").

Under the Program, GWM primarily allocates clients' investment management assets among mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, and independent separate account managers ("*Independent Managers*"), as well as the securities components of variable annuities and variable life insurance contracts, in accordance with the investment objectives of the client. In addition, GWM may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. GWM also provides advice about any type of investment held in clients' portfolios.

GWM also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, GWM either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

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

Clients are advised to promptly notify GWM if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon GWM's management services.

Educational Services

Through its E Squared Financial Services Division, GWM may provide non-personalized investment-related training to certain institutional clients as part of its educational services. GWM's institutional educational services generally address issues involving employee participation in employer-sponsored retirement plans. GWM does not render such educational services to its investment advisory clients. In the event any of the employer's participants later engage GWM to render additional services, such work is done pursuant to a separate written agreement between the employer's participant and GWM, independent of the employer's engagement for educational services.

Item 5. Fees and Compensation

GWM offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. In addition, certain of GWM's *Supervised Persons*, in their individual capacities, may offer securities brokerage services and insurance products under a commission arrangement.

Financial Planning and Consulting Fees

GWM charges a fixed and/or hourly fee to provide clients with standalone financial planning and consulting services. These fees are negotiable, but generally range from \$1,000 to \$10,000 on a fixed fee basis and/or from \$300 to \$500 on an hourly basis, depending upon the level and scope of the services and professional engaged to render them.

Prior to engaging GWM to provide financial planning and/or consulting services, the client is required to enter into a written agreement with GWM setting forth the terms and conditions of the engagement (including fees). Generally, GWM requires one-half of the financial planning or consulting fee upon entering into the written agreement. In such a case, the balance is generally due upon delivery of the financial plan or completion of the agreed upon services. If the client engages GWM for additional investment advisory services, GWM may offset all or a portion of its fees for those services based upon the amount paid for these services. If the client terminates the relationship, the balance of GWM's unearned fees (if any) is refunded to the client.

Wealth Management Fees

As described in the Wrap Brochure, GWM provides wealth management services for an annual fee based upon a percentage of the assets being managed by GWM. This fee, which varies between 50 and 165 basis points (i.e., 0.50% – 1.65%), is prorated and charged monthly, in arrears, based upon the average daily balance of the assets under management during the preceding quarter. If assets are deposited into or withdrawn from an account after the inception of a month, the fee payable with respect to such assets is adjusted to reflect the change in portfolio value.

GWM, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Fees for Educational Services

GWM provides investment-related educational services to institutional clients for an hourly and/or fixed fee. The applicable fee rate is largely determined by the type and scope of educational services to be

rendered, but is generally based on a derivative of the firm's financial planning and consulting rates described above. The fees and payment terms are individually negotiated by GWM and the institutional client and set forth in an agreement prior to the commencement of the firm's services.

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), GWM generally recommends that clients utilize the brokerage and clearing services of an independent broker-dealer for investment management accounts.

GWM may only implement its investment management recommendations after the client has arranged for and furnished GWM with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to any broker-dealers recommended by GWM, broker-dealers directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers*, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. These charges and fees are exclusive of and in addition to GWM's fee.

Fee Debit

GWM's *Agreement* and the separate agreement with any *Financial Institutions* authorize GWM or *Independent Managers* to debit the client's account for the amount of GWM's fee and to directly remit that management fee to GWM or the *Independent Managers*. Any *Financial Institutions* recommended by GWM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to GWM.

Fees for Management During Partial Months of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis. The *Agreement* between GWM and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*.

Clients may make additions to and withdrawals from their account at any time, subject to GWM's right to terminate an account. Additions may be in cash or securities provided that GWM reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. GWM may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications. Clients

may withdraw account assets on notice to GWM, subject to the usual and customary securities settlement procedures. However, GWM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

Commissions or Sales Charges for Recommendations of Securities

Clients can engage certain persons associated with GWM (but not GWM) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with GWM. Under this arrangement, clients may implement securities transactions through certain of GWM's *Supervised Persons* in their respective individual capacities as registered representatives of Triad Advisors, Inc. ("*Triad*"), an SEC registered broker-dealer and member of FINRA. *Triad* may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by *Triad* to such *Supervised Persons*. Prior to effecting any transactions clients are required to enter into a new account agreement with *Triad*. The brokerage commissions charged by *Triad* may be higher or lower than those charged by other broker-dealers. In addition, certain of GWM's *Supervised Persons* may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. GWM may also recommend no-load mutual funds.

