



**Item 1 – Cover Page**

**Gladstone Institutional Advisory LLC  
dba Gladstone Wealth Group and  
Investment By Planners**

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**Bedminster, NJ 07921**

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**[www.gladstonewealth.com/](http://www.gladstonewealth.com/)**

**ADV Part 2A**

**July 2015**

This Brochure provides information about the qualifications and business practices of Gladstone Institutional Advisory LLC dba Gladstone Wealth Group and Investment By Planners ("GWG", the "Company", "us", "we", "our"). If you ("client", "your") have any questions about the contents of this brochure, please contact our President, Robert P. Hudson III, at (908) 719-1313 or via email at [robert.hudson@gladstonewealth.com](mailto:robert.hudson@gladstonewealth.com) . The

information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. GWG’s IARD firm number is 250787.

We are a registered investment adviser. Our registration as an investment adviser does not imply any level of skill or training. Additional information about GWG is available via the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select “Investment Adviser Search” and type in our firm name). The results will provide you with both Parts 1 and 2 of our Form ADV.

## Item 2 – Material Changes

This is GWG's initial filing of its Form ADV Part 2 or "Disclosure Brochure" dated July 2015.

Pursuant to amendments made to rules promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and the form formerly known as Form ADV Part II. This Disclosure Brochure was developed in response to new requirements adopted and imposed by the SEC under the Advisers Act.

For future filings, this section of the Disclosure Brochure will address only those "material changes" that have been incorporated since our last delivery or posting of this Disclosure Brochure on the SEC's public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

When an update is made to this Disclosure Brochure we will send you a copy including a summary of material changes, or a summary of material changes that includes an offer to send you a copy [either by electronic means (email) or in hard copy form]. You may contact our President, Robert P. Hudson III at (908) 719-1313 or via email at [robert.hudson@gladstonewealth.com](mailto:robert.hudson@gladstonewealth.com).

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## **Item 4 – Advisory Business**

Gladstone Institutional Advisory LLC was organized as a limited liability company under the laws of the State of New Jersey on May 19, 2015 and is 100% owned by Robert P. Hudson III.

We have filed our application to register as an investment adviser with the U. S. Securities and Exchange Commission and to notice file with the States of Connecticut, Florida, New Jersey and New York, in order to provide the investment advisory products and services described within this document. Since this is our initial filing, we currently have no assets under management.

This Disclosure Brochure provides you with information regarding our qualifications, business practices, and nature of advisory services that should be considered before becoming our advisory client. Please contact Robert P. Hudson III, President, if you have any questions about this Disclosure Brochure.

Individuals associated with the Company are individually qualified by our management team and will provide investment advisory services on our behalf. Such individuals are known as Investment Adviser Representatives (IARs). We require these individuals to be properly licensed and registered, unless exempted, in states in which such individuals are conducting investment advisory business.

Our IARs are registered representatives of LPL Financial LLC (“LPL”), a licensed full service securities broker/dealer and investment advisor under federal and state securities laws. LPL is a member of the Financial Industry Regulatory Authority (FINRA) and Securities Investor Protection Corporation (SIPC). Securities transactions for LPL's brokerage clients are executed through LPL.

Below is a description of the investment advisory services that we offer. For more detail on any product or service, please reference the advisory agreement or speak with Mr. Hudson or your IAR.

### **DESCRIPTION OF SERVICES PROVIDED**

#### ***Financial Planning Services:***

We offer comprehensive financial planning services pursuant to a written agreement. The scope of these services is identified during an initial consultation. During this consultation we will review your financial situation and investment portfolio and discuss

your short and long-term goals, and objectives. This discussion allows us to develop a planning engagement that will address your specific concerns and to determine the scope of services to be provided. The engagement is tailored to your personal situation and needs which may include, but are not limited to the following areas in accordance to the Financial Planning Agreement: Business Planning, Cash Flow Forecasting, Asset Allocation, Retirement Planning, Estate Planning, Financial Reporting, Long-Term Care Planning, Insurance Needs Analysis, Retirement Plan Analysis, Charitable giving, Risk Management and Distribution Planning. Depending upon the scope of the engagement and the time required to complete the tasks involved, this engagement may involve:

Ongoing Financial Planning

Flat Fee Financial Planning

Hourly Financial Planning

Ongoing Financial Planning:

This planning service is broad in scope and requires frequent coordination and review by the IAR. The term of this agreement is typically at least one year in length and may extend for several years.

