

# Gerber/Taylor Management Company Part 2A of Form ADV The Brochure

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**This brochure provides information about the qualifications and business practices of Gerber/Taylor Management Company (“GTM”). If you have any questions about the contents of this brochure, please contact Simone Meeks at (901) 526-9750 or [smeeks@gerbertaylor.com](mailto:smeeks@gerbertaylor.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration does not imply a certain level of skill or authority.**

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

## Item 2 - Material Changes

GTM's most recent annual update to Part 2 of Form ADV was made in March 2016. GTM's business activities have not changed materially since the time of that update. While GTM does not believe there are any material changes in this update, certain information has been revised to include additional detail.

## Item 3 - Table of Contents

Item 1 - Cover Page.....	1
Item 2 - Material Changes .....	2
Item 3 - Table of Contents.....	2
Item 4 - Advisory Business .....	2
Item 5 - Fees and Compensation .....	3
Item 6 - Performance Based Fees and Side-by-Side Management .....	5
Item 7 - Types of Clients .....	6
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9 - Disciplinary Information.....	11
Item 10- Other Financial Industry Activities and Affiliations .....	11
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..	13
Item 12 - Brokerage Practices .....	15
Item 13 - Review of Accounts.....	16
Item 14 - Client Referrals and Other Compensation .....	16
Item 15 - Custody .....	17
Item 16 - Investment Discretion .....	17
Item 17 - Voting Client Securities.....	17
Item 18 - Financial Information .....	18

## Item 4 - Advisory Business

GTM serves as the sole general partner, member/manager or investment advisor to a variety of GTM sponsored investment limited partnerships, limited liability companies, or other collective investment vehicles (each, a "Fund" or "Client" and collectively, the "Funds" or "Clients"). The Funds invest in other limited partnerships, limited liability companies, corporations, mutual funds and other pooled investment vehicles, as well as separately managed accounts managed by unaffiliated managers (the "Managers"), and are thus funds of funds. GTM manages a range of such Funds, which include a multi-strategy Fund, a global long/short Fund, a blend of multi-strategy and global long/short Fund, emerging markets Funds, long only Funds, and special opportunity Funds, among others. GTM also manages various real asset and private equity funds-of-funds, as well as several funds-of-funds with a long only strategy.

The multi-strategy Fund seeks to achieve attractive and stable returns while minimizing market directional risk by investing in a number of innovative, non-traditional investment strategies,

including various arbitrage strategies such as fixed income arbitrage, convertible arbitrage, statistical arbitrage, merger arbitrage, and capital structure arbitrage. In addition, the multi-strategy Fund invests in distressed debt, long/short equity, special situations, insurance linked securities, and various other strategies.

The global long/short Fund seeks to achieve long-term appreciation through investments primarily in hedged equity strategies on a global basis.

The emerging markets Funds seek long term appreciation through investments primarily in equity strategies in emerging markets.

The long only Funds include distinct vehicles primarily focused on: domestic equity, international equity, tax-exempt fixed income, and taxable fixed income. While these are primarily long only strategies, there may be a limited degree of shorting with certain of the Managers from time to time.

The real asset Funds invest with Managers that generally invest directly in tangible assets or securities backed by tangible assets. Tangible assets may include, but is not limited to real estate, infrastructure, oil and gas interests, and similar investments. These are “lock-up” Funds in which commitments are received during a limited period and pro-rata drawdowns and distributions with respect to all investors are made over the life of the Fund at GTM’s discretion.

The private equity Funds invest with Managers investing on a global basis in privately held companies or illiquid securities including, to a significantly lesser extent, thinly-traded publicly-held companies. These are also lock-up Funds.

The special opportunity Funds focus on a limited number of strategies that are considered to be opportunistic based on prevailing market conditions.

GTM was founded in 1990 and is a wholly-owned subsidiary of Gerber/Taylor Capital Advisors (“GTCA”), a non-advisory holding company (formerly known as Gerber/Taylor Holdings, Inc.), a Tennessee corporation. This parent company is not an investment advisor. Charles C. Gerber owns more than 25% of Gerber/Taylor Capital Advisors. In addition, the following individuals have an equity interest in GTCA: R. Andrew Taylor, William E. Pickens, Michael J. Douglass, Jason M. Gowen, Allen B. Hawley, David G. East, William D. Ryan, Mary C. Cornpropst, Simone T. Meeks, Matthew J. Robbins, Alex B. Moore, Tara C. Elliott, Kojo N. McLennon, Ryan E. Gibbs, Matthew K. Kinnear, and Warren G. Milnor.

As of December 2016 GTM advised 38 Clients and managed approximately \$4,223,491,000 in regulatory assets on a discretionary basis.