A conflict of interest exists to the extent that GWM recommends the purchase of securities where GWM's *Supervised Persons* receive commissions or other additional compensation as a result of GWM's recommendations. GWM has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients.

For accounts covered by ERISA (and such others that GWM, in its sole discretion deems appropriate), GWM provides its investment advisory services on a fee-offset basis. In this scenario, GWM may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by GWM's *Supervised Persons* in their individual capacities as registered representatives of *Triad*.

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

GWM does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

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

Minimums Imposed By Independent Managers

GWM does not impose a minimum portfolio size or minimum annual fee. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than GWM. In such instances, GWM may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

Investment Strategy

GWM creates and manages a number of portfolios to manage the wealth of its clients. The firm utilizes an experienced Investment Committee, which meets quarterly and on an *ad hoc* basis in the event of unusual market conditions. The firm's wealth models are traded and rebalanced centrally in an effort to ensure consistent implementation and adherence to the strategic guidance of the Investment Committee.

The Investment Committee utilizes what it deems to be state of the art screening tools to create models and select individual positions. The following is list of the firm's key screening tools, without limitation:

- Fidelity Mutual Fund Evaluator
- Vanguard Advisor Tools
- Morningstar Advisor Workstation
- Thompson/Reuters Investment View
- iShares ETF Tools (EFs)
- CE Tracker (Closed End funds)
- Value Line Investment Research
- Standard & Poor Investment Research
- Market Edge Second Opinion
- GS360 Investment Research
- MTS Research Advisors
- Blue-Vault Partners, LLC

The firm manages several risk-based portfolio strategies. A thorough fact finding and risk profiling process is utilized in an effort to determine the best fit for a client's model selection. These investment strategies are generally employed for clients with portfolio assets in excess of \$250,000. The firm's risk-based portfolio strategies are generally as follows:

- Conservative – 98% Fixed Income / 2% Cash-MM
- Moderately Conservative – 35% Equity / 48% Fixed Income / 15% Tactical / 2% Cash-MM
- Moderate – 45% Equity / 33% Fixed Income / 20% Tactical / 2% Cash-MM
- Moderately Aggressive – 55% Equity / 18% Fixed Income / 25% Tactical / 2% Cash-MM
- Aggressive – 68% Equity / 30% Tactical / 2% Cash-MM

The firm also manages several strategic asset allocation models for clients with less than \$250,000. The firm's asset allocation models include:

- Basic Asset Allocation
- Socially Responsible Investing (SRI)
- Core Wealth Equity
- Core Wealth Fixed Income – Qualified
- Core Wealth Fixed Income – Non-Qualified
- Enhanced Wealth Equity
- Enhanced Wealth Fixed Income – Qualified
- Enhanced Wealth Fixed Income – Non-Qualified
- Tactical

The strategic portfolios are funded with any or all of the following securities, without limitation:

- Mutual Funds (Open-End and Closed-End)
- Exchange Traded Funds (ETFs)
- Master Limited Partnerships (MLPs)
- Alternative Investment Classes (Long/Short, Commodities, Inverse, Managed Futures, Real Estate Investment Trusts, Pre-IPO funds, Oil and Natural Gas Exploration and multiple Hedge Fund Investment strategies)
- Retirement Target-Date Funds (Blended Allocation)

The asset allocation models are funded with passive and actively-managed mutual funds.