Flat Fee Financial Planning:

This planning service is limited in scope and typically has clearly identified tasks and timeline. This service will usually involve a common financial concern such as education planning or insurance planning. We will estimate the required hours to complete this service and provide you with a flat fee arrangement.

Hourly Financial Planning:

This planning service is limited in scope, but the tasks and time required to complete the project may not be clear at the inception of the engagement. We will be compensated for this service based on the number of hours required for its completion.

Financial Planning Services usually include an evaluation of your current financial situation and recommendations for specific actions to pursue your goals and objectives. This service may require significant follow-up and review by the IAR and may include coordination of other professionals, such as CPA's or Attorneys. Our preparation of the initial evaluation and action plan is typically completed within three (3) months of receiving requested information and documents from you.

Prior to engaging us to provide financial planning or consulting services, you will generally be required to enter into a Financial Planning Agreement. This agreement establishes the terms and conditions of the engagement, describing the scope of the services to be provided, and the portion of the fee that is due prior to us commencing services. Upon your request, we may recommend the services of other professionals for implementation purposes; including our IARs in their separate individual licensed capacities as registered representatives of LPL and/or licensed insurance agents (See disclosure on Item 10). You are under no obligation to engage the services of any such recommended professional. You retain absolute discretion over all such implementation decisions and are free to accept or reject any of our recommendations.

Any estate plan analysis should not be considered tax or legal advice and you are urged to consult your tax and legal consultants about the tax and legal consequences of any specific estate planning strategy.

The Plan will be based on the information you supply to us during our initial fact gathering process. In preparing a Plan for you, we rely on the accuracy and completeness of the information you provide in the financial planning questionnaire and otherwise, without independent verification. We are not responsible for any inadequacies or errors contained in the Plan resulting from failure to provide us with accurate or complete information. Moreover, you are advised that it remains your responsibility to promptly notify us of any change in your financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

***Portfolio Management Services:***

We provide asset allocation and ongoing investment management services on a discretionary or non-discretionary basis. We will work with you to identify your investment goals and objectives, risk tolerance and time horizons in order to create a portfolio allocation that we feel will allow you to achieve your goals while assuming the appropriate level of risk. Your portfolio will be tailored to meet your specific needs. You will have the opportunity to place reasonable restrictions on the investment in certain securities or the types of securities to be held in the portfolio. This service is a non-wrap fee program in which brokerage and clearing fees are paid by you and become part of your cost basis in the purchase and proceeds in the sale of securities. Your IAR may recommend other types of Portfolio Management Services to help meet your investment goals.

## ***Portfolio Management Services Under Third Party Advisory Services:***

### **LPL Financial Sponsored Advisory Programs**

We may provide advisory services through certain programs sponsored by LPL Financial (“LPL”), a registered investment advisor and broker-dealer. Below is a brief description of each LPL advisory program available to the Company. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs, please see LPL’s Form ADV Part 2A (Disclosure Brochure) or the applicable program’s Form ADV Part 2A Appendix 1 (wrap fee brochure), as applicable, and the applicable client agreement.

#### **Optimum Market Portfolios Program (OMP)**

OMP utilizes the Optimum Funds from Delaware Investments. Each Optimum Fund represents an asset class in the Optimum Market Portfolios account and utilizes at least two best-in-class sub-advisors for optimal diversification. We will assist you in selecting the investment objective that addresses your specific profile and investment objectives. OMP employs both Strategic and Dynamic models. With the Strategic Models, LPL Financial Research has the discretionary authority to rebalance the investments quarterly. With the Dynamic Models LPL will rebalance the account quarterly or more frequently at the discretion of LPL Financial Research.

A minimum investment of \$15,000 is required for OMP.

#### **Personal Wealth Portfolios Program (PWP)**

PWP delivers separately managed accounts, mutual funds and exchange-traded products (ETPs) in a single, easy-to-implement account. You may benefit from leveraging the expertise and resources of LPL Financial Research, which selects quality investment managers and provides ongoing due diligence and monitoring. The Overlay Portfolio Management Group uses state-of-the-art technological monitoring, rebalancing and tax management services to ensure the portfolio remains in line with the chosen investment strategy. We will assist you in selecting an investment objective that addresses your specific profile and investment objectives. You will allow us to have discretion for selecting third party money managers, mutual funds and ETPs within each asset class of the model portfolio. LPL will act as the overlay portfolio manager and will be authorized to



purchase and sell mutual funds, equity and fixed income securities on a discretionary basis.

