

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

**Guidance Investments, LLC**

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Last Updated: August 30, 2012

**This brochure provides information about the qualifications and business practices of Guidance Investments, LLC. If you have any questions about the contents of this brochure, please contact us at 703-885-0824 or [tom.gainor@guidanceresidential.com](mailto:tom.gainor@guidanceresidential.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.**

**Additional information about Guidance Investments, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2 Material Changes

Our last annual update was filed on March 30, 2012. The material changes discussed on this page apply only to changes made since our last annual update.

Revised Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss). This section was updated to include a description of the methods of analysis we use to formulate investment advice for clients.

Revised Item 13 (Review of Accounts). This section was updated to include the details about the titles of the supervised persons who conduct the review.

Added Item 19 (Requirements for State Registered Advisors). This section includes the educational and business background of our principal executive officers and management persons. If we had other business activities besides our investment advisory business, if we were compensated with performance-based fees, if any of our management persons were involved in events requiring disclosure, or if we had relationships not disclosed in Item 10 that affected our advisory business or our clients, we would disclose them in this section.

Please contact us to request a copy of our current ADV Part 2 brochure:

- By Phone: 703-885-0824
- By Fax: 877-378-6895
- By Email: [tom.gainor@guidanceresidential.com](mailto:tom.gainor@guidanceresidential.com)
- Search for Guidance Investments on the SEC Adviser Search and navigate to “Part 2 Brochures”:  
<http://adviserinfo.sec.gov/>

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#### Item 4 Advisory Business

Please note, “you”, “your”, “yours” mean the client. “Us”, “we”, and “our” means Guidance Investments, LLC.

##### A. The Firm’s Business

Guidance Investments, LLC, a wholly-owned subsidiary of Guidance Financial Group, LLC, provides investment supervisory services to corporations or business entities affiliated with the Adviser. We have been in business since 2004.

The parent company of Guidance Financial Group (with ownership information) is below:

| Parent Entity                  | Subsidiary Owned              | Percentage Ownership |
|--------------------------------|-------------------------------|----------------------|
| CG(IFS), Inc.                  | Guidance Financial Group, LLC | >75%                 |
| Capital Guidance America, Inc. | CG(IFS), Inc.                 | >75%                 |

##### B. Our Advisory Services

Guidance Investments, LLC provides investment supervisory services as a sub-manager. Our investment advisory agreement gives us only the authority to act as sub-manager under an investment policy provided by our client.

We make recommendation using our best judgment and good faith efforts. However, we cannot guarantee any performance result, or that your account will be profitable over time. **Our investment decisions and recommendations will not all be profitable.** Under the investment advisory agreement, you do not grant us discretion over the investment decisions and consequently you agree to bear all market risk for the implementation or decisions not to implement our recommendations. Market risk is the risk that the securities in your account could decline in value. In addition, the investment decisions we make and the value of your account is subject to other forms of market, currency, economic, political and business risks.

Unless there is a law that provides otherwise, we are not liable to you for:

- (A) Any loss in your account caused by any investment decision or other action made or omitted in good faith by Guidance Investments, LLC with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use;
- (B) Any loss arising from our adherence to your instructions; or
- (C) Any act or failure to act third parties responsible for execution, settlement and clearance of transactions. Nothing in the investment advisory agreement relieves us from our responsibility or liability under State or Federal statutes.

We do not have custody of or discretion over the assets in your account and we are not liable to you for any loss or other harm to any property in the account, including losses caused by an insolvency of your custodian. We are also not liable for any acts of the agents or employees of the custodian, regardless of whether or not the full amount of loss is covered by the Securities Investor Protection Corporation (“SIPC”) or any other insurance carried by the custodian. You understand that SIPC provides only limited protection of the loss of property held at your broker-dealer.

##### C. Specialized advisory service

None. Please see Item 8 for more information on the Methods of Analysis, Investment Strategies and Risk of Loss.

D. Wrap Fee Programs

None

E. Assets Under Management

Our assets under management as of December 31, 2010 are:

|   |               |
|---|---------------|
| Discretionary Assets Under Management     | \$0.          |
| Non-discretionary Assets Under Management | \$63,852,975. |
| Total Assets Under Management             | \$63,852,975. |

Item 5 Fees and Compensation

- A. We charge a fee for our services that is described in “Schedule 1- Part C” of our Delegation Agreement . We will get your consent in advance of any change in the fee calculation evidenced by an amendment to the Delegation Agreement.

The fee is calculated as the trade date market value of the account on the final day of the preceding quarter times the agreed upon rate divided by four. The market value is the sum of the value of all assets in the account, not adjusted by any margin debt. We will provide you with an invoice showing the calculation method, value of assets on which we calculate the fee and the fee amount.

