



FORM ADV PART 2A  
FIRM BROCHURE  
MARCH 30, 2017

Global Strategic Management, Inc. d.b.a. Adrian Day Asset Management  
Mail: P.O. Box 6643, Annapolis, MD 21401  
Office: 801 Compass Way, Suite 207, Annapolis, MD 21401  
Phone: 410.224.2037; Fax: 410.224.8229  
www.AdrianDayAssetManagement.com  
AssetManagement@AdrianDay.com

### Item 1: Cover Page

The following statements are required by the SEC to be included on this page of the “brochure”:

*This disclosure brochure provides information about the qualifications and business practices of Adrian Day Asset Management. If you have any questions about the contents of this brochure, please contact us at 410-224-2037 or by email at AssetManagement@AdrianDay.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.*

*Additional information about Adrian Day Asset Management is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*In any reference to this company of being an SEC-registered investment adviser, the term ‘registered’ does not imply a certain level of skill or training.*

### Item 2: Material Changes

Adrian Day Asset Management is required to identify and discuss any material changes since its last annual update of this brochure on March 26, 2016. In our opinion, material information in this brochure that was not present in last year’s brochure appears in the following sections:

- Items 5 and 17 were updated to include information on fees and proxy voting for ERISA accounts;
- Item 8 discloses additional material on risks;
- Item 13 contains a change to the schedule of review of accounts.

### Item 3: Table of Contents

Item 4: Advisory Business .....	Pages	2-4
Item 5: Fees and Compensation.....	Pages	4-5
Item 6: Performance-Based Fees and Side-By-Side Management.....	Pages	5-6
Item 7: Types of Clients.....	Page	6
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	Pages	6-10
Item 9: Disciplinary Information.....	Page	10
Item 10: Other Financial Industry Activities and Affiliations.....	Page	10
Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading.....	Pages	10-11
Item 12: Brokerage Practices.....	Pages	11-13
Item 13: Review of Accounts.....	Page	13
Item 14: Client Referrals and Other Compensation.....	Pages	13-14
Item 15: Custody.....	Page	14
Item 16: Investment Discretion.....	Page	14
Item 17: Voting Client Securities.....	Pages	14-15
Item 18: Financial Information .....	Page	15
Item 19: Performance Reporting.....	Pages	15

#### Item 4: Advisory Business

Global Strategic Management, Inc. is a Registered Investment Advisory firm established in 1991 by Adrian Day, and doing business under the names Global Strategic Management (“GSM”) and Adrian Day Asset Management. The use of name is mainly a question of “branding” and we use the names interchangeably in this document, unless the contrary is clear from the context. Adrian Day owns 100% of the firm.

Our firm offers fully discretionary portfolio management services. We do not offer financial planning or separate products or services such as insurance. We are long-term global value investors, investing in securities around the world. We are primarily equity investors. The vast majority of our positions will be publicly traded securities, though we do from time to time invest in private companies, usually when there is a near-term plan to go public, and only with each client’s specific authorization. We use options (where authorized by clients and the relevant custodian), primarily the sale of puts on stocks we want to own; the sale of covered calls; less frequently the purchase of calls or puts. We do not use margin, except in very limited circumstances and only on a short-term basis (for example, when a client wants an immediate withdrawal of funds and selling positions immediately would be deleterious to the client). But we do not *invest* on margin or hold positions on margin for any extended period.

In addition to our global accounts, we also offer accounts specializing in resources. Again, these are primarily invested in equities, including mutual funds and exchange traded funds (“ETFs”) that may hold the physical commodities or futures contracts on commodities. We also hold physical metals directly, but do not invest directly in futures.

Accounts are separate (that is, assets are not pooled, and are held in the client’s name at independent custodians). We do not manage to a model, wherein all client accounts with the same objective are identical. Two accounts with the same broad investment objective (such as “mid-risk global”) will not necessarily hold identical securities, largely because of the size of the accounts (smaller accounts tend to hold fewer positions), and the time when the client came on board.

In addition, two accounts with the same investment objective may be different based on a client’s overall financial circumstances. We take client circumstances into account, but at the same time do not “second-guess” clients.

In addition, clients can impose restrictions or preferences in their account. These may be specific—such as, “no tobacco stocks”—or more general, such as “if you could take some tax losses this year, I’d sure appreciate it”, or “I don’t like the way the United States is going; I want more assets out of the country and not exposed to this economy.” In addition, of course, clients may change their investment objective, both in response to changing financial circumstances and to changed thoughts on the client’s part. We, of course, have the right to decline an account with conditions we cannot accept. Generally, the fewer restrictions on an account, the better it will perform because we do not have to run extra screens before buying or selling. In addition, we have found that clients who change investment objectives frequently are doing so in *reaction* to market moves, moves that have already occurred. A client should set the very broad objective and parameters, but the advisor should do the managing.

We provide portfolio management services for a wrap program offered by Raymond James Consulting Services. Our wrap accounts are managed differently from our regular accounts in several ways: they are less individualized; they tend to hold more, smaller positions; we do not use options; we cannot use good-till-cancelled (“GTC”) orders. However, wrap accounts have a minimum of \$100,000, smaller than our regular minimum; and we often do more frequent trading with wrap accounts (for example, selling a small part of a position on a modest short-term rally, and attempting to buy back on a decline; the lack of commission on each trade means one can do this on smaller moves more than in regular accounts). Wrap account clients are clients of the specific broker at Raymond James Consulting Services and that broker provides servicing of the account other than portfolio management services.