GTM has full discretion in investment decisions made on behalf of its Clients. Investment advice is provided directly to the Funds according to each Fund’s particular investment objectives and not individually to the Funds’ investors.

## **Item 5 - Fees and Compensation**

GTM receives advisory fees from the Funds it manages. The Funds pay the fees to GTM on a quarterly basis, in advance. The payments are made based on estimates of fees, which are reconciled with actual fees due at year-end. If GTM were terminated as the investment advisor to

a Fund, a pro rata portion of the advisory fee paid in advance would be rebated to the relevant Fund.

GTM receives an annual management fee from its multi-strategy, global long/short and emerging markets Funds equal to 1% of their respective estimated net assets, paid quarterly in advance. GTM also receives an annual management fee from its various other Funds ranging from .20% to .70% of their respective estimated net assets, paid quarterly in advance. GTM does not receive a management fee from a few of the Funds.

GTM receives an annual management fee on the private equity and real estate Funds of 1% of either net assets, or contributed capital, or capital contributed to Managers depending on the terms of the Fund's organizational documents.

GTM receives performance based allocations from its multi-strategy and global long/short Funds in the amount of 1% of net new profits annually, subject to a high water mark. GTM receives a special allocation of 1% of the profits and losses, regardless of its capital account, from its emerging markets Funds. GTM does not receive performance based allocations from its long-only strategies or special opportunity Funds.

Performance fees on the private equity and real estate Funds are generally based on a percentage of distributions from the Funds after the investors have been distributed their original investment. These percentages range from 1% to 3% depending on the respective Fund's governing documents.

GTM has the discretion to modify fees for certain investors who were generally early investors in a Fund. In addition, GTM offers certain fee discounts for those investors that are in the Model Allocation (as discussed in Item 10) or deemed to be closely following the Model Allocation and whose investments in the Funds exceed \$50 million.

GTM has designated the Gerber/Taylor Associates, Inc. 401(k) Profit Sharing Plan and any individual retirement account for an employee of GTM or its affiliates ("the Plans") as Special Partners with a 100% waiver of all fees, whether the Plans invest in the Funds directly or indirectly.

Investors in Funds managed by GTM or an affiliate that invest in or through Funds managed by GTM will pay only one management fee and one performance allocation, if applicable, to GTM, which can be charged at either the investor or investee Fund level. Fees related to the Managers are in addition to fees paid to GTM. GTM does not receive any portion of the fees paid to Managers.

GTM serves as a sub-manager to offshore funds that are managed by its affiliate G/T Offshore Management, LLC ("GTOM"). These offshore funds invest in other Funds. Under sub-management agreements with GTOM, GTM performs certain duties for the offshore funds, and GTOM assigns its right to collect the management fee to GTM. Accordingly, the two offshore funds pay fees directly to GTM. GTOM receives a small portion of the management fee from the offshore funds as compensation for services it provides as portfolio manager. This compensation is deducted from the management fee and is not an additional expense to the offshore funds.

Please see Item 10 for more information on GTM's affiliates, including information on an affiliate registered non-discretionary investment adviser, Gerber/Taylor Associates, Inc.

Other fees as well as expenses incurred by the Funds, include, but are not limited to: (i) investment-related expenses such as a Fund's *pro rata* share of the compensation payable to the Managers and costs associated with investment vehicles used by the relevant Fund, and (ii) custodial fees, bookkeeping, accounting, auditing, software, employee and officer insurance, consulting, professional, record keeping, and administrative fees; office and administrative expenses; registration, filing and other government fees related to maintaining the Funds' entity status; expenses of the continuing offering of the Funds' interests, certain taxes; extraordinary expenses (including indemnification); costs and expenses related to potential investments, regardless of whether the investment is consummated; transactional fees, and brokerage fees (see Item 12).

In addition to the fees mentioned above, Managers of the Funds also charge fees, resulting in an indirect layering of fees. For example, in the multi-strategy, global long/short, and emerging markets Funds, a Manager may receive a monthly or quarterly asset-based fee generally ranging from 1% to 2% annually and, in most cases, a performance-based fee or allocation, generally of 20% or less of annual new net investment profits. The performance-based fees are based on each Manager's separate performance rather than on the performance of the Fund as a whole, and the Fund, therefore, may pay performance-based compensation to some Managers with respect to periods in which the Fund itself experiences a loss. In the long only and opportunistic Funds, the Managers may receive a monthly or quarterly asset-based fee generally ranging from .5% to 2% annually, and some of the underlying Managers of those funds also receive performance based fees as described above (which may be subject to a hurdle rate in certain cases). In the private equity and real estate Funds, Managers also receive asset based and performance based fees generally as described above for the multi-strategy, global long/short equity, and emerging markets Funds, except that their asset based fees are often based upon committed capital during their investment periods, and their performance based fees are often not payable until after an investor has received a full return of its contributed capital.

