

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Global Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 610-783-1888 or dsoslow@gcmonline.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 require and should not be interpreted to imply any particular level of skill or training.

Additional information about Global Capital Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 120557.

Item 2 **Material Changes**

This Firm Brochure, dated 06/26/2012, provides you with a summary of our firm's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

1. **Annual Update:** We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
2. **Material Changes:** Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.
 - The SEC adopted new rules and rule amendments under the Investment Advisers Act of 1940 to implement provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. As a result, we are no longer eligible for SEC registration. We are in the process of switching from federal to state oversight, and the transition must be complete by June 28, 2012. Once the transition is complete, our investment advisory business will be regulated by the Pennsylvania Securities Commission.

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Item 4 Advisory Business

Global Capital Management, Inc. (hereinafter "GCM", the "firm" or "we") is a state-registered investment adviser with its principal place of business located in Pennsylvania. GCM began conducting business in 1997.

Anthony W Soslow is the sole shareholder, President, Director and Chief Compliance Officer of GCM.

GCM offers the following advisory services to our clients:

INVESTMENT SUPERVISORY SERVICES ("ISS")

GCM Equity Strategy ("GES")

GCM provides Investment Supervisory Services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client, through the GCM Equity Strategy (hereinafter "GES"). Through personal discussions in which goals and objectives based on a client's particular circumstances are established, GCM develops a client's personal investment policy and creates and manages a portfolio based on that policy. GCM manages these advisory accounts on a discretionary basis only. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income).

GCM searches for companies that satisfy three principal requirements: 1) the company's stock is under-priced, 2) the company's business prospects show improvement, and 3) the company has solid financial statements and earnings reports. GCM uses a proprietary model to rank stocks based on price to intrinsic value, quality and business momentum.

Our firm uses both its own proprietary database, as well as standard sources such as corporate filings, Zacks and IBES. GCM looks for fundamental ratios to perform its analysis including: Price to Sales, Price to Earnings, Debt to Equity, Profit Margins, Earnings Growth and Earnings Variability. We implement incremental shifts in the client's portfolio as security attractiveness diminishes or portfolio diversification is impaired. Attractiveness may diminish due to (but not limited to): a significant change in security price without a corresponding change in value, a significant change in business focus or strategy, a significant change in earnings or sales prospects or a significant change in financial condition.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Clients will retain individual ownership of all securities.

GCM Strategic Asset Allocation Strategy ("GSAAS")

GCM also provides Investment Supervisory Services through the GCM Strategic Asset Allocation Strategy (hereinafter "GSAAS"). Through personal discussions in which goals and objectives based on a client's particular circumstances are established, GCM develops a client's personal investment policy and creates and manages a portfolio based on that policy. GCM manages these advisory accounts on a discretionary basis only. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income).

GSAAS uses GCM's multi-factor strategic asset allocation models to systematically assess asset class risks, returns and historical market relationships to underweight or overweight asset classes. GCM's investment approach uses advanced technology to analyze fundamental, cyclical and psychological factors to determine the relative attractiveness of each asset class and its appropriate weight in each client portfolio. Portfolios are constructed in an effort to meet each client's investment objectives, risk tolerance level, investment horizon, and tax circumstances using domestic equities, domestic fixed income securities, cash instruments and mutual funds. Clients may place reasonable restrictions on the management of their accounts, including restrictions on purchases of certain securities. Clients will retain individual ownership of all securities

GCM Non-Discretionary Strategy ("GNDS")

GCM also provides Investment Supervisory Services through the GCM Non-Discretionary Strategy (hereinafter "GNDS"). Through personal discussions in which goals and objectives based on a client's particular circumstances are established, GCM develops a client's personal investment policy and creates and manages a portfolio based on that policy. GCM will manage these advisory accounts on a non-discretionary basis only. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income).

GCM creates a blended portfolio, allocating the client's assets among various investments taking into consideration the overall management style selected by the client. Variable annuity products and mutual funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities.