A minimum account value of \$250,000 is required for PWP.

### **Model Wealth Portfolios Program (MWP)**

MWP provides access to portfolios constructed by LPL Financial Research and other portfolio strategists. Investment choices include mutual funds and ETPs. The portfolios benefit from ongoing monitoring, rebalancing and tax management services implemented by the LPL Financial Overlay Portfolio Management Group. We will assist you in selecting an investment objective that addresses your specific profile and investment objectives. You will provide us the discretionary authority to initiate model and strategy changes. You will also provide LPL discretionary authority to select mutual funds and ETPs within a model portfolio, make strategic changes and rebalance. A minimum account value of \$25,000 is required for MWP.

### **Manager Access Select (MAS) and Manager Access Network (MAN) Programs**

Manager Access Select and Manager Access Network are separate account platforms available through LPL Financial that offer high-net-worth investors the ability to access a variety of institutional portfolio managers at significantly lower account minimums. These programs enable clients the ability to enjoy a higher level of specialization and service through the ownership of individual securities. Advisors can choose from a broad range of portfolio managers and multiple investment styles including equity, fixed income, balanced, international, ETF, REIT and socially responsible portfolios. We will assist you in identifying a third party separate account manager that addresses your specific profile and investment objectives. The Portfolio Manager manages your assets on a discretionary basis.

A minimum account value of \$100,000 for equity strategies and \$250,000 for fixed income strategies is required for MAS; however, in certain instances, the minimum account size may be lower or higher.

***Investment Consulting Services:***

We will provide you with the Investment Consulting Services in accordance to the Investment Consulting Agreement.

***Seminars:***

We will conduct seminars once a year, free of charge relating to retirement income planning.

***Wrap Fee Programs:***

We do not participate in wrap fee programs at this time.

## **Item 5 – Fees and Compensation**

### ***Financial Planning Services:***

#### ***Ongoing Financial Planning:***

Fees for this type of planning engagement are determined based on accrual or estimated hours necessary to complete the services requested. Fees normally range from \$1,000 to \$5,000 per year, depending scope and complexity of the plan. The fee schedule is negotiable based upon portfolio size and other business considerations. Following the initial consultation, a specific fee will be quoted to you based upon the expected time and complexity of the initial planning engagement. The Financial Planning Agreement will confirm the fee amount and payment arrangements in writing. One half of the annual planning fee is due and payable upon execution of the Financial Planning Agreement. The balance will be due and payable upon completion of the agreed upon services listed in the Financial Planning Agreement. Financial plans will be presented to you within three (3) months of the agreement date, provided that all information needed to prepare the financial plan has been promptly provided by you.

The Financial Planning Agreement may be terminated at any time by either party upon written notice to the other. Full refunds will only be made in cases where cancellation occurs within five (5) business days of execution of the Financial Planning Agreement. After five (5) business days, you will receive pro-rata refund, which takes into account work we have completed on your behalf. You will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by you. Refunds will be given on a pro-rata basis within 60 days.

We will deliver the Form ADV Part 2 to the client before or at the time we enter into an investment advisory contract with the client.

#### ***Flat Fee Financial Planning:***

The hourly fee for this service may be as high as \$400 per hour. Total fees for this service may range from \$500 to \$5,000 depending on the scope and complexity of the plan. Fees are negotiable. Following the initial consultation a specific fee will be quoted to you. The Planning Agreement will confirm the fee in writing. The fee may vary based upon portfolio size and other business considerations. You will be billed one half of the flat fee upon signing of the Financial Planning Agreement and the balance upon

completion of the project. The balance is calculated by subtracting initial payment from the actual hours multiplied by the agreed upon hourly fee.

***Hourly Financial Planning:***

The hourly fee for this service may be as high \$400 per hour. Total fees for this service may range from \$500 to \$5,000 depending on the scope and complexity of the plan. Fees are negotiable. The Financial Planning Agreement will confirm the fee in writing. The fee may vary based upon portfolio size and other business considerations. You will be billed one half of the estimated fee upon signing of the Financial Planning Agreement and the balance upon completion of the project. The balance is calculated by subtracting initial payment from the actual hours multiplied by the agreed upon hourly fee.