GTM does not receive transactional based compensation, and there are no revenue sharing arrangements with the Managers.

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

As previously described under Item 5, GTM charges performance-based fees. GTM invests Fund portfolios that pay GTM different levels of performance fees or no performance fees depending on the nature of the underlying Fund investment. Therefore, GTM may have an incentive to allocate its time and most profitable positions to the Funds that currently bear the greatest performance-based incentive compensation. To address this conflict, GTM has adopted allocation procedures pursuant to which it allocates investment opportunities to its Funds in what it believes to be a fair and equitable manner over time based on each Fund's investment guidelines.

The fact that GTM is compensated based on trading profits may create an incentive for GTM to invest on behalf of the Funds in investment opportunities funds that are riskier or more speculative

than would be the case in the absence of such compensation. GTM addresses this conflict by adhering to the investment guidelines relevant to each Fund.

GTM manages two small proprietary accounts that are being utilized to beta-test a new strategy. Because the strategy is still in its testing phase, GTM has not offered it to Clients at this time, but may do so in the future.

## **Item 7 - Types of Clients**

GTM's clients are the Funds, which are pooled investment vehicles for which it generally serves as the investment advisor and general partner or member manager. The Funds are eligible for investment by certain sophisticated high net worth individuals, partnerships, trusts, foundations, endowments, and pension funds. Each investor in the Funds generally must qualify as an "accredited investor", as defined in Regulation D under the Securities Act of 1933, and must qualify as a "qualified purchaser" as defined in the Investment Company Act of 1940 with respect to some of the Funds, or a "qualified client" as described in Rule 205-3 under the Investment Advisers Act of 1940 with respect to other Funds.

Generally, the Funds impose a \$1,000,000 minimum initial contribution on the hedge funds, and a \$500,000 minimum on the private equity and real assets funds, but that minimum may be waived at the discretion of GTM.

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

GTM generally does not perform individual security analysis, but rather performs analysis of Managers and the strategies they employ. GTM invests the Funds' portfolios with other Managers, who purchase equity and fixed income securities or short sell securities, indices or funds, as well as utilize derivative strategies, arbitrage strategies, direct investments in private securities or operating companies, infrastructure projects, leases, interest rate and other credit default swap instruments, direct and indirect investments in real estate, asset backed securities, and subordinated and unsubordinated debt, among many other investments (such investments generically referred to as "Financial Instruments"). Some Managers may also utilize margin and other leverage techniques.

GTM evaluates strategies and sub-strategies for inclusion in its portfolios primarily by considering the relative opportunity of the strategy, and considering whether an area is overvalued or undervalued relative to its history as well as to other market opportunities. Various other factors may also be considered, including the overall market environment, industry or sector specific trends or issues, regulatory changes, correlation with other strategies, downside protections and return potential, among others. GTM uses a combination of various industry research combined with information it derives from its own activities and interactions with Managers and other industry participants to help inform its strategy and Manager assessments. Managers to implement strategies are primarily identified through GTM's extensive network of industry contacts, including current managers, current investors, marketers, other industry professionals, and also competitors.

There are numerous factors that are considered when analyzing a Manager, which can vary dramatically among strategies. In addition to evaluating a Manager's investment approach and experience, there are also operational considerations and risks to address. Prior to hiring a Manager, GTM performs initial due diligence geared toward assessing risks, understanding the Manager's structure and terms, as well as establishing an understanding of the managers organization, including its personnel, processes and key service providers. Subsequent to hiring a Manager, GTM continually monitors its portfolios and the Managers within them. The frequency of investment team interactions with a Manager is influenced by many factors, including the complexity of the strategy and the nature of the Manager's approach, the quality of the Manager's written communications, the market environment, and the Manager's performance. Performance is reported monthly for most liquid strategies, and is generally reported quarterly for illiquid strategies like private equity and real assets. Operational update meetings subsequent to hiring a Manager are generally conducted on an annual basis for most liquid Managers, and only as deemed necessary for illiquid Managers given their lock-up structures.

Investors and eligible prospective investors are referred to the offering memorandum for each Fund for more comprehensive informational and risk disclosures that should be considered by an investor in connection with an investment in any of the Funds.

GTM operates funds of funds that invest in vehicles managed by others. The fundamental risks of the Funds related to fund of funds investing are summarized below:

**Risk of Loss.** Investing in securities involves a risk of loss that investors should be prepared to bear. An investment in the Funds is speculative, entails a high degree of risk and is suitable only for investors who can afford to bear a loss of the entire amount invested.