**Standard Fee Schedule**

**0.05%** of Total Assets, capped at \$75,000 per annum

- B. The fees we charge you will be billed quarterly in arrears and we will send you a bill. We calculate the fees using the formula described above based on the agreed upon annual rate listed in “Schedule 1 – Part C” of the Delegation Agreement. Payment is due within 30 days of the date of the invoice.
- C. In addition to Guidance Investment’s fee, you are responsible for any other costs including a proportional share of the fund’s expenses (as described in the fund’s prospectus), commissions, stock transfer fees and other similar charges. It is your responsibility to verify the accuracy of the Guidance Investment’s fee calculation.

In order to calculate value, securities and other instruments traded on a market for which actual transaction prices are publicly reported are valued at the last reported sale price on the principal market in which they are traded. If there are no sales on that date, the price will be reflected as the simple average between the closing bid and asked prices on that date. Other readily marketable securities and other instruments will be priced using a pricing service or through quotations from one or more dealers. We will value all other assets at fair value and the value we assign as fair value is conclusive.

- D. We will bill you the sub-management fee in arrears. Fees for partial quarters at the commencement or termination of the investment advisory agreement will be prorated based on the number of days the account was open during the quarter. If you or we terminate the advisory agreement, we will refund the difference between the actual amount billed and the fee for the days when the account was open during the quarter.
- E. Guidance Investment’s supervised persons do not receive compensation for the sale of securities or other investment products to our clients.

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

We do not receive performance-based fees from our clients.

Item 7      *Types of Clients*

We provide investment advice to the following client(s):

- Corporations or other business entities, including other investment advisors

The minimum account size is \$25,000,000, although we may, at our sole discretion, accept accounts smaller than this amount.

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

We manage our clients' portfolio with a focus on increasing diversification to minimize the risks that the performance of any one investment will have a large impact on the portfolio performance. However, other risks remain, including the risk of loss. **Not every investment decision or recommendation we make will be profitable.**

Our investment strategy is an asset allocation model. We invest in a mix of asset classes using mutual funds including:

- Fixed income
  - Investment-grade bonds
  - High-yield bonds
  - Inflation-protection bonds
  - Emerging-market bonds
- Equities
  - Larger-Cap U.S. Stocks
  - Smaller-Cap U.S. Stocks
  - International Stocks
  - Emerging Markets Equities
- Other Asset Classes
  - Commodities

We recommend mutual fund managers to implement our recommended asset class allocation. The risks to this investment strategy is that your investments will lose money if the markets fall broadly. Your investments will underperform the major indices that we select underperforming mutual fund managers or allocate more of the investments into underperforming asset classes.

Our method of analysis when making individual mutual fund investment recommendations is fundamental research into the portfolio manager's investment decision-making process. The method of analysis of the asset allocation recommendations we make are a cyclical analysis of the US and global economies, as well as fundamental research into the future prospects for the asset classes we recommend.

Item 9      *Disciplinary Information*

There are no disciplinary actions against the firm or management persons.

Item 10 Other Financial Industry Activities and Affiliations

Thomas Gainor, CCO, is also registered representative at and CCO of Guidance Securities LLC, member FINRA/SIPC, a broker-dealer. Mr. Gainor is also Senior VP and General Counsel for Guidance Residential, LLC, a mortgage originator.

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

Guidance Investments is committed to maintaining the highest ethical standards when dealing with client's accounts and our firm has a Code of Ethics to reinforce the importance we place on these standards. We will provide you with a copy if you request it. The core principles in our Code of Ethics are:

1. We place your interests above the interests of the firm and our own interests.
2. We expect our employees to conduct their personal securities transactions in accordance with our Code of Ethics and we strive to avoid any actual or perceived conflicts of interests.
3. We remind our employees that the firm's management—in particular our Chief Compliance Officer—should be consulted whenever there is doubt about whether an action creates an actual or perceived conflict of interest.
4. Our employees must not take inappropriate advantage of their position with the firm.
5. Employees must always comply with Federal and State securities laws.

We do not have any financial interest in the securities we recommend. This means we are not paid by the issuer of any security we recommend and Guidance Investments and its employees, officers and directors do not invest in the same securities that we recommend.

Item 12 Brokerage Practices

We do not select or recommend broker-dealers for our clients to use to execute of our investment advice.

Item 13 Review of Accounts

Guidance Investments LLC's Chief Compliance Officer reviews our investment advisory clients' investments on a quarterly basis. The review includes a review of the fund's performance, reviewing the manager commentary about its own investments as well as general market conditions. When appropriate, we will also communicate directly with the fund manager. We will report the findings in our review to our client with any recommendations for investment changes.

We do not provide our clients with any formal reports about their accounts, which are held by third-party custodians selected exclusively by the client. We meet with the client to discuss the review and provide a recommendation for investment reallocation, if appropriate.

Item 14 *Client* Referrals and Other Compensation

We do not provide compensation for client referrals.