As of December 31, 2016, the total client assets we managed on a discretionary basis were \$161,730,000 (rounded to the nearest \$1,000). In addition, there are assets held in client accounts on a non-discretionary basis, valued at less than \$3 million. We do not provide management services for such unsupervised assets, including that we do not provide advice nor charge fees on their value, but hold them in accounts purely as a service for clients.

#### Investing new accounts

When a new client account opens, we do not immediately invest the funds as per other clients with the same objective. Rather we adapt our template for that objective depending on the size of the account, the client's circumstances, and market conditions.

We are not afraid to hold cash. If we see nothing suitable for buying, we do not buy. The length of time it takes to invest a new account depends largely on market circumstances. In the early days an account may be lopsided with allocations to certain sectors and markets full, and other sectors uninvested.

With a gold (and to some extent resources) account, clients typically allocate a relatively small amount to this sector and want to be invested. Here, the "risk" of missing a significant move up is deemed more important by the client than a temporary decline, so we tend to invest at least some of the funds sooner.

As always, a new client may ask us to invest sooner, or tell us he does not mind if we wait longer than our normal procedure for each account type.

#### Selling stocks transferred to an account

Clients may fund their accounts either with cash or with a transfer of securities (or a combination). When a client transfers securities to fund a new account, it must be realized that those securities come under our management and we may choose to hold or to sell. If a client does not want a particular security sold, he must let us know and we will hold that security in the same account as an "unsupervised asset", meaning we will not sell nor follow the stock; we do not charge fees on unsupervised assets, and they do not count towards account minimums. This is done as a convenience to the client.

We make a determination whether to hold or sell each security transferred, based on the specific security, the client's objectives, and market conditions. Typically, we decide what to hold within five business days (though it could be longer depending on the number of securities transferred).

It must be emphasized, however, that absent *instructions* to the contrary, when a stock is transferred to our management, it is *subject* to being sold.

The independent custodians we use send a statement of the client's account, directly to the client, monthly for most custodians, though quarterly at some foreign custodians. The independent valuations on these statements can vary from our internal valuations, on which we base fees, for several reasons. First, most custodians use the "last trade" to price securities, whereas we use the bid price near the close of the trading day. The bid is clearly a more accurate reflection of what a client would realize were we to sell the security, whereas the last trade at a month end and particularly quarter end can be an anomaly. Sometimes, some custodians print or cut off their statements a day or two before the end of the quarter, whereas we always use the last (U.S.) trading day of each month. In addition, we use a discount to value some illiquid securities. And lastly, custodian statements often do not price certain securities, including stocks received from private placements and some more obscure foreign securities.

In addition, clients receive a quarterly report, discussing economies and markets, as well as performance and outlook for account types. This report, called *Portfolio Review*, may include discussion on specific securities.

In addition, the firm's principal, Adrian Day, is also president of Investment Consultants International, Ltd. (ICI) and editor of *Adrian Day's Global Analyst*, which is published by Investment Consultants International. *Global Analyst* is not published by, or affiliated with Adrian Day Asset Management. See ADV Part 2B, for additional information.

Adrian Day Asset Management is sub-advisor to a fund registered under the Investment Company Act of 1940 (hereinafter referred to as the "Fund Client" or "Fund"). We also provide investment management/sub-advisory services to pooled investment vehicles exempt from registration under the Investment Company Act of 1940.

### Item 5: Fees and Compensation

Fees for separately managed client accounts are charged at the end of each calendar quarter, in arrears, based on total market value of assets under administration, adjusted on a time-weighted basis for any material contributions or withdrawals made during the period, on the following schedule:

First \$100,000 - 2% annual fee  
On next \$400,000 - 1%  
On next \$500,000 - 0.75%  
Amounts over \$1 million - 0.5%

Fees and conditions thereon may be negotiable on very large accounts. At the discretion of the advisor, any portion of the fees may be waived or deferred for specific periods of time. We manage accounts for some employees, family and friends for no or a reduced fee. Where one client has multiple accounts, fees may be set at a fixed percentage, instead of at the tiered schedule, with the client's concurrence, to simplify billing. The fee will never be more than the client would have been charged according to our normal schedule. The State of California requires that we state that "lower fees for comparable services may be available from other sources."

There is an additional fee on ERISA accounts in the amount of \$1,000 on each account under \$1 million and \$2,000 on each account over \$1 million. This is due to the higher administrative and other costs resulting from increased regulations governing ERISA accounts. The ERISA fee and changes are suspended, pending the outcome of the final determination on the implementation of the new DoL rules. If the new rules and regulations are cancelled, our fee will be cancelled. If the rules and regulations become effective in essentially the form in which they have been proposed, then our fee will become effective.

All separately managed client accounts are subject to a \$1,000 minimum annual fee. Related client accounts may be aggregated for purposes of minimum fee charged.

All accounts are subject to a 1% closing fee, at our discretion, if closed within one year of opening, provided the account has not lost money from the date of opening (except that an account may be cancelled without penalty within five days of the account being opened).

As mentioned above, GSM is a designated manager for the "wrap" account programs at Raymond James Consulting Services. In these "wrap" accounts, there are no commissions charged on individual trades, but instead there is a wrap account fee, charged by the sponsoring broker. In addition, GSM charges a management fee of 1.5% on the first \$200,000; 1% above that; with lower fees available above \$500,000. Some Raymond James wrap fee clients are "grandfathered" with a lower or different fee structure.