**Due Diligence Risk.** GTM generally evaluates the Managers it invests with in the manner described above in this section. However, the same amount of information may not be available with respect to all Managers evaluated. Certain Managers may have a limited performance record or limited amounts of assets under management at the time of evaluation. Although GTM believes that its methodologies can yield attractive risk-adjusted performance, there can be no assurance that each Manager selected will produce positive performance results.

**Multiple Managers.** A multi-manager format is generally designed to protect against major drawdowns and limit volatility through diversification. However, the short-term upside potential of a multi-manager structure is generally less than that of a fund with only one or a few Managers because the larger the group of Managers, the more likely it is that at least one, if not more, will be trading unprofitably at any given time. In addition, different Managers may not only compete with each other for the same positions, but also, to the extent that certain Managers hold positions in particular Financial Instruments opposite to those held by other Managers, the Funds may be unable to achieve any overall profit on such positions (even though a performance-based fee may be payable on certain of such positions to one or more Managers).

**Dependence on GTM.** Investors will be dependent on GTM's judgment and ability to evaluate and allocate the Funds' assets among the Managers. Accordingly, no person should invest in a Fund unless such investor is willing to entrust all aspects of the investment management activities of the Fund to GTM. Investors will not have the opportunity to evaluate

fully for themselves the relevant economic, financial and other information regarding the underlying investment vehicles of the Funds.

**No Control over Underlying Investment Vehicles and Limited Control over Managers.** GTM will be relying on the Managers to make all investments for the underlying investment vehicles and will have little or no control over the investments made by an investment vehicle, the selection of counterparties with which, or the exchanges on which, such investment vehicle trades, or the leverage utilized or the risks assumed by such investment vehicle. In addition, an investment vehicle may impose certain limitations on GTM's ability to redeem an investment with such fund. This may in turn adversely affect the ability of the Funds to meet withdrawals, and may require the Funds temporarily to suspend withdrawals and/or to treat investments in certain underlying investment vehicles as "designated investments".

GTM has limited control over the Managers. Because the Managers typically trade on a fully discretionary basis subject to certain limitations in the investment vehicles' governing documents, their results, apart from normal market risk, depend largely upon the Managers' abilities and efforts. As a result, GTM will not have the ability to terminate or reverse trades made by the Managers.

**Risk of Theft or Fraud by Managers.** The Funds will not have custody of the assets invested with the Managers. Although GTM will endeavor to verify the integrity of the Managers, there is a risk that a Manager could mishandle or convert investments that are under its control and cause losses to the Funds. In addition, although GTM will attempt to monitor the performance of each Manager, GTM must ultimately rely on each Manager to operate in accordance with its disclosed investment objectives, restrictions and strategy and with applicable laws and regulations. If a Manager does not operate in accordance with its disclosures and applicable laws and regulations, or otherwise commits fraud or other illegal acts, the Funds may sustain losses with respect to their investment with the Manager despite GTM's efforts to monitor the investment.

**Allocations Among Managers.** GTM may, in its sole discretion, from time to time select new Managers or change the percentage of Funds' assets invested with a particular Manager. Allocation changes could occur, for example, (i) because of performance differences among the Managers, (ii) as a result of the Funds receiving additional capital contributions and investing them with new Managers and/or in different percentages among the then current Managers, or (iii) due to the removal of a Manager from the portfolio. GTM may, in its sole discretion, invest additional assets with current or new Managers without regard to existing allocations, based on market conditions. The success of the Funds depends, therefore, not only on the Managers that GTM may initially select for the Funds and its ability to allocate the Funds' assets successfully among those Managers, but also on GTM's ability to identify successful new Managers. GTM may change the allocation of the Funds' assets, vary the strategy of the Funds and/or add or remove Managers at any time in its sole discretion, subject to limitations, if any, as described in the governing documents for each respective Fund.

**Potential Liquidity Mismatch.** The Funds invest in a number of investment vehicles with multi-year restrictions on redemptions ("lock-ups"). While certain of the Funds may offer withdrawals, monthly, quarterly or annually to their limited partners based on the liquidity terms



of each Fund's offering documents, it is possible that, if a substantial number of limited partners sought to withdraw in any given year, the restrictions on liquidity in the Funds (including any investments that may be declared as side pockets or designated investments by such Funds) could prevent the Funds from liquidating sufficient positions in such Funds to fulfill all such withdrawal requests in a timely manner or without prejudicing their remaining limited partners. In such event, the Funds might be forced temporarily to declare "designated investments" or suspend withdrawals and all or certain limited partners in the Funds might not receive the full proceeds of the withdrawals requested within the time frames generally offered.