***Portfolio Management Services:***

The annual fee for this service ranges from 0.50% to 2.5%. Fees are negotiable. LPL will deduct GWG's fee quarterly in advance; however, for the initial fee deduction, LPL will deduct GWG's fee at the beginning of the quarter following the establishment of the Account and will include a prorated fee for the initial quarter in addition to the quarterly GWG fee for the upcoming quarter. Subsequent fee deductions will be made at the beginning of each quarter based on the value of the Account assets as of the close of business on the last business day of the preceding quarter. Additional deposits and withdrawals will be added or subtracted from the assets, which may lead to an adjustment of GWG's fee. Certain accounts may establish procedures to pay GWG's fee directly rather than through a debit to the Account. The fee schedule may vary based upon portfolio size and other business considerations. You may terminate this service at any time and a refund will be made on a pro-rata (by day) basis of any fees paid in advance.

***Fees for LPL Financial Sponsored Advisory Programs:***

The account fee charged to you for each LPL advisory program is negotiable. Account fees are payable quarterly in advance.

LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. GWG and LPL may share in the account fee and other fees associated with program accounts. Our associated persons may also be registered representatives of LPL.

The investment advisory agreement may be terminated at any time by either party upon written notice to the other. Full refunds will only be made in cases where cancellation

occurs within five (5) business days of signing the investment advisory agreement. After five (5) business days, you will receive pro-rata refund, which takes into account work we completed on your behalf. You will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by you. Refunds will be given on a pro-rata basis.

We will deliver the Form ADV Part 2 to the client before or at the time we enter into an investment advisory contract with the client.

### **Potential Conflicts of Interest:**

Transactions in LPL advisory program accounts are generally placed through LPL as the executing broker-dealer.

We receive compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what we would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services. Even though we believe LPL Financial's fee are competitive, lower fees for similar services may be available from other sources.

Upon your written authorization, we may debit investment advisory fees directly from your account and pay such amounts to GWG. This fee arrangement wherein asset management fees are debited from your account will not trigger any constructive custody. You authorize LPL to accept instructions from GWG regarding adjustments to GWG's fees in circumstances such as a fee waiver or credit or a reduction in fee. Adjustments to increase the fee set out in the Account Application may be made only at your instruction. You understand that LPL will not verify that the fees are consistent with those set out in the agreement between you and GWG. You will see the amounts deducted from the Account on statements and will verify them based on the fee rates you negotiated with GWG. It is agreed by you that the fee will be payable, first, from free credit balances, if any, in the Account, and second from the liquidation or withdrawal by LPL of your shares of any money market fund balances in any money market account, or balances in any insured deposit account, if applicable. You acknowledge that LPL does not set the fee of GWG applicable to the Account.

Because mutual funds pay advisory fees to their investment advisors, such fees are therefore indirectly charged to all holders of mutual fund shares. Clients with mutual funds in their portfolios are effectively paying us and the mutual fund advisor for the management of their assets. Clients who place mutual fund shares under our

management are therefore subject to our direct management fee and the indirect management fee of the mutual fund advisor.

**Mutual Fund Internal Expenses:**

Internal advisory fees and expenses are paid by the mutual fund companies to their fund advisers, and/or sub account sponsors. These internal expenses are further outlined in the Fund Companies' Prospectus. The program sponsor may act as broker in connection with mutual funds which are designated for management in the program and thus may receive additional compensation, separate from its Investment Advisory Program. GWG only receives a portion of the advisory fee and does not share in the revenue produced by mutual fund investments.

**General Information on Advisory Programs and Fees:**

All fees paid to us are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee.

You could invest in a mutual fund directly, without our services. In that case, you would not receive the services we provide which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition, goals, and objectives. Accordingly, you should review both the fees charged by the funds and the fees we charge to fully understand the total amount of fees to pay and to thereby evaluate the advisory services being provided.

Advisory recommendations are based on your financial situation at the time the services are provided and are based on financial information you disclose to us. You are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. As your financial situation, goals, objectives, or needs change, you must notify us promptly.

