

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

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This brochure provides information about the qualifications and business practices of Goldstein Capital Corp. If you have any questions about the contents of this brochure, please contact us at 212-750-7450 extension 1. 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 Goldstein Capital Corp. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

Material changes since the last report filed on 3/10/2011:

- In conjunction with Goldstein Capital Corp's registration with the SEC, GCC has withdrawn its registration with the state of New York. Thus, we removed Item 19 of this brochure which applies only to State-Registered Advisers.
- There were no other material changes to GCC's business practices, however we encourage everyone to read the important disclosures contained in this brochure.

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Item 4 Advisory Business

A.

- GCC was incorporated on March 30th, 1995.
- Paul Goldstein is the only principal owner of GCC.
- Goldstein Capital Corp. (GCC) provides investment management services for individuals, institutions and pooled investment vehicles, such as GCC's proprietary fund -- the Goldstein Capital Managed Bond Portfolio (our "Fund").

B.

- GCC provides investment management services for client accounts that can include both bonds and stocks.
- GCC has extensive experience and a particular expertise in high quality bonds such as mortgage backed securities (MBS) and municipal bonds.
- GCC actively manages customized MBS and municipal bond portfolios for clients..
- One particular specialty of GCC is MBS such as Fannie Mae, Freddie Mac, and Ginnie Mae MBS. One particular way we apply this MBS expertise is in the management of our Fund -- a conservatively managed, leveraged portfolio investing in high quality MBS. GCC has managed this portfolio for 17 years.
- GCC also offers separately managed bond accounts which might include hedging or leveraging.
- Paul Goldstein, our president and Chief Investment Officer has 27 years of bond market and MBS experience.

C.

- GCC typically customizes its investment advisory service to suit the unique needs of its clients (as noted in the section above). We manage a client's account within the unique guidelines defined in that client's investment management agreement, which may restrict investments to certain securities.

D.

- GCC currently does not participate in wrap free programs.

E.

- The amount of discretionary regulatory assets under management was \$163,425,000 as of December 31st, 2012. There were no non-discretionary assets under management as of December 31st, 2012.

Item 5 Fees and Compensation

A.

- GCC's fees for advising a leveraged and hedged separately managed account or pooled investment vehicle, such as the Goldstein Capital Managed Bond Portfolio (our "Fund"), generally include both:
 - A management fee of 1% of net assets under management.
 - A performance fee of 20% of the net profits, if any, in excess of a predetermined money market rate. Performance fees are only collected as allowed under regulations.
- GCC's fees for management of traditional investment portfolios:

<u>Equity & Balanced</u>	<u>Annual Fee</u>
Minimum Fee	\$5,000
Up to \$500,000	1.25% of assets under management
Greater than \$500,000	1.00% of assets under management

<u>Fixed Income</u>	<u>Annual Fee</u>
Minimum Fee	\$3,000
Up to \$1,000,000	0.50% of assets under management
\$1,000,000 - \$5,000,000	0.45% of assets under management
Greater than \$5,000,000	0.40% of assets under management

- Fees are negotiable, depending on size of client and volume of business with GCC. The above schedules are generalizations, and not all fee arrangements adhere to these guidelines.

B.

- Depending on the client's preference, fees may be deducted from their account or clients can select to pay their bill.
- Generally, accounts are billed quarterly.
- For our Fund, the pooled investment vehicle GCC manages, management fees are paid quarterly and performance fees are paid annually.

C.

- In addition to our advisory fees, if applicable, clients pay the following:
 - Brokerage and other transaction costs, custodian fees, management fees charged by mutual funds or ETFs.
 - The Funds we manage are responsible to pay their own legal, audit, accounting and administration expenses. In addition, the Funds may also have to pay their own research expenses.
 - See Item 12 Brokerage Practices for more discussion of brokerage.

D.

- Fees are paid in arrears. GCC does not collect fees in advance.

E.

- GCC does not collect a sales fee for the sale of securities or any other investment product. GCC does, however, collect fees for managing our Fund which may be recommended to investment advisory clients. This could create a potential conflict since it gives GCC the incentive to recommend the Fund that we manage and that charges an incentive fee. One way we address this conflict is to not charge an advisory fee for any client assets invested in GCC's Fund. They simply pay the standard fees associated with the Fund. At GCC, we do our best to put our clients' interests first and to not consider whether we get an incentive fee or not. Our corporate culture emphasizes putting our clients' interests first.

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

- The valuation of client assets is important in determining both asset-based and performance-based compensation. This has the potential to create a conflict since GCC has the incentive to promote higher prices. To address this conflict, valuation of securities will follow the predetermined methodologies agreed to with the client. These methodologies typically include using third party broker-dealers or third party pricing services.
- Our Fund, the pooled investment vehicle that we manage, is charged both a management fee (% of assets) and a performance fee (% of profit).
- One of GCC's leveraged and hedged separately managed accounts is charged only a performance fee.
- Traditional separately managed accounts are generally just charged an asset based fee.
- Since GCC manages some accounts that are only charged an asset based fee and other accounts whose fees include a performance based fee, this has the potential to create a conflict since GCC has the incentive to favor allocations to accounts (like our Fund) where GCC also receives a performance based fee.
- When GCC has clients with different fee structures, which invest in similar assets, we are very careful to allocate securities purchased amongst clients in an equitable manner suitable for each client. In these cases, we document the reason that each trade was allocated to a particular account.
- At GCC, we do our best to put our clients' interests first and to not consider whether we get an incentive fee or not. Our corporate culture emphasizes putting our clients' interests first.