Fees are usually deducted directly from client accounts (with a statement of fees sent to clients concurrently). Client accounts also pay brokerage commissions while some custodians we use also charge clients an annual IRA custodian fee. Our fees are exclusive of brokerage commissions, transaction fees and other related costs and expenses incurred

by the client.

See Item 12 “Brokerage Practices” below which further describes the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (i.e. commissions).

Additional information concerning the management fee of the Fund, to which we are sub-advisor, as well as other expenses, is contained in the prospectus and statement of additional information of the Fund. Investors in the Fund are advised to review the prospectus and statement of information of the Fund prior to investing in the Fund.

Our compensation for acting as sub-advisor to Fund client is typically calculated as a percentage of the Fund’s average net assets. The market value of the Fund’s portfolio for purposes of calculating fees to shareholders will be based on the Fund administrator’s valuation. An investment in the Fund will typically be reduced by the management fees and Fund’s expenses.

Investment management or sub-advisory fees charged investors in pooled investment vehicles may be deducted directly from assets on a quarterly basis or billed directly monthly.

We do not accept compensation from the sale of securities or mutual funds in accounts.

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

Accounts are also, as permitted by, and in the manner provided for, under Rule 205-3 under the Investment Advisers Act of 1940 (the “Adviser’s Act”), subject to a performance based fee of 10% of net profits charged annually on the month end of the anniversary of each account, where the account performance exceeds the 52-week return on the iBoxx U.S. Treasuries 3-5 year Total Return Index for the preceding year. It is an index for the total return on U.S. government debt of 3-5 years, available on Bloomberg, among other sources. GSM believes this is an appropriate index to use for comparison of investment returns since the index represents the return available on a low-risk investment. By taking risk in varying degrees appropriate for each client, GSM aims to outperform this low-risk return. If it does not, it receives no performance compensation.

If in any period an account declines in value, a deficit arises and is carried forward. All outstanding deficits need to be cleared through outperformances before any future performance fee can be assessed.

We charge performance based fees wherever they are legally allowed. Performance based fees are charged only to those clients who are “qualified clients” as defined under Rule 205-3 under the Adviser’s Act. A “qualified client” is generally an entity or individual (including assets held jointly with spouse) that has a net worth in excess of \$2,100,000 (exclusive of principal home value) or has \$1,000,000 invested with us. Lower thresholds applied to clients who opened accounts prior to August 15<sup>th</sup>, 2016. After the client subsequently meets the thresholds, performance fees, to be charged a year in arrears, will apply. In measuring client assets for the calculation of performance based fees, we include unrealized appreciation as well as realized gains in the account. Only accounts that do not qualify for a performance fee, or are restricted from paying such a fee (such as certain types of insurance accounts) are exempt from performance fees, other than accounts we manage for the wrap program discussed above.

GSM may apply the rolling period fee under the performance fee rule if appropriate.

In our portfolio management, we do not distinguish between accounts that qualify for a performance fee and those that do not. Generally, larger accounts with no restrictions where we are authorized to use options will see more trading activity than smaller accounts, those with restrictions or without options authorization. Where, on occasion,

there are insufficient shares available at a specific price to give a meaningful position to all suitable clients, it will go first to these larger, unrestricted accounts. Generally, those unrestricted larger accounts will qualify for a performance fee, but the more active management derives from their unrestricted status and size, rather than the qualification for performance fees. Only where other things are equal, might the eligibility of a performance fee be a consideration.

The SEC wants us to state that “performance based fee arrangements may create an incentive for (Adrian Day Asset Management) to recommend investments which may be riskier or more speculative than those that would be recommended under a different fee arrangement. Such fee arrangements may also potentially create an incentive to favor higher paying accounts over other accounts in the allocation of investment opportunities.” In order to monitor these conflicts, we have adopted compliance policies and procedures for trading and allocations, and perform periodic review of trades and allocations in order to attempt to detect any inappropriate trading or allocations.

See item 19 “Performance Reporting” below for details on the criteria and factors used in the calculation of performance based fees.

### Item 7: Types of Clients

The types of clients to which Adrian Day Asset Management generally provides investment advice include, but are not limited to: individuals, including joint accounts and IRAs; pension and profit sharing plans; trusts; investment companies; and corporations or business entities. We also manage some insurance accounts and pooled investment vehicles. We are able to manage virtually any structure, provided there are not unreasonable limitations on the management thereof.

Our standard minimum account size is \$500,000 for global accounts and \$200,000 for gold or resource (or other narrow focus) accounts. Accounts of affiliated persons—such as an individual’s account and his company’s profit sharing—are combined for meeting our minimum requirement (as well as to qualify for lower fees). The minimum account size may be waived in certain circumstances at our discretion. We will usually accept smaller accounts that are related to existing accounts (such as an account for a client’s grandchild), or in other circumstances, provided it makes sense for the client.

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

Adrian Day Asset Management uses fundamental security analysis in determining what to buy and what to sell. This includes a top-down approach (looking at macro-economic factors) as well as bottom-up (looking at individual companies). We may use basic charting and technical analysis as an aid to help determine *when* to buy or sell. The main risk of fundamental analysis, particularly for value investors, is timing; one may buy a good value and have to wait a long time before that value is fully realized in the market. Generally, however, we see ourselves (on behalf of clients) as part owners of a business; and if the business has a sound balance sheet (or access to capital); competent and ethical management; and does not deviate from its stated business plan then we are comfortable owning it.