Portfolio Management through Wrap Fee Programs

GCM also provides investment management services as a portfolio manager in a variety of wrap fee programs (hereinafter each is referred to as "the Program") sponsored either by an independent registered investment advisor or FINRA member broker-dealer (hereinafter "the Sponsor"), that is unaffiliated with GCM. In the Program, a representative of the Sponsor or an independent financial advisor will work with the client to determine the client's investment objectives, risk tolerance, liquidity requirements, investment restrictions and other relevant suitability factors. Based on this information and GCM's investment philosophy and style, the representative or advisor may then recommend placing all or a portion of the client's assets with GCM for management through the Program. GCM reviews all client applications for inclusion in its managed accounts. For approved clients, GCM manages client portfolios according to the client's investment objectives and any reasonable client restrictions. GCM will be compensated by a portion of the total wrap fee charged by the Sponsor, typically receiving up to a maximum of 0.60% of managed assets.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Foreign issuers
- Commercial paper
- Municipal securities
- Mutual fund shares
- Variable life insurance
- Options contracts on securities
- Corporate debt securities (other than commercial paper)
- Securities traded over-the-counter
- Warrants
- Certificates of deposit
- United States governmental securities
- Exchange-traded funds
- Variable annuities

Because some types of investments involve certain additional degrees of risk, they will only be implemented / recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

CONSULTING SERVICE

Clients can also receive investment advice on a more limited basis. This may include advice on only an isolated area(s) of concern such as retirement planning, or any other specific topic. GCM also provides specific consultation and administrative services regarding investment and financial concerns of the client. Additionally, GCM provides advice on non-securities matters.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

GCM MODEL INVESTMENT PORTFOLIO(S)

In addition to the above, GCM participates in selected programs under which independent investment management firms ("IIMFs") receive GCM's model portfolio(s). Based on the selected model(s), the IIMF exercises investment discretion and executes each investor's portfolio transaction as determined by the IIMF. GCM does not act as the investment manager for these accounts.

AMOUNT OF MANAGED ASSETS

As of 12/31/2011, we were actively managing \$25,255,269 of clients' assets on a discretionary basis.

California Clients: All material conflicts of interest under CCR Section 260.238(k) are disclosed regarding our firm, our representatives and any employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

Item 5 Fees and Compensation

INVESTMENT SUPERVISORY SERVICES ("ISS")

GCM Equity Strategy (GES) and GCM Strategic Asset Allocation Strategy (GSAAS)

The annualized fee for Investment Supervisory Services is charged as a percentage of assets under management, according to the following schedule:

<u>Assets under Management</u>	<u>Annual Fee (%)</u>
First \$500,000	1.75%
Next \$500,000	1.50%
Next \$1,000,000	1.25%
Amounts in excess of \$2,000,000	0.75%

A minimum of \$100,000 of assets under management is required for these services. This account size may be negotiable under certain circumstances.

GCM Non-Discretionary Strategy (GNDS)

The annual fee for GNDS is charged as a percentage of assets under management, according to the following schedule:

<u>Assets under Management</u>	<u>Annual Fee (%)</u>
First \$500,000	1.75%
Next \$500,000	1.50%
Next \$1,000,000	1.25%
Amounts in excess of \$2,000,000	0.75%

A minimum of \$100,000 of assets under management is required for these services. This account size may be negotiable under certain circumstances. Pre-existing advisory clients are subject to GCM's minimum account requirements in effect at the time the client entered into the advisory relationship. Therefore, GCM's minimum account requirements will differ among clients.

Clients will be invoiced in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter.

Portfolio Management through Wrap Fee Programs

GCM will be compensated by a portion of the total wrap fee charged by the Sponsor, typically receiving up to a maximum of 0.60% of managed assets.

The wrap fee collected by the Sponsor includes GCM's advisory fee, the Sponsor's fee (which may be shared with an independent referring party), the client's portfolio transactions without commission charge (subject to any restrictions), and custodial services for the client's assets. The Sponsor may

charge certain additional costs. For a complete description of the fee arrangement including billing practices and account termination provisions, clients should review the Sponsor's Wrap Fee Program Brochure.

CONSULTING SERVICE

Consulting fees will be charged in one of two ways:

1. As a fixed fee, typically ranging from \$500 to \$10,000, depending on the nature and complexity of each client's circumstances and upon mutual agreement with the client; and/or
2. On an hourly basis, ranging from \$200 to \$500 per hour, depending on the nature and complexity of each client's circumstances and upon mutual agreement with the client.

An estimate for total hours may be determined at the start of the advisory relationship. 50% of the estimated fee may be due upon the inception of the advisory relationship, with the balance (based on actual hours) due upon completion of the Consulting Service. GCM will never hold client funds greater than \$1,200 for more than six months in advance of completion of the Consulting Service. Upon termination of the Consulting Service, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the percentage of services completed in the billing period as of the notification date.