We shall never have custody of any your funds or securities, as the services of LPL Financial, a qualified and independent custodian will be used for these asset management services.

***Investment Consulting Services:***

The fee schedule, refund and termination policies for the Investment Consulting Services are similar to the Financial Planning Services.

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

We do not charge performance based fees (i.e., advisory fees based on a share of the capital gains on or capital appreciation of the assets of a client). Our compensation structure is disclosed in detail in Item 5 above.



## Item 7 – Types of Clients

We offer financial and investment advisory services to individuals, high net worth individuals, banking or thrift institutions, pension and profit sharing plans, charitable organizations, and corporations or other businesses.

We do not require a minimum account size for opening or maintaining an account. However, LPL imposes a minimum account size for opening or maintaining an account as identified below.

- The minimum initial investment for the Optimum Market Portfolio account (OMP) is \$15,000.
- The minimum account size for the Personal Wealth Portfolio account (PWP) is \$250,000.
- The Model Wealth Portfolio's (MWP) minimum account size is \$25,000.
- The minimum account size for the Manager Access Select account (MAS) which varies by Portfolio Manager is typically \$100,000 for equity strategies and \$250,000 for fixed income strategies.

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

Your investment portfolio will be tailored to help you accomplish your unique financial goals and objectives. After developing a thorough understanding of your risk tolerance and short and long-term goals, we will work together to create a customized investment portfolio designed specifically for you. You have the opportunity to place reasonable restrictions or constraints on the way your account is managed; however, such restrictions may affect the composition and performance of your portfolio. For these reasons, performance of the portfolio may not be identical with our average client.

We will discuss and evaluate goals, risk tolerance, tax considerations and time horizon. We will then determine the asset allocation and recommend specific strategies and securities. We will establish the appropriate accounts, complete funding of accounts and execute initial portfolio trades. Finally, we will evaluate performance, provide ongoing due diligence of investment positions, rebalance portfolio and manage tax efficiency.

We provide advice on a variety of securities, including but not limited to, equities, bonds, certificates of deposit (CDs), municipal securities, variable annuities, mutual funds, exchange traded funds, options, intangible future contracts, real estate partnerships, business development companies, hedge funds, and oil and gas. The selection and use of these investment alternatives may depend on your financial situation. We will rebalance your portfolio periodically to control risk, take profits and enhance tax efficiency. We will reduce or eliminate positions due to lack of performance, to reduce concentrations in a security or sector of the market, to achieve certain tax benefits, to capture profits and to tactically re-allocate holdings.

We will utilize a fundamental analysis in determining the investment advice to give to you in which we will analyze the financial statements and health of a business, its management and competitive advantages, and its competitors and markets but usually focusing on growth or value (or sometimes a combination of both) to determine if such security meets the clients' needs and objectives. We will take into consideration when making investment decisions the stages of the business during a given point in time. There are inherent risks involved for each investment strategy or method of analysis we use and the particular type of security we recommend. Investing in securities involves risk of loss which you should be prepared to bear.

Our affiliation with LPL Financial allows our clients to benefit from their experienced team of professionals. They offer research related to asset allocation strategies,

portfolio construction, manager selection, analysis of the markets and they provide tools and resources to enhance our portfolio management process.

We also utilize additional research subscriptions to evaluate and monitor securities which may include:

- Morningstar
- Standard & Poors
- LPL Retirement Partners

## **Item 9 – Disciplinary Information**

We do not have any legal, financial or other “disciplinary” items to report. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client / Adviser relationship, or to continue a Client / Adviser relationship with us.

## Item 10 – Other Financial Industry Activities and Affiliations

Neither the Company nor any of our management persons are registered, or have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person of the foregoing entities, except as disclosed below.

In addition, neither the Company nor any of our management persons have any relationship or arrangement that is material to our advisory business or to our clients that we or any of our management persons have with any related person that is, under common control and ownership, a:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker,
- Investment company or other pooled investment vehicle,
- Futures commission merchant (or commodity pool operator or commodity trading advisor),
- Banking or thrift institution,
- Accountant or accounting firm,
- Lawyer or law firm,
- Pension consultant, or
- Real estate broker or dealer or
- Sponsor or syndicator of limited partnerships.