#### Types of investments and sources

The types of investments that we have included or may use in clients’ accounts include: equity securities [including exchange-listed securities, securities traded over the counter (“OTC”), and foreign issuers]; options on securities; and bonds (mostly triple A, foreign currency bonds). In addition, we may invest in warrants; private companies; mutual funds; and publicly traded Master Limited Partnerships. Mostly, however, we use publicly traded equities, which are commonly deemed to be more risky than bonds or other investments, primarily because they are secondary in standing in the event of a bankruptcy and because stocks can be volatile. However, volatility is not the



same as risk; securities, such as low-coupon, government bonds for example, may have very low volatility but may actually guarantee a loss in real value, after taxes and inflation.

The main sources of information we have and may utilize include: company visits; inspections of corporate activities; research materials prepared by others; annual reports; prospectuses; SEC filings ; as well as, company press releases, and financial newspapers and magazines. In addition, the main sources of information include Bloomberg and the internet. The Bloomberg service, available on a computer workstation, provides real-time, historical, and descriptive data analytics, news and information on the markets 24 hours a day. The internet provides access to company research through a number of investment houses. We also talk with management of companies we own, as well as other investment professionals in the sector.

The investment strategies used to implement any investment advice given to clients mostly involve long-term purchases of securities, as well as the sale of puts on securities we would like to own. We may also have short-term purchases; other forms of options trading; and occasionally short sales (where authorized by the individual client). Although most stocks are initially purchased with a three-to-five year horizon, circumstances may change such that we sell within a shorter time frame. This may be because the stock achieves its price targets, or it may be that the company is deviating from its plan, or not executing its plan successfully. Even where we hold a long-term position in a security, we may trade around the core holding, trimming on rallies and adding to positions on declines in order to lock in some gains, and also over time to increase the number of shares we own.

In buying new or thinly traded securities, particularly with more speculative stocks, larger unrestricted accounts will typically be allocated first.

#### Investment style and volatility

Our portfolios tend to be more volatile than the market as a whole, if not on a day-to-day basis, certainly on an annual basis. This is not because we are gunslingers; quite the contrary. We like to buy stocks of companies with true value and long-term potential. If it's a Nestle, then the stock is not particularly volatile, though it too will drop if the broad market takes a beating. But it also includes much smaller companies. Smaller companies tend to be less liquid, and thinly traded stocks tend to be more volatile.

If one buys quality companies, if the stock price declines, the *value* becomes greater. So if neither the company nor the macro environment fundamentally change, then a lower price for the stock means more value, and we are more inclined to buy more.

The problem is one doesn't know which company will achieve success and a stock price to reflect it, nor when. If the company continues to execute its plan, if the stock continues to reflect value, then we continue to hold, until the potential is realized and the stock no longer represents good value. Sometimes it is a long dry winter without any particular success in the entire portfolio; sometimes two or three come along together. One can't know.

And of course investors who give up at the bottom are locking in their losses, selling great companies when they represent the most value. What a shame, and what a financial tragedy, to have liquidated shares in good companies *after* the market tumbled at the end of 2008, or dump all gold shares at the end of 2015, only to buy back a month later at higher prices. (We can't help thinking of Oscar Wilde's quip about people who know the price of everything but the value of nothing.) But we hope this discussion helps explain why we hold certain stocks throughout quite vicious price declines, and also why our accounts tend to be more volatile than the market averages, with outperformance in good years, and sometimes underperformance in bad years. But this approach meets our tests above: there is true value in portfolios; the *risk* is less precisely because of this value (volatility does not equal risk,

despite what modern portfolio theorists might say); and lastly, it achieves superior long-term performance.

Our annual returns clearly illustrate the importance of investing money you don't need, so you don't have to sell at the worst time. Certainly, if a client is entrusting us to manage a significant portion of his assets, or retirement funds, then we can manage this in a more conservative manner. But, to repeat what we have said before, one cannot achieve the outperformance in good years without also taking the occasional but brutal decline.

All accounts are tailored to individual objectives and circumstances. Global Growth Accounts take a global, value approach, including, as appropriate, bonds, gold stocks and emerging markets. The precise allocation in a growth account will vary with the size of the account and individual circumstances, as well as market conditions. Global Conservative Accounts can have as a primary objective capital preservation, income, or risk-averse, long-term growth. Typically, there is also much less turnover in more conservative accounts than in others. Conservative accounts generally prefer a stream of income and the return *of* capital in preference to potentially higher return *on* capital. Global Aggressive Accounts are suitable for the person who can allocate a part of his overall portfolio to high-risk (and high-potential) investments, implying that he can tolerate volatility and even potential loss of capital. Whether such an account objective is appropriate depends on an individual's circumstances: age, financial condition and obligations, earning power now and in the future, and so on. Aggressive accounts by their nature are more volatile than more conservative accounts, and thus a longer-term view is important.

In our Gold Accounts, we are open to the entire horizon of gold and precious-metal investments. These include mining companies from, and active in, every part of the world; exploration companies; diversified miners and silver companies; and even "gold substitutes"—companies that derive part of their income from gold-related activities but without direct involvement in mining (for example, refiners or mining contractors), as well as gold itself. Unless instructed otherwise, gold accounts may include silver and other precious metals, as well as exploration companies in a range of resources. Gold Accounts vary depending on an individual client's wish to be more aggressive or conservative in this sector.