Limited Negotiability of Advisory Fees: Although GCM has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

GCM MODEL INVESTMENT PORTFOLIO(S) FEES

GCM's fee for our Model Investment Portfolio Service is calculated as a percentage of clients' assets being managed according to our Model(s) and generally range from 0.50% to 1.75%. These fees are paid to GCM on a quarterly basis by the IIFM.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement can be terminated without penalty within five (5) business days after entering into the agreement. Thereafter, a client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any

prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Direct Debiting of Advisory Fees: Fees will be debited from the account in accordance with the client authorization in the Investment Advisory Agreement. We adhere to the following safeguarding procedures:

- (i) GCM possesses written authorization from the client to deduct advisory fees from an account held by a qualified custodian;
- (ii) GCM sends the qualified custodian written notice of the amount of the fee to be deducted from the client's account;
- (iii) GCM sends the client a written invoice itemizing the fee, including any formulae used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

Mutual Fund Fees: All fees paid to Global Capital Management, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in the Program also agree to direct brokerage in their Program account(s) through the sponsoring broker-dealer or the broker-dealer utilized for all Program accounts pursuant to a written agreement with the Sponsor. Therefore, in evaluating this wrap fee arrangement, a client should recognize that brokerage commissions for the execution of transactions in the client's account are not negotiated by GCM, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to clients participating in the Program and GCM's other clients that do not direct GCM to use a particular broker-dealer for execution of trades in the client's account. The client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if GCM were free to negotiate commissions and seek best price and execution of transactions for the client's account.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to GCM's

minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

California Clients: Subsection (j) of Rule 260.238, California Code of Regulations requires that all investments advisers disclose to their advisory clients that lower fees for comparable services maybe available from other sources.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

GCM does not charge performance-based fees (fees based on a share of capital gains or capital appreciation of the client's assets).

Item 7 Types of Clients

Global Capital Management, Inc. provides advisory services to the following types of clients:

- Individuals
- Banking or Thrift Institutions
- State or municipal government entities
- Pension and profit sharing plans(other than plan participants)
- Corporations or other businesses not listed above
- Independent Investment Management Firms
- High net worth individuals
- Charitable organizations

REQUIREMENTS FOR OPENING/MAINTAINING ACCOUNTS

GCM Equity Strategy (GES) and GCM Strategic Asset Allocation Strategy (GSAAS)

A minimum of \$100,000 of assets under management is required for these services. This account size may be negotiable under certain circumstances.

GCM Non-Discretionary Strategy (GNDS)

A minimum of \$1,000,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Pre-existing advisory clients are subject to GCM's minimum account requirements in effect at the time the client entered into the advisory relationship. Therefore, GCM's minimum account requirements will differ among clients.

Portfolio Management through Wrap Fee Programs

A minimum of \$100,000 of assets under management is required for these services. This account size may be negotiable under certain circumstances.

GCM Model Investment Portfolio(s) Fees

A minimum of \$100,000 of assets under management is required for these services. This account size may be negotiable under certain circumstances.

Consulting Service

A minimum fee of \$1,000 is required for this service. The minimum fee may be negotiable under certain circumstances.

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

METHODS OF ANALYSIS

GCM Equity Strategy: GCM uses a proprietary model to rank stocks based on price to intrinsic value, quality and business momentum. GCM uses both its own proprietary database, as well as standard sources such as corporate filings, Zacks and IBES. GCM looks for fundamental ratios to perform its analysis including: Price to Sales, Price to Earnings, Debt to Equity, Profit Margins, Earnings Growth and Earnings Variability.

Overall, we use the following methods of analysis in formulating our investment advice and/or managing client assets:

Charting. In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock

against the overall market in an attempt to predict the price movement of the security.

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

GCM Strategic Asset Allocation Strategy: GSAAS uses GCM's multi-factor strategic asset allocation models to systematically evaluate asset class risks, returns and historical market relationships to underweight or overweight asset classes. GCM's investment approach uses advanced technology to analyze fundamental, cyclical and psychological factors to determine the relative attractiveness of each asset class and its appropriate weight in each client portfolio.

Overall, we use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Trading. We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Short sales. We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Margin transactions. We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

Option writing. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

Risk of Loss. Investing in securities involves risk of loss that clients should be prepared to bear. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Neither our firm nor our management personnel have any disciplinary history to report.