**Access to Information from Managers.** The Funds will receive periodic reports from Managers at the same general time as other investors with such Managers. GTM may request detailed information on a periodic basis from Managers regarding such Managers' historical performance and investment strategies. However, GTM may not always be provided with detailed information regarding all the investments made by the Managers because certain of this information may be considered proprietary information by the Managers. This lack of access to information may make it more difficult for GTM to select, allocate among and evaluate the Managers and the risks involved in a particular Manager's strategy.

**Valuation of Interests in Funds.** The Managers have primary responsibility for determining the value of Financial Instruments owned by the Funds, and based on such values, the net asset values of interests in their investment vehicles. Managers could overstate their values, and thus the net asset value of the Funds would be overstated. In almost all cases, GTM will utilize the values assigned to the investment vehicles by the Managers in calculating the "net asset value" of the Funds, subject to adjustment in connection with the Funds' annual audits. As part of initial and ongoing due diligence, GTM generally considers the valuation process of each Manager, including, but not limited to, the nature of the assets in the portfolio, the levels of inputs required to value them, the extent to which Financial Instruments require judgment to establish fair value, and the Manager's valuation methodology and sources.

**Increased Expenses.** Investment of Fund assets with multiple Managers may significantly increase the fees and expenses incurred by a Fund (and indirectly by Investors) because each Manager charges its own fees and expenses. In addition, many Managers are also compensated based on the performance of the assets they manage for the Funds. There will be times when one or more Managers receive incentive compensation in respect of their investment vehicles for a period even though the Funds' overall portfolio depreciated during such period.

In terms of the underlying strategies, some or all of the investment vehicles have the following risks:

**Foreign Investments.** Certain of GTM's investments are global in scope, and include both developed and emerging markets, some of which are extremely liquid and others which are less liquid or illiquid. With respect to strategies investing in emerging markets, the rules and regulations over those markets are less developed and the rule of law may be less clearly defined. Further, strategies that are typically uncorrelated can be extremely correlated during times of crisis and market panic as investors seek to reduce exposure. Counterparties range from securities exchanges to boutique investment firms and private parties.

**Leverage.** Many of the strategies involve leverage, and some use substantial leverage. Leverage amplifies both gains and losses, and can put pressure on the Managers during market downturns as they may be required to liquidate securities to reduce exposures or post more collateral to support borrowings.

**Impact of Regulation.** As a result of market dislocations in recent years, there is an increased risk of regulation that could impact the normal functioning of the markets (e.g., restricting short sales, increasing margin requirements). Such changes could affect not only the Managers, but also their counterparties, which could reduce leverage available to the Managers or result in margin calls. Margin calls can force Managers to sell assets at inopportune prices to raise capital to meet such calls. There is also the potential for government intervention that could be detrimental to the value of Managers underlying holdings.

**Illiquid Securities.** Certain of the strategies involve illiquid securities, which often provide good opportunities and cheap valuations for those in a position to hold them indefinitely, but can be problematic for those needing to raise liquidity quickly. During times of market crisis, liquidity can evaporate quickly and substantial losses can be incurred.

**Summary of Strategy-Related Risks.** More generally, risks based on the wide-ranging strategies of the underlying Managers include among others, risks associated with the following:

- General economic and market conditions, e.g.,
  - Interest rates
  - Availability of credit
  - Credit defaults
  - Inflation rates
  - Economic uncertainty
  - Trade barriers
- Equity investments
- Corporate debt obligations
- Currency trading and currency exposure
- Forward trading
- Futures, options and derivative instruments
- Hedging transactions
- Lower rated securities
- Non-U.S. investments and non-U.S. securities
- Proprietary investment strategies
- Short selling
- Use of swap agreements
- New issues
- Arbitrage transactions
- Bank debt
- Commodity and financial futures contracts
- Distressed securities
- Mortgage-backed securities and other structured products
- Emerging market investments

- Project finance investments
- Proxy contests
- Event driven investment
- Relative value investing
- Non-voting securities
- Insurance linked securities
- Macro investments
- Private investments
- Partnerships and other commingled investment vehicles

**Cybersecurity Risks.** GTM and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. A cybersecurity breach could expose both GTM and the Funds to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability as well as regulatory inquiry and/or action. In addition, any such breach could cause substantial withdrawals from a Fund. While GTM has established a business continuity plan in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, GTM, and the Funds cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to the Funds and/or the investment vehicles in which the Funds invests.

The preceding risks are only a sample of the risks inherent in the Funds. Investors and eligible prospective investors should read the complete offering memoranda for the specific Funds being considered prior to making an investment in such Fund.

