

**Gallatin & Company, LLC**

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**FORM ADV PART 2  
BROCHURE**

This brochure provides information about the qualifications and business practices of Gallatin & Company, LLC. If you have any questions about the contents of this brochure, please contact us at 772-231-9607. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Gallatin & Company, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Gallatin & Company, LLC is 111984.

Gallatin & Company, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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## **Advisory Business**

Form ADV Part 2A, Item 4

Gallatin & Company, LLC was established in 1999 to provide investment advisory services by Donald Liddell Twiss. He is the sole owner of the firm. There are no intermediate subsidiaries.

The firm's area of investment expertise and experience centers on taxable and tax-exempt bonds, common and preferred stocks, mutual funds, and closed-end investment companies. While there might be occasion to discuss other financial matters with clients such as investment related insurance contracts or tax-sheltered investments, we do not represent to have expertise in these other areas.

Gallatin & Company, LLC obtains as much information as possible on a continuous basis concerning a client's financial situation, income needs, retirement plans, and similarly related matters. This information is then used to provide a platform for recommending various investments to clients. Investment recommendations are tailored to the individual circumstances of the client. They are designed so that the client can make informed and appropriate investment decisions in non-discretionary accounts. The client is free to impose restrictions on investing in certain securities or types of securities. It is important that Gallatin & Company be informed promptly regarding any material change in a client's circumstances as such a situation might prompt investment changes.

Gallatin & Company, LLC is an independent investment advisory firm. As such, it receives its compensation from client fees. The firm does not accept commissions relating to the purchase or sale of any investment. The firm has no arrangements with broker/dealers, custodians, or any other entity whereby benefits are paid or received as a result of recommendations or security transactions. It does not participate in wrap fee programs and has no "soft dollar" arrangements with any financial entity.

Client assets are held at third party institutions such as banks or brokerage firms. As of December 31, 2016, Gallatin & Company, LLC managed approximately \$36,782,454 in client assets on a non-discretionary basis and approximately \$59,244,757 on a discretionary basis.

## ***Fees and Compensation***

Form ADV Part 2A, Item 5

Gallatin & Company, LLC is compensated for its investment advisory services by client fees. Fees are negotiable and are determined on a case by case basis. Typically, and absent special circumstances, annual fees are based in a range from 0.0% to 2.0% of assets under management. In some instances, a client may pay a predetermined fee rather than a fee based on a percentage of assets under management.

Clients are billed on a quarterly basis for fees incurred. The majority of clients have elected to pay their fees by having their fees deducted from their brokerage or bank account but in some instances remittances are made directly by the client to the firm.

Clients pay commission charges relating to the purchase and sale securities and may incur fees by financial institutions relating to other charges such as custodial, remittance, or similar fees. Additional information concerning brokerage fees can be found on page 11. Mutual funds and some exchange traded funds often charge a fee for their investment management services and may also have charges relating to purchase and sales of the fund in addition to possible brokerage charges. Such fees are discussed in the fund's prospectus and are in addition to the client fees charged by Gallatin & Company, LLC.

Gallatin & Company, LLC does not require nor does it ask that clients pay fees in advance.

Gallatin & Company, LLC and its related persons do not, and will not, accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### ***Performance-Based Fees and Side-By-Side Management***

Form ADV Part 2A, Item 6

Gallatin & Company, LLC and those persons employed at the firm are not permitted to accept performance-based fees which are fees typically based on a share of capital gains or on capital appreciation of the assets of a client.

### ***Types of Clients***

Form ADV Part 2A, Item 7

Gallatin & Company, LLC provides investment advice to individuals, institutions, trusts, estates, and pension plans. The firm will customarily not accept new clients with assets to be managed below \$100,000 and prefers that new clients have at least \$500,000 in assets available for investment management.