Methods of Analysis

The selection criterion of the Investment Committee follows a disciplined process and considers a variety of factors in model creation and security selection. The underlying metrics on which the firm relies are largely based on a series of analyses generally aligned with Modern Portfolio Theory, as well as a range of inherently technical analytical measures. Specifically, the Investment Committee examines the following indicators, without limitation:

- Modern Portfolio Theory (“MPT”)
 - *Alpha* (i.e., measure of performance on a risk-adjusted basis)
 - *Beta* (i.e., measure of volatility in relation to broad market conditions)
 - Standard Deviation (i.e., measure of historic volatility)
 - R-Squared (i.e., measure of price movements relative to a benchmark index)
- Portfolio Manager
 - Tenure
 - Experience
 - Depth of Management
- Equity
 - Asset Overlap Study
 - Index Benchmarking (e.g., Peer review)
 - Turnover Ratio (e.g., Tax-Efficiency and Capital Gain Exposure)
 - Expense Ratio
- Fixed Income
 - Duration, Convexity and Yield
 - Credit Quality and Tax-Exempt Status (e.g., AMT Free, Tax Free)
 - Turnover Ratio (e.g., Tax-Efficiency)
 - Expense Ratio

- Tactical
 - Alpha Creation Potential
 - Hedging Capability
 - Non-Correlation Potential

Modern Portfolio Theory (MPT)

MPT is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nonetheless, GWM's investment process is structured in such a way to integrate those assumptions and real life considerations for which MPT analytics do not account.

Technical Analysis

Technical analysis involves the examination of historical market data and trading variables rather than an assessment of a security's intrinsic value. Technical analysis involves variation diagnostics, regression and correlation measures, and various charting techniques, which are used to identify perceived market patterns and trends. These metrics may be based on swings in investor sentiment or cyclical economic movements, rather than the fundamental conditions of a particular manager or company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that GWM will be able to accurately predict such a reoccurrence.

Risk of Loss

Mutual Funds and Exchange-Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The

trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Options

Options allow investors to buy or sell a security at a contracted "strike" price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Market Risks

The profitability of a significant portion of GWM's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that GWM will be able to predict those price movements accurately.

Use of Independent Managers

GWM may recommend the use of *Independent Managers* for certain clients. GWM will continue to do ongoing due diligence of such managers, but the such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, GWM does not have the ability to supervise the *Independent Managers* on a day-to-day basis, if at all.

Use of Private Collective Investment Vehicles

GWM may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called "hedge funds"). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade

on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

Management Through Similarly Managed “Model” Accounts

GWM manages certain accounts through the use of similarly managed “model” portfolios, whereby the firm allocates all or a portion of its clients’ assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients’ net after tax gains. While the firm seeks to ensure that clients’ assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client’s individual tax ramifications. Clients should contact GWM if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

General Risk of Loss

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

Item 9. Disciplinary Information

GWM is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. GWM does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

GWM is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

Registered Representatives of Broker Dealer

Certain of GWM's *Supervised Persons* are registered representatives of *Triad*. This arrangement is further discussed in response to Item 5 (above).

Receipt of Insurance Commissions

Certain of GWM's *Supervised Persons*, in their individual capacities, are licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed basis, the purchase of certain insurance products. A conflict of interest exists to the extent that GWM or its *Supervised Persons* recommend the purchase of insurance products where GWM or its *Supervised Persons* receive insurance commissions or other additional compensation.

Fees from Independent Managers

As discussed above, GWM recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain *Independent Managers*. In certain circumstances GWM's compensation is included in the advisory fee charged by such *Independent Managers*. There may be a conflict of interest to choose such *Independent Managers*.

Item 11. Code of Ethics

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

GWM has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by GWM or any of its associated persons. The *Code of Ethics* also requires that certain of GWM’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in GWM’s *Code of Ethics*, none of GWM’s *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of GWM’s clients.

When GWM is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when GWM is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

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

Item 12. Brokerage Practices

GWM generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services (“*Fidelity*”) for investment management accounts.

Factors which GWM considers in recommending *Fidelity* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity* enables GWM to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. In addition, *Fidelity* has agreed to compensate clients for any transfer fees that may be assessed for moving their account(s) to *Fidelity*. The commissions and/or transaction fees charged by *Fidelity* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by GWM’s clients comply with GWM’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where GWM determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution’s* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. GWM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

GWM periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct GWM in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and GWM will not seek better execution services or prices from other *Financial Institutions* or be able to “batch” client transactions for execution through other *Financial Institutions* with orders for other accounts managed by GWM (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, GWM may decline a client’s request to direct brokerage if, in GWM’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless GWM decides to purchase or sell the same securities for several clients at approximately the same time. GWM may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among GWM’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among GWM’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent

that GWM determines to aggregate client orders for the purchase or sale of securities, including securities in which GWM's *Supervised Persons* may invest, GWM generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. GWM does not receive any additional compensation or remuneration as a result of the aggregation. In the event that GWM determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, GWM may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist GWM in its investment decision-making process. Such research generally will be used to service all of GWM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because GWM does not have to produce or pay for the products or services.