## **Item 9 - Disciplinary Information**

GTM and its management persons have not been involved in any legal or disciplinary events in the past 10 years that would be material to an investor's evaluation of the company or its personnel.

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

GTM is affiliated with G/T Offshore Management, LLC ("GTOM"), a Delaware limited liability company that is also a registered investment advisor. The majority of the principals of GTCA are

also the owners of GTOM. GTOM serves as the portfolio manager for two offshore funds, which are Cayman Island entities. These offshore funds invest in some of the Funds managed by GTM. The investors in these offshore funds are limited to U.S. tax-exempt investors and non-U.S. investors. GTM serves as a sub-manager to the offshore funds that are managed by GTOM. Under sub management agreements with GTOM, GTM performs certain duties for GTOM's offshore funds and will receive compensation as it and GTOM have agreed upon. Please see Item 5 for more information.

Another affiliate, Gerber/Taylor Associates, Inc. ("GTA") is a registered investment advisor and is also wholly owned by GTCA. It provides customized investment consulting services to the sponsors of large tax-exempt investment entities including pension funds, profit sharing plans, private and public foundations and endowments and to individuals and family offices. GTA recommends the Funds and GTOM offshore funds, as appropriate, to certain sophisticated, high net worth individuals, foundations and endowments. In the event GTA clients invest in any of the Funds or GTOM's offshore funds, GTA credits a portion of the management fee payable in respect of its client's investment in such fund against the GTA advisory fee, unless the GTA client declines the offset.

Furthermore, in recognition of amounts invested in funds managed by GTM or GTOM through the model allocation program ("the "Model Allocation"), GTA will waive its advisory fee so long as the assets remain so invested. The fees or allocations paid to GTM for management of such funds include fees for services provided to Model Allocation clients by GTA and no separate fee will be charged by GTA in such circumstances.

The three registered investment advisers, GTA, GTM and GTOM, may be referred to collectively in this Brochure and the Brochure Supplements as "Gerber Taylor".

The President of GTM serves on an Advisory Council board of a public company that primarily provides banking services. The President devotes an immaterial amount of his time working in this capacity, however does receive compensation.

GTM assesses the outside business activities of its employees and takes steps such as, among other things, asking employees to cease such activities or including disclosures in this Form ADV, Part 2A if potential conflicts of interest appear to exist.

More information on GTA and GTOM is available in their respective brochures and Form ADV at [www.sec.gov](http://www.sec.gov).

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

### **Code of Ethics**

GTM has adopted a written code of ethics that is applicable to all employees (the “Code”). Among other things, the Code requires GTM and its employees to act in Clients’ best interests, abide by all applicable laws and regulations, avoid even the appearance of impropriety, and pre-clear and report on many types of personal securities transactions.

GTM’s employees are generally permitted to engage in personal trading. Further, GTM’s employees may invest in private offerings, including investments in Managers in which the Funds also invest, as long as the investment is pre-cleared with the Chief Compliance Officer and the employee confirms they will not receive terms preferable to the Funds. These investments may be made at or about the same time as a Fund’s investment, although the GTM principals are prohibited from investing in private offerings of limited capacity.

Investments of GTM’s employees may be viewed as creating a conflict of interest because such employees may have an incentive to act in their own self-interests as opposed to in the best interests of the Funds. The pre-clearance requirements and personal trading reporting requirements found in the Code and GTM’s allocation policies and procedures were adopted to ensure that GTM employees always act in the best interests of the Funds. A list of employee investments in the Funds as well as outside investments in which the Funds hold positions is provided periodically to GTM’s Conflicts Advisory Committee (as described below) for review.

Further, certain situations that may present conflicts of interest are analyzed on a case by case basis by GTM’s Conflicts Advisory Committee to ensure that the existence of the conflict does not disadvantage the Funds (i.e. when there is limited capacity), and that the investment is in compliance with the Code. The Chief Compliance Officer monitors employee trading to ensure that employees do not engage in transactions in violation of the Code.

GTM and its affiliated entities have formed the Conflicts Advisory Committee to review employee investments from time to time and consider certain transactions that could be viewed as giving rise to conflicts of interest between clients or investors of the Funds and GTA, GTM or GTOM and their principals. The Conflicts Advisory Committee is comprised of the Chief Compliance Officers of GTA, GTM and GTOM, the President of GTM, and three representatives of clients and investors. The mission of the Conflicts Advisory Committee is to assist the advisers in resolving conflicts of interest that may arise from time to time between or among any of the advisers (or their principals) and any of their clients, among multiple clients of the same adviser and between or among investors or classes of investors in any fund sponsored or advised by GTM or GTOM.