## ***Methods of Analysis, Investment Strategies and Risk of Loss***

Form ADV Part 2A, Item 8

Gallatin & Company, LLC primarily employs fundamental security analysis to formulate investment advice and manage assets for the firm's clients. Our investment recommendations are made after research on the continuing operations and outlook for a company. Our research sources include annual reports, prospectuses, filings with the Securities and Exchange Commission, financial periodicals, and corporate rating services. We also use research materials prepared by outside sources. Our primary investment strategy is one of investing in securities with favorable investment potential for good total return (capital appreciation plus current income) over the long term. It should be noted that even with extensive research on a particular security there are risk factors that can affect any investment recommendation. These include, but are not limited to; favorable expectations for the security might not be realized, unforeseen negative factors might affect a category of securities, the economy could decline, securities markets could decline, and potential natural disasters could affect markets. Other risks to be considered are interest rate risk, inflationary risks, currency risks, and reinvestment risk. Clients should realize there is the risk for possible principal loss in any investment or investments.

The firm's primary investment strategy is to invest in securities with the potential for favorable total return based on fundamental analysis. Among the risks to the client that are involved in this strategy are that favorable expectations in terms of the security might not be realized and that the security price declines. The client is also subject to the overall risk of market declines. This strategy focuses on long term investment and does not involve frequent trading of securities. Investment strategy is formulated for a client after consultation concerning objectives, income needs, tax considerations, and related matters. Each client's investment portfolio is created specifically for the particular client with risk considerations in mind. The firm does not employ model portfolios and investment portfolios are individualized to the particular client. They are not designed to be speculative in nature.

Gallatin & Company, LLC often uses investment vehicles such as closed end funds, exchange traded funds, and mutual funds for clients. Risk in this type of investment vehicle may be reduced in that the client is investing in a group of securities rather than an individual security. While this type of investing spreads risk among a number of companies rather than just a single company, market risks are not eliminated.

***Disciplinary Information***

Form ADV Part 2A, Item 9

Gallatin & Company, LLC and its related persons are not, and have not been, involved in any legal or disciplinary events relating to past or current activities.



### ***Other Financial Industry Activities and Affiliations***

Form ADV Part 2A, Item 10

Gallatin & Company, LLC and its employees are not registered, nor do they have an application to be registered, as a broker-dealer or a registered representative of a broker-dealer.

The firm and its employees are not registered, nor do they have an application to be registered, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

The firm does not have, nor do any of its employees have, any relationship or arrangement that is material to our investment advisory business or to our clients with any related person or firm.

The firm may, as an accommodation, suggest other investment advisers to clients when asked to do so. Such referrals are made with the understanding that they are done without direct or indirect compensation being expected or received.

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

Form ADV Part 2A, Item 11

As a fiduciary, Gallatin & Company, LLC and its related persons must put client interests ahead of their own. In addition, the firm and its employees must not engage in fraudulent and manipulative practices. These subjects, as well as others, are addressed in the firm's Code of Ethics adopted pursuant to SEC rule 204A-1. The firm and its related persons also adhere to the Code of Ethics and Standards of Professional Conduct of the CFA Institute. Copies of these documents are available to clients or prospective clients upon request.

The firm does not recommend to clients, or buys or sells for client accounts, securities in which the firm or related persons have a material financial interest.

On occasion related persons may buy or sell securities that are also held by clients. There is a potential conflict in that any such security transactions might possibly realize a better execution for an employee. In accordance with the firm's fiduciary responsibility to clients, the Chief Compliance Officer will ensure that any such transactions will not be made ahead of client transactions and that they will not be of significant enough value to affect the securities markets. Employees are required to notify the Chief Compliance Officer before any such transactions are made. Employees must submit quarterly reports of all securities transactions as well and all security holdings are subject to periodic review by the Chief Compliance Officer. The Chief Compliance Officer is Donald L. Twiss.

## **Brokerage Practices**

Form ADV Part 2A, Item 12

Clients may direct Gallatin & Company, LLC to utilize a particular brokerage firm for their securities transactions. In the absence of any such direction, the firm will suggest that the client's account be domiciled at a broker-dealer that provides securities transactions at reduced fees ("discount broker") such as TD Ameritrade Institutional or Charles Schwab Institutional. Clients benefit from relatively modest transaction costs that might not be afforded by a broker-dealer of their own choosing.