Our Resource Accounts can invest in the broad range of resources, including paper and pulp, tea, palm oil, rubber, and water, in addition to metals, and oil and gas. We invest in exploration and production companies. Indeed, any company with exposure to resources comes within the scope of a Resource Account. At most times, the emphasis will be on producers of the primary resources (precious and base metals, and oil and gas) as well as high-potential exploration companies. Because of the cyclicity of resource markets, at various times, different commodities may dominate an account. An investor should be prepared for considerable volatility which is inherent in this sector. Outsized gains can only be achieved if one is prepared for this.

Again, we emphasize that all equities, by their nature, are volatile, so all accounts will be volatile to some degree, even those with the most conservative objective.

The SEC requires that we explain the material risks involved in our investment strategies.

Investing in securities and other instruments involves risk of loss that clients should be prepared to bear. A summary description of certain principal risks of investing in the global, gold or resources strategies is set forth below. Before you decide whether to invest in a strategy, carefully consider these risk factors associated with investing in the strategy. There can be no assurance that a strategy will achieve its investment objective.

**Management and Strategy Risk:** The value of your investment depends on the judgment of the advisor about the quality, relative yield, value or market trends affecting a particular security, industry, sector or region, which may prove to be incorrect. Investment strategies employed by the advisor in selecting investments for a strategy may not



result in an increase in the value of your investment or in overall performance equal to other investments.

**Market Risk:** The market price of a security or instrument may decline, sometimes rapidly or unpredictably, due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic or political conditions throughout the world, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. The market value of a security or instrument also may decline because of factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry.

**Equity Risk:** The value of the equity securities held in a strategy may fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held in the strategy participate, or factors relating to specific companies in which the strategy invests.

**Small-Cap and Mid-Cap Company Risk:** The securities of small-capitalization and mid-capitalization companies may be subject to more abrupt or erratic market movements and may have lower trading volumes or more erratic trading than securities of larger, more established companies or market averages in general. In addition, such companies typically are more likely to be adversely affected than large capitalization companies by changes in earning results, business prospects, investor expectations or poor economic or market conditions.

**Large-Cap Company Risk:** Larger, more established companies may be unable to attain the high growth rates of successful, smaller companies during periods of economic expansion.

**Private Placement Risks:** Private placement securities are illiquid investments not publicly traded with no ready secondary market where securities can be sold. If a client has immediate cash needs, they may not be able to sell private placement securities or receive a just price. Since no ready market for private placements exists, valuation is left to mathematical models that may use unreliable factors. (Most private placements we undertake are secondary offerings of public companies and typically have a “hold” of four months, after which time they can be sold in the market.)

**Non-U.S. Investment Risk:** Non-U.S. investments may involve special risks not present in U.S. investments that can increase the chance of losing money. These risks include, risks associated with non-U.S. custodians and depositories, changes in currency exchange rates, and restrictions imposed on investments by foreigners. In addition, non-U.S. investments may be susceptible to less politically and economically stable environments and adverse changes to government regulation.

**Foreign Investment Risk:** The prices of foreign securities may be more volatile than the prices of securities of U.S. issuers because of economic and social conditions abroad, political developments, and changes in the regulatory environments of foreign countries. In addition, changes in exchange rates and interest rates may adversely affect the values of the strategy’s foreign investments. Foreign companies may be subject to different legal and accounting standards than U.S. companies, and foreign financial intermediaries may be subject to less supervision and regulation than U.S. financial firms.

**Emerging Market Risk:** Many of the risks with respect to foreign investments may be more pronounced for investments in issuers in developing or emerging market countries. Emerging market countries tend to have less government exchange controls, more volatile interest and currency exchange rates, less market regulation, and less developed economic, political and legal systems than those of more developed countries. In addition, emerging market countries may experience high levels of inflation and may have less liquid securities markets and less efficient trading and settlement systems.

**Currency Risk:** The values of investments in securities denominated in foreign currencies increase or decrease as the rates of exchange between those currencies and the U.S. Dollar change. Currency conversion costs and currency fluctuations could erase investment gains or add to investment losses. Currency exchange rates may be volatile and affected by factors such as general economic conditions, the actions of the U.S. and foreign governments or central banks, the imposition of currency controls, and speculation.

**Options Risk:** The purchaser of a put or call option runs the risk of losing the entire investment in a relatively short period of time. The writer of an uncovered call option is subject to a risk of loss should the price of the underlying security increase, and the writer of an uncovered put option is subject to a risk of loss should the price of the underlying security decrease. *(Please see our discussion of how we use of options; we send this to all new clients for whom we deem options to be suitable.)*

**Gold and Precious Metals Risk:** Exposure to gold and other precious metals may subject a portfolio to greater volatility than investments in traditional securities. Client accounts may be invested in physical gold and the securities of companies in the gold and other precious metals mining sectors. Prices of gold and other precious metal related issues are susceptible to changes to U.S. and non-U.S. taxes, currency, mining laws, inflation, and various other market conditions.

**Natural Resources Risk:** Equity securities of natural resources companies may be negatively affected by variations, often rapid, in the commodities markets, the supply of and demand for specific products and services, the supply of and demand for oil and gas, the price of oil and gas, exploration and production spending, government regulation, economic conditions, events relating to international political developments, environmental incidents, energy conservation and the success of exploration projects. Therefore, the securities of companies in the natural resources sector may experience more price volatility than securities of companies in other industries.

**Currency Exchange Transactions Risks:** Currency trading may involve significant risks, including market risk, interest rate risk and country risk. Forward currency contracts present the risk that the counterparty fails to meet their obligations.

**Liquidity Risks:** In certain situations, including because of local market conditions, or rules or position size, it may be difficult to or impossible to sell an investment in an orderly fashion at an acceptable price.