Commissions or Sales Charges for Recommendations of Securities

As discussed above, certain *Supervised Persons* in their respective individual capacities, are registered representatives of *Triad*. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless *Triad* provides written consent. Therefore, clients are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through *Triad* unless they first secure written consent from *Triad* to execute securities transactions through a different broker-dealer. Absent such written consent or separation from *Triad*, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than *Triad* under *Triad's* internal supervisory policies. GWM is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

Software and Support Provided by Financial Institutions

GWM may receive from *Fidelity*, without cost to GWM, computer software and related systems support, which allow GWM to better monitor client accounts maintained at *Fidelity*. GWM may receive the software and related support without cost because GWM renders investment management services to clients that maintain assets at *Fidelity*. The software and support is not provided in connection with securities transactions of clients (i.e. not “soft dollars”). The software and related systems support may benefit GWM, but not its clients directly. In fulfilling its duties to its clients, GWM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that GWM's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence GWM's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, GWM may receive the following benefits from *Fidelity* through the Fidelity Wealth Services Division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Wealth Services participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Soft Dollar Arrangement

In addition to the benefits described above, GWM also receives a credit of up to \$12,000 for qualifying research and/or brokerage services under a client commission arrangement agreement with *Fidelity* (commonly referred to as “soft dollars”). *Fidelity* has agreed to make direct payments to certain third-party providers, whose products and services satisfy the safe harbor requirements provided in Section 28(e) of the Securities Exchange Act of 1934, upon receipt of the relevant billing invoices. These benefits may take the form of special execution capabilities, clearance, settlement, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, online access to computerized data regarding client's accounts, performance measurement data, consultations, economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, general reports, efficiency of execution and error resolution, availability of stocks to borrow for short trades, custody, travel, recordkeeping and similar services.

This soft dollar arrangement may influence GWM's decision to select or recommend one *Financial Institution* over another based on GWM's interest rather than on a client's interests in receiving most favorable execution. Nevertheless, GWM seeks to ensure that the fees and costs for services provided to clients by *Financial Institutions* offering these benefits are not materially greater than they would be if the services were performed by *Financial Institutions* not offering these services. The use of brokerage commissions to compensate research and brokerage service providers also gives rise to an additional

conflict of interest in that these services may directly or indirectly benefit GWM and/or other client accounts not held at *Fidelity*.

Item 13. Review of Accounts

Account Reviews

For those clients to whom GWM provides investment management services, GWM monitors those portfolios as part of an ongoing process while regular account reviews are conducted on an annual basis. Clients who maintain higher asset levels with GWM also receive more frequent in-person or telephone consultations from GWM.

For those clients to whom GWM provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of GWM’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with GWM and to keep GWM informed of any changes thereto. GWM contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Statements and General Reports

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom GWM provides investment advisory services will also receive a report from GWM that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance from time to time. Clients should compare the account statements they receive from their custodian with those they receive from GWM.

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

Item 14. Client Referrals and Other Compensation

Client Referrals

GWM does not provide compensation to any third parties for client referrals.

Other Economic Benefit

GWM may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12 (above).

Item 15. Custody

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

The *Financial Institutions* recommended by GWM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to GWM. In addition, as discussed in Item 13, GWM may send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from GWM.

Item 16. Investment Discretion

GWM retains the authority to exercise discretion on behalf of clients. GWM is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. GWM is given this authority through a power-of-attorney included in the agreement between GWM and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). GWM takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

GWM is required to disclose if it accepts authority to vote client securities. GWM does not vote client securities on behalf of its clients.

Item 18. Financial Information

GWM is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.



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