Gallatin & Company, LLC does not receive research or other products or services other than execution from broker-dealers or third parties in connection with client securities transactions ("soft dollar benefits"). The firm does not receive compensation, direct or indirect, either monetarily or in the form of products or services from any broker-dealer or third party.

When selecting or recommending broker-dealers clients are not referred to broker-dealers in return for receiving client referrals from a broker-dealer or third party.

Gallatin & Company, LLC does not routinely recommend, request, or require that a client direct the firm to execute transactions through a specified broker-dealer. If a client directs that a specified broker-dealer be utilized for the client's transactions, potential disadvantages such as possible increased costs are discussed with the client.

Client portfolios are managed on a case by case basis according to the client's individual needs and preferences. Opportunities for aggregating purchases or sales are limited as the firm tailors the client's investments to that specific client as opposed to operating a "model" portfolio where all clients buy or sell in tandem each being allocated specific shares of a security. While aggregating sales or purchases has the potential for saving money on transaction costs, the firm prefers to invest on an individual account basis. The firm feels that potential benefits from aggregating are outweighed by the potential benefits from individualized portfolio management as no two clients are likely to have the same needs, wants, or expectations.

## ***Review of Accounts***

Form ADV Part 2A, Item 13

Client holdings are monitored on a continuous basis. Reviews are conducted by the President of Gallatin & Company, LLC and are conducted at the time the firm prepares a priced asset list of the client's holdings (Portfolio Summary) and at such other times that the firm deems appropriate. All reviews are informal in that they are not put in written form but rather create part of the basis of an ongoing dialogue between the firm and its clients.

Accounts are reviewed to determine whether or not there are opportunities to suggest changes which meet the client's investment objectives and preferences and which improve the total return potential of the client's holdings on a risk adjusted basis. A change in client goals or objectives would prompt such a review. The client should notify the firm on a timely basis of any material changes in the client's particular situation.

Clients are typically provided a written Portfolio Summary of their investment holdings on a quarterly basis.

## ***Client Referrals and Other Compensation***

Form ADV Part 2A, Item 14

Gallatin & Company does not have any arrangements whereby someone provides an economic benefit to the firm for providing investment advice or other advisory services to its clients.

The firm has not paid fees for referrals. It will not accept fees or any other form of remuneration for referrals it makes to other professionals or firms. Should the firm ever decide to pay a solicitor for a client referral it would be paid in accordance with the requirements of SEC Rule 206(4)-3, and any corresponding state securities law. Any such referral fee would be paid solely from the firm's investment management fee.

## ***Custody***

Form ADV Part 2A, Item 15

Gallatin & Company, LLC does not have custody of client assets. If a client authorizes the firm to deduct fees from their brokerage or bank account, the Security and Exchange Commission may deem the firm to have custody of a client's assets. However, other than the foregoing fee deduction arrangement, custody of client assets in all other respects resides with third party institutions such as a bank or brokerage firm. Statements from those institutions sent to clients should be carefully reviewed upon receipt. Portfolio Summaries sent by Gallatin & Company to clients should also be carefully reviewed and compared to the brokerage or bank statements to see that they are complete and correct in every respect.

### ***Investment Discretion***

Form ADV Part 2A, Item 16

Gallatin & Company, LLC accepts discretionary authority in managing securities accounts on behalf of clients. Such accounts are governed by the firm's Investment Advisory Agreement and by the terms established in the agreements of the broker-dealer and/or financial institution involved. Should a client wish to put limitations on the discretionary authority of the firm those limitations are established and agreed upon mutually. Qualified custodians provide limited power of attorney authorizations in their client agreements which the client executes.

### ***Voting Client Securities***

Form ADV Part 2A, Item 17

Gallatin & Company, LLC does not accept authority to vote client securities. Proxies or other solicitations are sent directly to the client by their custodian or a transfer agent. Clients are encouraged to contact the firm with any questions or concerns about a particular solicitation



### ***Financial Information***

Form ADV Part 2A, Item 18

Gallatin & Company does not require prepayment of client fees.

The firm does not have any financial condition likely to impair its ability to meet contractual commitments to its clients. The firm has never been the subject of a bankruptcy petition at any time.