Item 10 Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

GCM and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

GCM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to dsoslow@gcmonline.com, or by calling us at 610-783-1888.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
8. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
9. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
10. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
11. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
12. Any individual who violates any of the above restrictions may be subject to termination.

Item 12 Brokerage Practices

Management Services: Through the advisory agreement with clients, GCM is granted limited power of attorney to exercise brokerage discretion in compliance with such limitations as may be imposed by each client and with the stated investment objectives, policies and restrictions of such clients involved.

Broker-dealers are selected by GCM primarily on the basis of a combination of most favorable price and best execution. Commission rates are established based on negotiations with the broker-dealer, with an evaluation of the quality and quantity of execution and research services provided by the broker-dealer as compared to fees charged for similar services by other brokers.

In selecting a broker to execute a transaction for a client, GCM may consider a variety of factors, including (but not limited to) the following: the broker-dealer's capital depth; the broker-dealer's market access; the broker-dealer's transaction confirmation and account statement practices; GCM's knowledge of negotiated commission rates and spreads currently available; the nature of the security or instrument being traded; the size and type of transaction; the nature and character of the markets for the security or instrument to be purchased or sold; the desired timing of the transaction; the execution, clearance and settlement capabilities of the broker-dealer selected in comparison to others considered; the reputation and perceived soundness of the broker-dealer in comparison to others considered; GCM's knowledge of any actual or apparent operational problems with the broker-dealer; and the reasonableness of the commission or commission equivalent for specific transactions.

While GCM generally seeks competitive commission rates and dealer spreads, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker-dealer and thereby justify higher commissions or their equivalent than would be the case with other transactions requiring more routine services.

Additionally, GCM may take into consideration the "Soft Dollar" benefits provided by broker-dealers in determining which broker-dealer(s) to use in executing client trades.

When trading in Nasdaq stocks, GCM will preferably use market makers to execute trades. Market makers will be expected to omit commission charges in lieu of the mark-up/down associated with Nasdaq trades. However, a commission may be paid to a non-market maker if, in the judgment of GCM, this broker will add value to a particular transaction. This may be the case, for example, on thinly-traded issues where an impartial third party can help in determining which market maker has the best chance of executing the order, how much stock to attempt to trade, and the use of limit orders.

As part of a broker's ability to provide "best execution," GCM may consider the value of "research" or additional brokerage products and services a broker-dealer has provided or may be willing to provide. This is known as paying for such services or products with "soft dollars." Because many of the products or services could be considered to provide a benefit to GCM and, because the "soft dollars" used to acquire them are client assets, GCM has a conflict of interest in allocating client brokerage business: it could receive valuable benefits by selecting a particular broker over another to execute transactions for the client even though the transactions compensation charged by that broker might not be the lowest compensation GCM might otherwise be able to negotiate. In addition, GCM theoretically could have an incentive to cause the client to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products or services.

GCM's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), GCM will make a good faith determination that the amount of commissions or other fees paid is reasonable in relation to the value of the brokerage and research services provided.

That is, before placing orders with a particular broker, GCM generally determines, considering all the factors described below, that the compensation paid to the broker-dealer is reasonable in relation to the value of all the brokerage and research products and services provided. In making this determination, the firm typically considers not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in GCM's performance of its overall responsibilities to all of its clients. In some cases, the commissions or other transaction fees charged by the selected broker for a particular transaction or set of transactions may be greater than the amounts another broker-dealer who did not provide research services or products might charge.

Research and Brokerage Products and Services. "Research" products and services we may receive may include economic surveys, data and analysis; financial publications; recommendations or other information about particular companies and industries (through research reports and otherwise); and other products or services (e.g., computer services and equipment, including hardware, software, and data bases) that provide lawful and appropriate assistance to the firm in the performance of its investment decision-making responsibilities. Consistent with Section 28(e), brokerage products and services (beyond traditional execution services) consist primarily of computer services and software that permit GCM to effect securities transactions and perform functions incidental to transaction execution

Other Uses and Products. GCM may use some products or services not only as "research" and as brokerage (i.e., to assist in making investment decisions for clients or to perform functions incidental to transaction execution) but also for our administrative and other purposes as well. In these instances, GCM makes reasonable allocation of the cost of the products and services so that only the portion of the cost that is attributable to making the investment decision(s) and executing transactions is paid with commission dollars while the firm will bear the cost of the balance. A conflict of interest arises in making this allocation determination as GCM has an incentive to designate as much as possible of the cost to research and brokerage in order to minimize the portion that GCM must pay directly.