IARs of the Company are registered representatives and investment adviser representatives of LPL Financial, a registered broker dealer member FINRA & SIPC and investment advisor with various state regulatory agencies. The Company has chosen to deliver their services in this fashion in order to offer their clients diverse and extensive investment and planning opportunities. This may represent a conflict of interest since their time is split between two business operations. IARs of the Company are compensated by a fee based on assets in the advisory accounts or fee for financial planning rather than receiving commissions. The Company's IARs may also provide fee based retirement plan services as IARs of LPL Financial. Additionally, the Company's

IARs may receive compensation (commission) based upon the sale of an investment product, including distribution and service fees from the sale of mutual funds in non-managed accounts as registered representatives of LPL Financial. Prior to these transactions being executed, registered representatives will disclose this conflict of interest.

Book of Brokers Limited Liability Company is an affiliate of the Company and is licensed as a non-resident producer agency with the New Jersey Department of Banking and Insurance to sell life, accident and health or sickness, property and casualty insurance products. Additionally, Gladstone Coverage Group Limited Liability Company is an affiliate of the Company and is licensed as an insurance agency with the New Jersey Department of Banking and Insurance to sell property and casualty insurance products. Certain IARs are licensed to sell such insurance products through various companies. Appropriately licensed IARs will receive compensation for the sale of such products. You are under no obligation to purchase insurance products through any particular insurance agency or IAR and may effect any such transactions where you desire.

Robert Hudson owns 50% of IBPNJ, LLC, which in turn has a right to 100% of the revenues of a state registered investment adviser, Investment By Planners, Inc.

As part of our fiduciary duty to you, we attempt at all times to put your interest first. The IARs may spend as much as 25% of their time with LPL Financial and as agents of various insurance companies.

The above affiliation may be considered material. However, we are not under common control and ownership with, and therefore, not affiliated with LPL Financial or any of its affiliates.

We have entered into a sub-advisor relationship with an unaffiliated registered investment adviser. In the Sub-Advisory Agreement, we agreed to provide discretionary investment management services for certain designated assets in client portfolios. Refer to Items 4 and 5 above for details of our business relationship and the compensation we receive.

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

The Code of Ethics adopted and implemented by GWG applies to the activities of GWG, a Registered Investment Adviser, under the Investment Advisers Act of 1940 (as amended—the Advisers Act). All employees of GWG are deemed by the Advisers Act to be supervised persons<sup>1</sup> and are therefore subject to this Code of Ethics. In carrying on its daily affairs, GWG and all of its supervised persons shall act in a fair, lawful and ethical manner, in accordance with the rules and regulations imposed by the Company's governing regulatory authority.

GWG has created a Code of Ethics which establishes standards and procedures for the detection and prevention of certain conflicts of interest including activities by which persons having knowledge of the investments and investment intentions of the Company might take advantage of that knowledge for their own benefit. We have in place Ethics Rules (the "Rules"), which are comprised of the Code of Ethics and Insider Trading policies and procedures. The Rules are designed to ensure that our personnel (i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; (ii) at all times place your interests first; (iii) disclose all actual or potential conflicts; (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to you; (v) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading. The Rules also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of the Rules, our personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or

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<sup>1</sup> Supervised person means any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser.

may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Rules.

Our personnel are required to conduct their personal investment activities in a manner that we believe is not detrimental to its advisory clients. Our personnel are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described below, there may be circumstances where our personnel may buy and sell for themselves that is also recommends to clients. The policy requires all Access Persons<sup>2</sup> to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics. In the event that you request a copy of the Company's Code of Ethics, we will furnish a copy within a reasonable period of time to you at your current address of record.

We and our supervised persons do not provide recommendations buy or sell for your accounts in securities that we (or our supervised persons) have a material financial interest.

The Company or its supervised persons may buy or sell for themselves, investment products that are also recommended to clients. Supervised persons should seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored. In instances where the representative buys or sells the same securities as those of their clients, the client's accounts are given priority. Records will be maintained of all securities or insurance products bought or sold by the Company, supervised persons or related entities. Such records will be available for inspection upon request.

Files of securities transactions affected for supervised persons of the Company will be maintained for review should there be a conflict of interest. The principal of the Company will review all securities transactions of our related persons to ensure no conflicts exist with client executions. To prevent conflicts of interest, all employees of the Company must comply with the firm's Written Supervisory Procedures, which imposes restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

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<sup>2</sup> Access person means any of your supervised persons who has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic. If providing investment advice is your primary business, all of your directors, officers and partners are presumed to be access persons.