**Short Sale Risk:** Short sale strategies can be riskier than “long” investment strategies. Because a short sale may involve the sale of a security that is not owned, the potential losses are unlimited.

### **Item 9: Disciplinary Information**

The SEC requires that legal and disciplinary events should be disclosed if they were settled or finalized within 10 years of this brochure. There are no such disciplinary or legal events against Adrian Day Asset Management or Adrian Day, and none pending.

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

Not applicable.

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

As an SEC-registered investment advisor, Adrian Day Asset Management has adopted a Code of Ethics under Rule

204A-1 (the “Code”) under the Adviser’s Act that is applicable to all employees and outside consultants considered access persons under the Code. The Code contains policies and procedures that, among other things:

- Require access persons to observe fiduciary duties owed to clients;
- Prohibit access persons from taking personal advantage of opportunities belonging to clients;
- Place limitations on personal trading by access persons and impose pre-clearance and reporting obligations with respect to trading of reportable securities pursuant to the Code;
- Impose limitations on the giving or receiving of gifts and entertainment;
- Potentially, restrict access person’s outside business activities;
- Prohibit disclosure by access persons of confidential information relating to the firm and its clients; and
- Prohibit the misuse of material, non-public information by the firm or its access persons.

All access persons must acknowledge understanding and agree to comply with the Code initially upon employment and must certify on an annual basis, or when amended, that they have read and understand the Code and will comply accordingly.

We do not have a material financial interest in any securities that we recommend to clients. The firm or Adrian Day, or “family or friend” accounts that we manage, may however own shares in securities that we also buy for clients. Such share positions would be normal positions for the relevant account. Adrian Day Asset Management and its access persons may, under certain circumstances, personally invest in securities that it also recommends for or are traded in client accounts. Transactions for client accounts that are managed by us, in which an access person has a beneficial interest, may be aggregated with transactions for client accounts per our written aggregation and trade allocation policies. For transactions in accounts not managed by us, access persons must follow the Code’s pre-clearance of trades’ procedures and obtain prior written approval before engaging in any reportable security transactions. Adrian Day Asset Management shall ensure that the submitted transaction does not raise any conflicts with client trading and the best interests of clients.

Access persons’ trades in positions also held by clients should take place only after all transactions in clients’ accounts planned have been effected. Further, as trades are being considered in clients’ accounts, no access person is permitted to effect transactions in reportable securities under consideration until such time as all client transactions have been effected or the security is no longer being considered for any client’s account in the near term. An exception may be made when the trade is conducted in compliance with the policies as discussed in the written aggregation and trade allocation procedures.

A copy of our Code of Ethics will be provided to any client or prospective client upon written request to our mailing address.

### Item 12: Brokerage Practices

Adrian Day Asset Management has a fiduciary obligation to seek best execution for client security transactions. Best execution is not determined by the lowest possible commission costs, but by the best qualitative execution. Best execution means executing securities transactions for clients in such a manner that the client’s total purchase costs or

sale proceeds in each transaction are most favorable under the circumstances.

Our primary objective in selecting a broker-dealer for any transaction or series of transactions is obtaining the best combination of execution price and efficiency of execution. We may consider, among other factors, the net price received, reputation of the broker-dealer, financial strength and stability of the broker-dealer, efficiency of execution and error resolution, block trading capabilities, willingness to execute related or unrelated difficult transactions in the future, efficiency of placing trades, availability of research and other matters involved in the receipt of brokerage services generally. Commissions charged, net price, service provided, and execution are the prime determinants in deciding which broker to use for each client. Particularly on foreign or OTC stocks, the level and speed of execution are most important. Good execution will frequently be more important to the total size of the "ticket" (that is, the gross price paid) than commission alone—and more importantly sometimes, whether the trade is even executed. The choice of broker will depend on these factors. Other factors, such as ability to use foreign currency limits, GTC limits in foreign markets, broker flexibility, ability to buy and hold foreign private placements, and other such factors, are important factors in the selection of a broker. The decision will be based primarily on experience in dealing with the broker. Also, a broker's experience of a particular market or sector may be important in certain areas, again particularly in foreign or junior securities. Such knowledge, leading to better executions, could improve client profits despite possibly higher commissions. For example, on Canadian (and some other foreign exchanges), we can "see" the 10 next bids and offers. The ability to use a foreign currency limit and trade directly on the foreign exchange enables us (for example) to place our bid one penny above a large bid below the market. We cannot do this with all brokerages. Many discounters for example require the use of U.S. dollar bids on the OTC "pink sheet" market, which can be notoriously illiquid with very wide bid-ask spreads. Thus, we are prepared to pay a higher commission in order to trade on the foreign exchange for better execution. Having said that, we are always trying to reduce commissions and other charges on behalf of clients where reasonable.

We do not use any soft-dollar arrangements. Although we sometimes receive research from brokerage firms, this is not a factor in determining which broker to use. We have yet to see any research from a major brokerage that would be worth this.

If a broker who otherwise meets our criteria, refers a client to us, we will generally hold the account at that broker—and so indicate to the client—unless otherwise directed by the client. We do not direct other client accounts to that broker who makes referrals to us unless that brokerage would otherwise be our choice for that client.