GTM maintains a list of prohibited securities in which employees may not trade. The prohibited securities list includes securities of public companies that are clients of GTA and securities about which GTM may have material non-public information. Furthermore, all GTM employees are required to obtain pre-clearance approval before executing transactions for their personal accounts when trading in IPOs or limited offerings. The Chief Compliance Officer does not grant pre-clearance where it would appear that an employee's trading could disadvantage GTM's clients or otherwise result in a violation of law.

GTM requires pre-clearance for the giving or receiving of gifts to or from investors or investment managers in excess of \$250. Gifts of a nominal value, customary business lunches, dinners, entertainment (e.g., sporting or cultural events), and promotional items may be accepted.

GTM generally intends to avoid any transaction that constitutes a "principal transaction" within the meaning of Section 206(3) of the Advisers Act. In such a transaction, an adviser acts as principal for its own account with respect to the sale of a security to, or purchase of a security from, its client. If, however, GTM determines such a transaction is in the best interests of a Fund, GTM may enter into such transaction provided GTM has met the Advisers Act requirements with respect to such a transaction, including the relevant disclosure requirements and the requirement to obtain the informed consent of the Fund.

GTM has directed the Funds to invest in certain private investment funds managed by a Manager that has in turn invested on behalf of the private funds in certain real estate investments with respect to which a relative of a GTM principal provides services. However, in accordance with our fiduciary duty, all investment decisions are made based on a thorough evaluation of the merits of the investment. Further, the Conflicts Advisory Committee has reviewed the conflict, and the principal has recused himself from decision-making regarding the investment.

A copy of GTM's Code is available upon request from Simone Meeks, Chief Compliance Officer at (901) 526-9750 or [smeeks@gerbertaylor.com](mailto:smeeks@gerbertaylor.com).

### **Interest in Client Transactions; Allocations of Investment Opportunities; Trade Errors**

The Funds have allocated capital to Managers, a few of which have employees that are also limited partners of the Funds. These investments are communicated to the Conflicts Advisory Committee and, if the potential investment would be greater than 1% of the Fund, then the Conflicts Advisory Committee must pre-approve the transaction.

Principals of GTM may invest in Managers alongside the Clients. However, these investments by principals are prohibited if they are of limited capacity, and the principals are prohibited from receiving terms that are more favorable than those the Clients receive. These investments are communicated to the Conflicts Advisory Committee.

Additionally, GTM has a fiduciary obligation to use its best efforts to ensure that no Fund is treated unfairly in relation to any other Fund in the allocation of investment opportunities. Accordingly, GTM seeks to allocate investment opportunities among the Funds in a manner that it believes is equitable and in the best interests of all the Funds. Each Fund is invested in accordance with specific investment objectives, guidelines and restrictions. To the extent a

limited investment opportunity (and hence not fungible with other investment opportunities) is equally appropriate given all the relevant considerations (*e.g.*, cash availability, exposure to the strategy and other considerations) for more than one Fund, the Funds generally will invest on a pro-rata basis based upon the desired exposure. Exceptions to this pro rata allocation methodology include, but are not limited to, differing legal or tax prohibitions among the Funds, or limited availability of capital in a particular Fund.

GTM may on occasion experience trade, administration, operations and other human errors when conducting investment and administration activities on behalf of the Funds. GTM will endeavor to detect and correct the error as soon as practicable and to scrutinize carefully its policies and procedures with respect to the error with a view toward revising its procedures to prevent or reduce future errors, if necessary. Such trade and other clerical errors resulting in gains will be for the benefit of the relevant Fund and will not be retained by GTM. Absent a breach of its standard of conduct, GTM and its affiliates are generally not liable to a Fund for any act or omission. In other words, absent fraud, gross negligence or willful misconduct on the part of GTM or its affiliates, the Funds will bear losses that result from trade and other clerical errors. GTM, subject to its fiduciary obligations, will determine whether or not any loss resulting from a trade or other clerical error is required to be reimbursed in accordance with its standard of conduct.

## **Item 12 - Brokerage Practices**

The vast majority of the Funds' assets are invested with Managers who place transactions for their investment vehicles and are responsible for choosing broker-dealers. In fact, the Managers through whom GTM invests Fund assets have complete discretion in the selection of brokers or dealers they utilize. GTM does not require or suggest which brokers or dealers the Managers utilize nor does GTM receive any form of compensation from the brokers or dealers the Managers utilize.

GTM maintains brokerage accounts on behalf of the Funds for the separately managed accounts in certain Funds, and for a limited number of direct investments in securities. Generally, the direct investment accounts hold securities that have been distributed to a Fund by a Manager as an in-kind distribution for liquidation purposes.