Notwithstanding the above, the Company, and/or their officers, directors or employees may purchase for themselves similar or different securities as are purchased or recommended for investment advisory clients of the Company, and different securities or transactions may be effected or recommended for different investment advisory clients of the Company.

Pursuant to applicable Federal and/or State Privacy Regulations, the Company is a financial institution that has determined to keep confidential non-public personal information about each GWG client.

As discussed above, certain supervised persons of the Company are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about the Company's clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact us.

A full copy of the Company's Privacy Policy is provided, upon inception, of a new client and is provided each year thereafter. You may request a copy of the Company's Privacy Policy and a copy will be furnished within a reasonable period of time to you at your current address of record, at any time.

The Company or its supervised persons does not recommend securities to you, or buy or sell securities for your accounts, at or about the same time that we (or our supervised) buy or sell the same securities for our own (or the supervised person's own) account.

We do not execute transactions on a principal or agency cross basis for equity transactions.

## Item 12 – Brokerage Practices

Based on our business model and the services we offer LPL Financial (“LPL”) is our only broker-dealer/custodian.

The Company may receive from LPL or a mutual fund company, without cost and/or at a discount support services and/or products, certain of which assist the Company to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Company may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or complimentary attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by the Company in maintenance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist the Company in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Company to manage and further develop its business operations.

The Company’s clients do not pay more for investment transactions effected and/or assets maintained at LPL as result of this arrangement. There is no corresponding commitment made by the Company to LPL or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

Associated persons of the Company, in their capacities as registered representatives of LPL may suggest that clients implement recommendations through LPL. If the client chooses to do so, this would present a conflict of interest to the extent that registered representatives could receive commissions as registered representatives or compensation as IARs of the Company.

Clients are under no obligation to implement recommendations through the registered representatives but if they do so, they may pay commissions or fees that are higher or lower than those that may be obtained from elsewhere for similar services. LPL is a broker-dealer and an investment adviser with which the Company’s IARs are also associated. As a result of the individual association of the Company’s IARs with LPL, the Company is generally required to utilize the brokerage/custodial services of LPL for investment advisory accounts. To the extent otherwise applicable to the transactions to

be effected directly by the Company, the Company's general policies relative to the execution of client securities brokerage transactions are as follows:

**Execution of Brokerage Transactions (when applicable).** The Company reasonably believes LPL will provide "best execution". In seeking "best execution", the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of the broker-dealer's services including execution capability, commission rates, and responsiveness. Accordingly, although the Company will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions. We will review LPL's best execution report every six months.

Transactions for each client account generally will be effected independently. In the event that the transactions for a client's accounts are effected through a broker-dealer that refers investment management clients to the Company, there exists the potential for conflict of interest if the accounts incur higher commission or transaction costs than the accounts would otherwise have incurred had the client determined to effect account transactions through alternative clearing arrangements that may have been available through the Company.

The Company does not render advice to or take any actions on behalf of clients with respect to any legal proceedings including bankruptcies and shareholder litigation, to which any securities or other investments held in client accounts, or the issuers thereof, become subject, and does not initiate or pursue legal proceedings, including without limitation shareholder litigation, on behalf of clients with respect to transactions, securities, or other investments held in client accounts. The right to take any actions with respect to legal proceedings, including shareholder litigation with respect to transactions, securities or other investments held in client accounts is expressly reserved to the client.

### **Research and Other Soft Dollar Benefits**

We do not have soft dollar arrangements.

### **Brokerage for Client Referrals**

We do not consider, in selecting or recommending broker-dealers, whether we or a related person receive client referrals from a broker-dealer or third party.

### **Directed Brokerage**

We do not have directed brokerage arrangements.

## Block Trades

We do not routinely utilize block trading. However, when we do, we will 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.

Our block trading policy and procedures are as follows:

1. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement us, or our order allocation policy.
2. The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
3. The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable us to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
4. Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
5. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance

with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

6. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
7. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
8. Our client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
9. Funds and securities for aggregated orders are clearly identified on our records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
10. No client or account will be favored over another.