Where an account is held at a brokerage at the client's direction, that is not one of our recommended firms, it should be noted that performance and service may suffer; some firms, for example, do not accept foreign currency limit orders, or restrict the use of certain options strategies, or are inefficient at effecting reorganizations on foreign equities, or cannot effect private placements efficiently, and we cannot aggregate orders effectively if only one or two clients are held at a particular firm. In addition, particularly in the case of more illiquid stocks where we buy incrementally for clients, we typically buy for clients at brokerages where we hold the bulk of our client accounts before those brokerages where we have only one or two accounts. All of this hampers our normal investment style, and likely reduces performance. Different custodial arrangements directed by the client may result in higher costs, poor execution or errors for which (other than errors caused by our negligence) we are not responsible.

We aggregate orders where we can and where the client will benefit, either in execution or in commission. Generally, however, we place individual orders for individual clients meaning the client pays an individual commission.

Adrian Day Asset Management does not usually aggregate trades for itself, or for accounts in which an access person has a beneficial interest, with client trades, but may if there is a benefit to clients, or no disadvantage to

clients but a significant benefit to access persons. We do not aggregate trades for the Fund client to which we are sub-advisor with other trades on instructions by the Fund. Where we aggregate trades, the following conditions are met:

1. Transactions will not be aggregated unless we believe that aggregation is consistent with our duty to seek best execution (which includes the duty to seek best price) for our clients and is consistent with the terms of Adrian Day Asset Management's investment advisory agreement with each client for which trades are being aggregated.
2. No advisory client, including those clients in which Adrian Day Asset Management or persons associated with Adrian Day Asset Management have a direct or indirect beneficial interest, will be favored over any other client.
3. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with a pre-trade allocation; if the order is partially filled, it may be allocated on a basis different from strictly pro-rata.
  - a. Clients with larger cash holdings than other clients; clients underweight the specific security or sector or market; or clients for whom the security is deemed more appropriate (more aggressive or with a more suitable objective) may be given preference. We also want to avoid clients receiving very small allocations of a particular share (because a commission still needs to be paid or to minimize reporting paperwork for clients). If only a small amount fills, all shares may be given to one or two clients; if most fills, then it will be allocated more broadly.
  - b. If an aggregated order is partially filled and allocated on a basis different from that specified in the pre-trade allocation, no account that is benefited by such different allocation may affect any purchase or sale, for a reasonable period following the execution of the aggregated order, that would result in it receiving or selling more shares than the amount of shares it would have received or sold had the aggregated order been completely filled.
4. Each client that participates in an aggregated order will participate at the average share price for all transactions in a given security for the particular block (per custodian utilized).
5. A written allocation statement will be prepared, before entering an aggregated order, specifying the participating advisory client accounts and how it intends to allocate the order among the various accounts.
6. Books and records will reflect the orders which are aggregated, the securities held by, and bought and sold for that account.

### Item 13: Review of Accounts

Adrian Day, President and CEO, and other personnel, review accounts routinely.

All accounts are typically reviewed at least monthly in conjunction with buys and sells for asset allocation purposes. Administrative personnel check all account statements for all transactions on a minimum quarterly basis. Some personnel review accounts periodically for asset allocation purposes based on specific but changing instructions from Adrian Day. Also, there are independent trustee/custodians charged with oversight.

### Item 14: Client Referrals and Other Compensation

We may enter into various arrangements pursuant to which unaffiliated third parties may be compensated for referring clients to us.

GSM will pay a share of advisory fees for client referrals to authorized persons or entities, as permitted in Rule 206(4)-3 under the Adviser's Act and regulations of the SEC. Fees will not be paid to referrers where not allowed by relevant State regulations. The referral fee is paid pursuant to a written agreement retained by both the investment advisor and the solicitor. A statement of the arrangement is provided to such clients prior to or at the time of entering

into any investment advisory contract, and their written authorization is required to pay the referral fee. Such fee splits do not increase the fees paid by the client.

Also, as a matter of firm policy, employees of Adrian Day Asset Management may be compensated for referring clients to the firm. The cost of compensating employees is borne by Adrian Day Asset Management and in no way affects the fee amount the client pays to us.

### Item 15: Custody

We do not have custody of client funds or securities. However, we are deemed to have custody to the extent we may deduct advisory fees directly from a client's account.

### Item 16: Investment Discretion

Adrian Day Asset Management and its related persons have discretionary authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of securities to be bought or sold. We also decide the broker or dealer to be used. Clients generally provide an overall investment objective. Clients may place limitations on this authority (see discussion in Item 4), but few do. The SEC requires that we disclose that before we begin to exercise authority to buy or sell securities in a client's account, we obtain written authorization to do so.

In the case of any Fund client, limitations as to the discretion that may be utilized is outlined in the Funds' offering documents and investment management agreements.

### Item 17: Voting Client Securities

Pursuant to SEC Rule 206(4)-6 under the Advisers Act, a registered investment advisor who exercises voting authority with respect to client securities must adopt and implement written policies and procedures that are reasonably designed to ensure that the advisor votes client securities in the best interest of clients and which include how the advisor will address material conflicts that may arise between the advisor's interests and those of the client.

Generally, we do not vote proxies for separately managed accounts, where the cost is deemed to outweigh the benefit to clients, unless its vote could reasonably be thought to affect the outcome of the vote, including such votes that require a certain percentage of shareholders to vote in favor; and the matters to be voted on are significant and could materially affect the direction of the company (such as mergers and acquisitions). Adrian Day, as the firm's Chief Investment Officer, determines if a matter is of material impact, determines how to vote, and then we vote. We maintain a record of the rare occasions when we vote, including copies of relevant proxy material. We believe this is in the best interest of clients because it frees us to devote more management time to the essential task for which we have been hired, namely managing clients' portfolios.