Item 15 *Custody*

We do not have custody of any client funds or securities.

Item 16 Investment Discretion

We do not have any discretion over client assets.

Item 17      Voting *Client* Securities

We do not have authority to vote on behalf of the securities you own. These proxy materials will be mailed to you directly and you are responsible for deciding whether and how to vote on the proposals in those materials. Although we can provide general information about the securities you own, we do not give specific advice on how to vote on proxies.

Item 18      Financial Information

We do not solicit or require prepayment of more than \$500 in fees six months or more in advance, and are not required to provide a balance sheet. There are no financial conditions that would impair our ability to meet contractual commitments to our clients.

Item 19 Requirements for State Registered Advisors

A.    Guidance Investments LLC Principal Executive Officers and Management Persons

**Thomas Gainor, Chief Compliance Officer**

Mr. Gainor has served as Senior VP, General Counsel and Chief Compliance Officer for Guidance Investments, LLC since 2002. He is also Senior VP, General Counsel and Chief Compliance Officer for Guidance Securities, LLC, a FINRA-member broker-dealer and Senior VP and General Counsel for Guidance Residential LLC, a mortgage company. He has held these positions with both companies since 2002. Prior to joining Guidance, Mr. Gainor was an active attorney and part owner of Moffa & Gainor, PC, a law firm. Mr. Gainor served as legal counsel with The International Investor in England and Kuwait from 1995 to 2000 and was previously an Advisor for Tax Strategy at Florida Power and Light Company from 1990 to 1995. Mr. Gainor holds a Master of Laws in Taxation (LLM) from the University of Miami School of Law and a J.D. from the University of Miami School of Law, where he graduated *cum laude*. He received a Bachelor of Science in Accounting from the University of Rhode Island.

B.    Guidance Investments LLC is not actively involved in any business besides giving investment advice.

C.    Guidance Investments LLC does not receive any performance-based fees

D.    No management persons of Guidance Investments LLC have been in any event requiring disclosure.

E.    There are no relationships or arrangements that are material to Guidance Investments LLC's investment advisory business or its clients other than what is disclosed in Item.



**Part 2B of Form ADV: Brochure Supplement**

**Item 1** Cover Page

|                  |  |
|------------------|--|
| Name             | Thomas Gainor  |
| Business Address | 11107 Sunset Hills Rd., Second Floor, Reston, VA 20190 |
| Telephone Number | (703) 885-0824   |

**This brochure supplement provides information about Thomas Gainor that supplements the Guidance Investments LLC brochure. You should have received a copy of that brochure. Please contact Tom Gainor, CCO, if you did not receive Guidance Investments' brochure or if you have any questions about the contents of this supplement. Additional information about Thomas Gainor is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2** Educational Background and Business Experience

Mr. Gainor has served as Senior VP, General Counsel and Chief Compliance Officer for Guidance Investments, LLC since 2002. He is also Senior VP, General Counsel and Chief Compliance Officer for Guidance Securities, LLC, a FINRA-member broker-dealer and Senior VP and General Counsel for Guidance Residential LLC, a mortgage company. He has held these positions with both companies since 2002. Prior to joining Guidance, Mr. Gainor was an active attorney and part owner of Moffa & Gainor, PC, a law firm. Mr. Gainor served as legal counsel with The International Investor in England and Kuwait from 1995 to 2000 and was previously an Advisor for Tax Strategy at Florida Power and Light Company from 1990 to 1995. Mr. Gainor holds a Master of Laws in Taxation (LLM) from the University of Miami School of Law and a J.D. from the University of Miami School of Law, where he graduated *cum laude*. He received a Bachelor of Science in Accounting from the University of Rhode Island.

**Item 3** Disciplinary Information

There are no legal or disciplinary events concerning the supervised individual.

**Item 4** Other Business Activities

Thomas Gainor, CCO, is a registered representative and CCO for Guidance Securities, LLC, a FINRA-member broker/dealer. Guidance Securities is under common control with Guidance Investments, LLC. There is no material conflict of interest because Guidance Investments LLC does not recommend broker/dealers to clients to execute any recommendations. Mr. Gainor also serves as Senior VP and General Counsel for Guidance Residential LLC, a mortgage company.

**Item 5** Additional Compensation

Mr. Gainor does not receive compensation for providing advisory services from persons who are not clients

**Item 6** Supervision

Mr. Gainor is the firm's CCO and the sole Investment Advisor Representative. He is responsible for the day-to-day supervision of all the firm's activities.

**Item 7** Requirements for State-Registered Advisers

Mr. Gainor has not been involved in any of the following disciplinary events: An award or otherwise being *found* liable in an arbitration claim alleging damages in excess of \$2,500 and/or civil, self-regulatory organization or administrative proceeding, *involving* any of the following:

- (a) an investment or an *investment-related* business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

Mr. Gainor has never been the subject of a bankruptcy petition.