During the preceding year GCM had no soft dollar expenditures, and currently has no soft dollar arrangements.

Directed Brokerage: Under certain circumstances, clients may direct GCM to place securities transactions for their accounts with one or more designated broker-dealer(s) ("Directed Brokerage"). Under these circumstances, GCM will not seek to negotiate broker-dealer commissions for the client, and consequently clients may (or may not) pay higher commissions on transactions than other clients of GCM who do not direct transactions to a particular broker-dealer. Additionally, clients who direct GCM to use a particular broker-dealer, may (or may not) pay higher commissions than they might pay if GCM were authorized to negotiate commissions for the client.

The direction of brokerage to a particular broker-dealer may (or may not) also mean that a client may not be able to take advantage of volume discounts or otherwise to obtain best price and execution on each transaction.

GCM will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. GCM will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. GCM's block trading policy and procedures are as follows:

1. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with GCM, or our firm's order allocation policy.
2. The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
3. The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable GCM to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
4. Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
5. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
6. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
7. If the order will be allocated in a manner other than that stated in the initial statement of

allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

8. GCM's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
9. Funds and securities for aggregated orders are clearly identified on GCM's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
10. No client or account will be favored over another.

Item 13 Review of Accounts

INVESTMENT SUPERVISORY SERVICES ("ISS")

REVIEWS: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by Anthony Soslow, President, Director, Chief Compliance Officer.

REPORTS: In addition to the monthly and/or quarterly statements and confirmations of transactions that GES clients receive from their broker-dealer, GCM may provide quarterly performance/holdings reports to clients.

Portfolio Management through Wrap Fee Programs

REVIEWS: Program clients should refer to the selected Sponsor's Wrap Fee Brochure and, if applicable, the independent advisor's disclosure document for information regarding reviewers and the frequency of reviews conducted of the client's Program account(s).

REPORTS: Program clients should refer to the selected Sponsor's Wrap Fee Brochure and, if applicable, the independent advisor's disclosure document for information regarding the content and frequency of reports provided the client, if any.

CONSULTING SERVICES

REVIEWS: Consulting accounts will be reviewed by GCM as contracted for at the inception of the advisory relationship.

REPORTS: Consulting clients receive reports as contracted for upon at the inception of the advisory relationship.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

OTHER COMPENSATION

It is GCM's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. We urge clients to compare statements received from the custodian to reports received from GCM. Clients should contact us directly if they believe that there may be an error in their statement.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or

- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

Proxy Disclosure: As a matter of firm policy and practice, GCM does not generally accept the authority to and does not vote proxies on behalf of advisory clients. Clients should direct questions regarding a particular solicitation directly to their custodian or transfer agent that provided the proxy notice.

Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. GCM, however, may provide advice to clients regarding the clients' voting of proxies.

In certain circumstances, however, GCM may be required to vote proxies as part of its fiduciary duties to certain ERISA plans. In such instances, GCM will vote proxies in a manner consistent with the best interests of the plan participants. Clients may obtain a copy of GCM's complete proxy voting policies and procedures by contacting GCM directly at dsoslow@gcmonline.com. Clients for whom GCM has proxy-voting authority may request, in writing, information on how proxies for plan shares were voted. If any client requests a copy of GCM's proxy policies and procedures or how GCM voted proxies for the client's account(s), GCM will promptly provide such information to the client.

Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting, Donald Soslow, by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us at dsoslow@gcmonline.com.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose

securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18 Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client (\$500 per client that are residents of states other than Pennsylvania) more than six months in advance of services rendered. Therefore, we are not required to include a financial statement as part of this document.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. GCM has no such financial circumstances to report.

GCM has never been the subject of a bankruptcy petition.

Item 19 Requirements for State-Registered Advisers

The following individuals are the principal executive officers and management persons of GCM:

- Anthony W. Soslow, President/Director/Chief Compliance Officer

Information regarding the formal education and business background Anthony Soslow is provided in his respective Brochure Supplement.

GCM is not engaged in any business activity other than giving investment advice.

Neither GCM nor our supervised persons are compensated for advisory services with performance-based fees.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted. Our firm and our management personnel have no reportable disciplinary events to disclose.

Neither GCM nor our management personnel have a relationship or arrangement with any issuer of securities.