In determining which custodian/broker to utilize, GTM seeks to utilize a custodian/broker that will hold Client assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. In determining which custodian/broker to utilize, GTM considers a wide range of factors, including: (i) combination of transaction execution services and asset custody services, generally without a separate fee for custody; (ii) capability to execute, clear, and settle trades; (iii) capability to facilitate transfers and payments to and from accounts; (iv) quality of services; (v) competitiveness of prices for the services provided and willingness to negotiate the prices; (vi) reputation, financial strength, and stability; (vii) prior service to GTM and its Clients; and (viii) availability of other products and services that benefit GTM, as discussed below.

GTM currently has brokerage accounts with a number of Custodians, including Schwab, Merrill Lynch, Fidelity, Morgan Stanley, RJO and CIBC Mellon, but may establish brokerage accounts on behalf of its Clients with other registered broker-dealers in the future.

GTM is independently owned and operated and not affiliated with Schwab.

Schwab maintains custody of clients' assets and effects trades for client accounts. Schwab provides GTM's Clients who open a Schwab account with access to its custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them as long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not otherwise contingent upon GTM committing to Schwab any specific amount of business, assets in custody or trading.

In addition, GTM believes that Schwab provides other services that benefit GTM's Clients, including research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For GTM Client accounts maintained in Schwab's custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

## **Item 13 - Review of Accounts**

Pooled investment vehicles under GTM's management are monitored on an ongoing basis by the Investment Committees and the Valuation Committee. The respective Investment Committees review most accounts in detail on at least an annual basis, but generally more frequently. On a quarterly basis, the Valuation Committee, of which the CCO is a primary member, meets to discuss the valuations of securities held in each account.

On a quarterly basis, GTM provides investors with a detailed summary of each Funds' performance along with management commentary, and either GTM or its third party administrator, UMB Fund Services, provides investors with account statements, which contain balances as well as transactions. On a monthly basis, GTM sends a letter with a brief summary and commentary about performance for the primary Funds investing in liquid strategies. Monthly account balances and transactions are available to investors via Gerber Taylor's website. Financial statements for the Funds are provided to investors annually as are Schedule K-1s.

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

GTM does not compensate affiliates or unaffiliated third parties for client referrals. Please see Item 10 regarding GTA.



## **Item 15 - Custody**

GTM as general partner or managing member of the Funds is deemed to have custody of the assets of those Funds. All Fund assets (excluding underlying investments in managers) are held in custody by unaffiliated broker/dealers or banks, which are qualified custodians, but GTM has direct authority over the accounts.

GTM has the Funds audited annually by a PCAOB registered and inspected accounting firm, and in accordance with GAAP. GTM delivers copies of the audits to investors no later than 180 days after year-end. GTM provides account statements to all investors of certain Funds at least on a quarterly basis, and UMB Fund Services, the administrator of certain Funds and the offshore funds, sends statements on a monthly basis.

Investors should carefully review and compare all statements sent to them.

## **Item 16 - Investment Discretion**

As general partner/managing member, GTM has the complete discretion to invest the Funds' assets with Managers and in the strategies it chooses. GTM has no limitation as to the strategy it selects or the amount it allocates to a Manager. Please see Items 4 and 8 of this Brochure, as well as the offering memoranda of each Fund, for more descriptions on these strategies.

## **Item 17 - Voting Client Securities**

Due to the nature of a fund of funds, the Managers and not GTM are generally responsible for voting client securities. In addition to proxy solicitation in connection with equity securities of traditional operating companies, "voting client securities" is deemed to include any consent requested in matters such as bankruptcy or insolvency, covenant waivers in connection with debt, approvals regarding the restructuring of debt and other rights and remedies with respect to securities. GTM generally does not receive such materials and requests for decision-making (including requests to participate in class action notices) that require GTM to exercise voting rights with respect to Client securities. If it were to receive such items, it is GTM's policy to act in accordance with its fiduciary duty with respect to the Funds, which may include not taking action with respect to these requests if GTM determines that abstaining from voting would be in the relevant Fund's best interest. GTM will maintain records with respect to the voting of Client securities as required.

If GTM detects a material conflict of interest in connection with voting Client securities, the Conflicts Advisory Committee will consider the vote, discuss the perceived conflict of interest with the Chief Compliance Officer and outside counsel, if and as necessary, and determine whether and how to respond.

Upon request, GTM will provide its Clients with its proxy voting policy and information about how the votes relevant to the relevant Fund are voted.

## **Item 18 - Financial Information**

GTM is not aware of any financial condition that would be expected to affect its ability to meet contractual commitments to its Clients.