### **Administrative Trade Errors**

From time-to-time we may make an error in submitting a trade order on your behalf. Trading errors may include a number of situations, such as:

- The wrong security is bought or sold for a client;
- A security is bought instead of sold;
- A transaction is executed for the wrong account,
- Securities transactions are completed for a client that had a restriction on such security; or
- Securities are allocated to the wrong accounts.

When this occurs, we may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the corrective action, the

gain will remain in your account unless it is legally not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If a loss occurs due to our administrative trade error, we are responsible and will pay for the loss to ensure that you are made whole.

Note: To limit the respective administrative expenses and burden of processing small trade errors, it should be noted some custodians (at their own discretion) may elect not to invoice us if the trade error involves a de minimis dollar amount (usually less than \$100). Generally, if related trade errors result in both gains and losses in your account, they may be netted.

## **Item 13 – Review of Accounts**

The Chief Compliance Officer (“CCO”) will utilize LPL Financial’s Advisory Account Review tool to manage review of advisory accounts. This surveillance system allows the CCO to identify performance issues, asset allocation issues, lack of transactions and concentrated positions. The review process is completed on a quarterly basis. The review covers evaluation of the account’s asset allocation against the recommended allocation for that particular investment objective. The process also includes evaluation of the account’s performance against benchmarks of similar investment objectives. Changes in an account holder’s personal, tax, or financial status may trigger additional reviews as well as macroeconomic and company specific events.

As for the LPL sponsored programs, IAR on the account will be responsible for reviewing and making sure that the account is in line with the clients’ investment objectives.

Clients will receive written transaction confirmations and/or statements monthly or at least quarterly from the account custodians. Collectively, these reports will list client’s account holdings, transactions and fees paid to us.

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

While we do not receive an economic benefit from a non-client for providing investment advice or other advisory services to our clients, our IARs may occasionally receive compensation from firms in which the client implements non-security transactions. In their capacities as registered representatives of LPL Financial, our IARs may also receive commissions or fees from LPL or payments from certain mutual funds distributed pursuant to a 12b-1 distribution plan or other such plans as compensation for administrative services, representing a separate financial interest. As such, a conflict of interest may exist with respect to recommendations to buy or sell such securities. In all cases, transactions are effected in the best interests of the client.

We do not have any arrangement under which we, or a related person, directly or indirectly compensate any person, who is not our supervised person, or receive compensation from another for client referrals.

Refer to Items 5, 10, and 12 above for details of our compensation structure as well as any other compensation our IARs may receive.



## **Item 15 – Custody**

We do not have custody of client funds or securities; however, upon written consent from you, we may have the authority to deduct the advisory fees directly from your account. The custodian will send to you, at least quarterly, an account statement identifying the amount of funds and each security in the account at the end of period and setting forth all transactions in the account during that period including the amount of advisory fees paid directly to us. You should compare the account statements you receive from the qualified custodian with those you receive from us.

## **Item 16 – Investment Discretion**

As described in details in Item 4 above, you may give us discretionary authority to actively manage your assets and assist you in implementing your investment strategy. This authority is disclosed in the advisory agreement entered into between you and us.

In order to manage portfolios effectively, we believe we should have the authority to determine, without obtaining specific client consent, the securities to be bought and sold and/or the amount of securities to be bought or sold for your account, the brokers or dealers in which to execute such securities transactions, and determine what transaction fee rate shall be paid on your behalf. You have the right to place reasonable restrictions on such authority. Any restrictions must be submitted to us in writing. Such restrictions may affect the composition and performance of your account. For this reason, performance of the account may not be identical with our average client.

As our sole broker dealer/custodian, we will place orders for the execution of transactions with or through LPL Financial, and complying with Section 28(e) of the Securities Exchange Act of 1934, may pay a commission on transactions in excess of the amount of commission another broker or dealer would have charged.

In managing investment portfolio, we act in a manner in keeping with what we understand and believe to be in your best interest.

## **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

We do not have, nor will we accept authorization to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients should contact their custodian or a transfer agent with questions about a particular solicitation.

## **Item 18 – Financial Information**

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you given that we do not have custody of client funds or securities, or require or solicit prepayment of fees greater than \$1,200 per client and six months or more in advance. In addition, we are not currently, nor at any time in the past ten years been the subject of a bankruptcy petition.

## **Item 19 – Requirements for State-Registered Advisers**

We are an SEC registered investment adviser so this section does not apply to us.