ERISA clients of the firm retain the right to vote all proxies or take any action relating to specified securities held in their account releasing us from any liability or responsibility with respect to voting proxies.

We are generally required to vote all proxies for the Fund client to which we serve as sub-advisor but may choose not to vote such proxies in certain situations, such as where we deem the cost of proxy voting exceeds any anticipated benefit to the Fund.

Generally, separately managed account clients may not direct our vote in a particular proxy solicitation; however, the Fund we sub-advise may direct our voting of proxies on behalf of the Fund.

There are, generally, no material conflicts between our interests and those of clients with respect to proxy voting. However, if we became aware of any type of potential or actual conflict of interest relating to a proxy proposal, we

will, in consultation with our Chief Compliance Officer, determine what is in the best interests of client(s) and take appropriate steps to eliminate such conflict. With regard to any type of potential or actual conflict related to a proxy proposal on behalf of the Fund we sub-advise, our Chief Compliance Officer would forward all necessary proxy voting materials to the Fund for further direction on how to vote such proxy.

A copy of our Proxy Voting Policy is sent to all clients prior to their becoming clients. However, clients may obtain another copy of our Proxy Voting Policy and information on how securities have been voted by writing to us at our mailing address on the front of this document.

### Item 18: Financial Information

Not applicable.

### Item 19: Performance Reporting

We report performance on all standard accounts, those without restrictions, and which include the ability to use options. Accounts under our standard minimums or other than non-restricted direct accounts may be excluded from our reported performance aggregates since they are not necessarily representative, and the performance for these accounts may differ from that for our standard accounts, as reported. This includes accounts significantly under our minimum; with significant restrictions or limitations; or different fee, custodian or trading arrangements than our normal direct accounts. Such restrictions and arrangements may hamper our normal management style, and thus performance.

Although we accept accounts with a lower minimum for sector specific objectives, nonetheless smaller accounts have less flexibility than larger ones, and certain strategies are not suitable for accounts at the lower minimums (such as option selling or broad diversification into more speculative, but higher potential, stocks). Thus, performance of small accounts may not equal that of our account averages; we exclude accounts under \$200,000 from our performance reporting. We include in our performance reporting groups ("composites") accounts that are at or over \$200,000 at the end of the relevant reporting period. Accounts at or over \$200,000 that open during the year are included in the performance reporting for the complete quarters during which they are open as well as the year in which they open, subject to being above \$200,000 at the end of the year. Accounts held in the wrap program are subject to the different minimum of the wrap program sponsor, and are reported separately.



The following statements are required by the SEC to be placed on top of the first page of this “supplement”:

*This brochure supplement provides information about Adrian V. Day that supplements the Adrian Day Asset Management brochure. You should have received a copy of that brochure. Please contact our office by using the contact information below if you did not receive Adrian Day Asset Management’s brochure or if you have any questions about the contents of this supplement.*

*Additional information about Adrian V. Day is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

### Item 1: Cover Page

Adrian V. Day President  
Global Strategic Management, Inc. d.b.a. Adrian Day Asset Management  
Mail: P.O. Box 6643, Annapolis, MD 21401  
Office: 801 Compass Way, Suite 207, Annapolis, MD 21401  
Phone: 410.224.2037; Fax: 410.224.8229  
[www.AdrianDayAssetManagement.com](http://www.AdrianDayAssetManagement.com)

### Item 2: Educational Background and Business Experience

Adrian Day, Born 1949 - Graduated (with Honors) London School of Economics, 1971  
1981-present: President, Investment Consultants Int’l, Ltd.  
1991-present: Chairman, Global Strategic Management, Inc.  
1999-present: Editor, Global Analyst

### Item 3: Disciplinary Information

The SEC requires information about legal or disciplinary proceedings that concluded within the last 10 years, or if more than 10 years, “if it is so serious that it remains currently material to a client’s or prospective client’s evaluation.” There is no such information about Adrian Day.

### Item 4: Other Business Activities

Adrian Day is editor of *Adrian Day’s Global Analyst*, an investment advisory newsletter that is a separate business from Adrian Day Asset Management.

*Adrian Day’s Global Analyst* is a periodic fax/e-mail service. *Global Analyst* and ICI (which publishes *Global Analyst*) are separate from Global Strategic Management and GSM has no ownership interest in any of them, nor do they have any ownership interest in GSM. Adrian Day is owner of ICI.

Legally and conceptually, the fax service and money management are two separate businesses. The one offers investment advice to a broad audience without regard to specific individual’s financial circumstances and goals, the other offers advisory services that are tailored to an individual’s circumstances. Performance claims for the one must not be confused with performance claims for the other.

Because GSM's managed accounts are individually managed, we do not necessarily buy or sell the same securities for each client, and, therefore, managed accounts do not necessarily reflect the recommendations in the fax/e-mail service. Indeed, we may be buying or selling certain securities for specific clients even though the fax/e-mail recommendation may be different.

Faxes/e-mails are issued irregularly, as frequently as five or six a month (but typically less frequently). This discussion is at the behest of SEC examiners.

#### Item 5: Additional Compensation

No additional compensation is received for managing client accounts beyond fees paid by clients.

#### Item 6: Supervision

Mr. Day, as President of Adrian Day Asset Management, is responsible for the firm's supervisory structure. Accordingly, he has direct or indirect supervisory authority over all supervised persons of the firm, including himself. Any concerns are referred to our Chief Compliance Officer or outside counsel.