Item 7 Types of Clients

Item 4 above discusses the types of clients GCC advises. In summary:

- GCC provides investment management services to pooled investment vehicles (Funds).
- GCC manages separate investment advisory accounts for both individual and institutions.
- GCC sub-advises assets for other investment advisors.

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

A, B and C

GCC provides investment management services to pooled investment vehicles, individuals, institutions, and manages assets for other investment advisors.

In regard to bond separate accounts, we customize a bond strategy to meet a client's unique goals in regard to risk, return, and exposure to market interest rates. We then use our extensive investment and risk management expertise to seek to achieve the client's goals. Of course, we may not achieve client goals and investing in securities involves risk of loss that clients should be prepared to bear.

In regard to diversified separate client accounts, we strive for broad diversification typically using diversified investment vehicles such as mutual funds, index funds, ETFs, and similar vehicles. Of course, we may not achieve client goals and investing in securities involves risk of loss that clients should be prepared to bear.

In regard to the Fund that we manage, the Goldstein Capital Managed Bond Portfolio, as well as for any other separate client accounts that might use a similar strategy:

We look to produce steady returns by generating a consistent stream of interest income. A well-constructed MBS portfolio has the potential to produce steady interest income. We focus on liquid bonds that are used by a very broad range of investors. We generate interest income by prudently leveraging Fannie Mae, Freddie Mac, and Ginnie Mae MBS. Diligent risk management is another key driver of this strategy. We developed, tested, and refined our risk management over 17 years. We hedge interest rate risk to try to protect client portfolios from losses associated with rising interest rates.

Of course, investing in securities involves risk of loss that clients should be prepared to bear.

There are a variety of risks associated with each investment strategy that GCC uses. Below is a discussion of the key risks:

The following general risks apply to all of the strategies that GCC uses:

- *Market Risks.* The profitability of a significant portion of a client's investment program depends to a great extent upon correctly assessing the future course of price movements of specific securities and other investments. There can be no assurance that GCC will be able to predict accurately these price movements
- *Lack of Diversification.* client accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.
- *Interest Rate Risks.* Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.
- *Mortgage-Backed Securities.* The major issue with MBS is the possibility that principal may be prepaid at any time due to prepayments on the underlying mortgage loans. These differences can result in significantly greater price and yield volatility than is the case with traditional fixed-income securities.
- *Fixed-Income and Debt Securities.* Investment in fixed-income and debt securities such as bonds, notes and mortgage-backed securities, subject a client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated

securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

- *Illiquid Instruments.* Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Adviser's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.
- *Custody Risk.* There are risks involved in dealing with the custodians or prime brokers who settle Customer trades and / or hold Customer assets. There is no guarantee that the Prime Broker and / or custodian that GCC and a client may choose will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, it is likely that, in the event of a failure of a broker-dealer that has custody of client assets, the client would incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The following risks (in addition to the general risks listed above) apply to diversified separate client accounts.

- *Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.
- *Exchange-Traded Funds.* Because ETFs (which are registered investment companies) are effectively portfolios of securities, GCC believes that the unsystematic risk associated with investments in ETFs is generally very low relative to investments in ordinary securities of individual issuers. However, there may be certain risks to the extent a particular ETF is concentrated in a particular sector and is not as diversified as the market as a whole.
- *Non-U.S. Securities.* Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.
- *Emerging Markets.* The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.
- *REITs.* REITs in which GCC may invest client accounts are affected by underlying real estate values, which may have an exaggerated effect to the extent that REITs in which GCC invests concentrate investments in particular geographic regions or property types. Investments in REITs are also subject to the risk of interest rate volatility. Further, rising interest rates will cause investors in REITs to demand a higher annual yield from future distributions, which will in turn decrease market prices for equity securities issued by REITs. REITs are subject to risks inherent in operating and financing a limited number of projects because they are dependent upon specialized management skills, and have limited diversification. REITs depend generally on their ability to generate cash flow to make distributions to investors.
- *Distressed Securities.* Investments in unrated or low grade debt securities of distressed companies are

subject to greater risk of loss of principal and interest than higher-rated debt securities. Also, securities of distressed companies are generally more likely to become worthless than the securities of more financially stable companies. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

The following risks (in addition to the general risks listed above) apply to GCC's leveraged MBS strategy which is what is used in the Goldstein Capital Managed Bond Portfolio and which may be used for separate client accounts:

- *Leverage.* Leverage results in the client controlling substantially more assets than it has equity. Leverage can significantly increase the risk of any investment. The concept of leverage involves the use of debt to finance purchases of securities and manifests itself in different ways. In particular, a client's purchases of debt securities may be financed through repurchase agreements with banks, brokers, and other financial institutions which involve the transfer by the client of the underlying debt instrument in return for cash proceeds based upon a percentage (which can be as high as 95% to 100%) of the value of the debt instrument. The client faces risks due to leverage in the event that its equity or debt instruments decline in value. In this event, the client could be subject to a "margin call" or "collateral call" pursuant to which the client must either deposit additional funds with the lender, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value.
- *Hedging.* There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while GCC may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.
- *Short Selling.* GCC's market neutral leveraged MBS program includes a significant amount of short selling. Short selling transactions expose client portfolios to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by GCC in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Item 9 Disciplinary Information

Neither Goldstein Capital nor Paul Goldstein have any legal or disciplinary history to disclose that might be material to a client's or prospective client's evaluation of our advisory business or of the integrity of GCC's management.

Item 10 Other Financial Industry Activities and Affiliations

A.

Neither GCC nor its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

B.

Neither GCC nor its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C.

Paul Goldstein, the owner of Goldstein Capital Corp. (GCC), is also a director of the Goldstein Capital Managed Bond Portfolio Master Fund (the Master Fund) and the Goldstein Capital Managed Bond Portfolio Offshore Fund (the offshore feeder), and is the sole managing member of Goldstein Capital Management, LLC which is the General Partner of the Goldstein Capital Managed Bond Portfolio, L.P. (the onshore feeder). GCC serves as the investment manager for the Master Fund per the investment management agreement.

GCC collects fees for managing the Goldstein Capital Managed Bond Portfolio which may be recommended to investment advisory clients. This could create a potential conflict since it gives GCC the incentive to recommend the Fund that we manage and that charges an incentive fee. One way we address this conflict is to not charge an advisory fee for any client assets invested in GCC's Fund. They simply pay the standard fees associated with the Fund. At GCC, we do our best to put our clients' interests first and to not consider whether we get an incentive fee or not. Our corporate culture emphasizes putting our clients' interests first.

D.

GCC does not currently select or recommend other investment advisors for its clients.

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

A.

Our code of ethics is designed to address conflicts of interest and ensure a very high level of integrity among our employees and particularly in our dealings with clients. Our code of ethics supports our corporate culture that emphasizes putting our clients first. Our code of ethics and compliance manual contain policies and procedures concerning (but not limited to) the following:

- Insider trading
- Personal/proprietary trading
- Crossing securities between client accounts
- Trade allocation and order aggregation
- Trading errors
- Business gifts and entertainment
- Political contributions
- Soft Dollar practices

Upon request, we will provide our code of ethics to any client or prospective client.

B.

We often recommend that the separate account client invest in the Goldstein Capital Managed Bond Portfolio, a fund to which GCC acts as an investment advisor. We address any potential conflict in the following ways:

- When separate account clients originally invest in the Fund, they are given a full set of offering documents that disclose all potential conflicts. A client must then sign off on the documents in order to invest in the Fund.
- Allocation guidelines are set up with all separate account clients. These guidelines outline a range for the proportion of their portfolio that might be allocated to our Fund.
- Even with these guidelines, any significant contributions or withdrawals from our Fund are generally discussed with the client.

C.

People related to GCC often invest in the Funds that GCC manages. Separate client accounts may also invest in GCC's Funds. Since GCC's Funds are pooled investment vehicles and since everyone in the Funds is generally treated the same, there are not really any conflicts of interest. If anything, we feel that this situation better aligns the interests of GCC to the investors in our Funds.

Outside of GCC's Fund, occasionally, a related person to GCC may buy or sell for itself a security that GCC will also buy or sell for its clients. This related person always executes their orders after all of the clients' orders have been filled. All orders executed on the behalf of the related person are always congruent to the orders on the behalf of the clients (in other words, if a client is buying a security, the related person may not sell that same security, and vice versa). Additional guidance regarding GCC's personal trading can be found in GCC's code of ethics.

D.

If GCC buys or sells securities for client accounts at or about the same time that a related person buys or sells the same securities for their own account, we always execute the client orders first. Item 11C above gives more details.

Item 12 Brokerage Practices

A - 1.

The bonds that GCC buys for its separate client accounts as well as for its Fund are traded over the counter. In this case, there is no transparent commission to compare one broker to the next. In the case of bonds, GCC shops among many dealers and works very hard to find the best execution for our clients. In fact, finding the best execution is one of the benefits that GCC provides its clients. In practice, we never really select a broker with whom to do a bond transaction. We search many dealers in search of a bond that offers the best value and then purchase what we feel provides our clients with the best possible execution.

For a diversified separate account, the broker that is selected for buying stocks, mutual funds, and similar products may be the custodian. This is done to save money for our clients. Often, the additional cost of paying a custodian that allows us to trade with any broker may far exceed any potential brokerage cost savings. We are careful to select a custodian that charges very competitive fees.

In cases where the custodian is not a brokerage firm, GCC may then select the broker-dealer for buying stocks and similar products. In selecting a broker for these cases, GCC will consider brokerage fees, quality of execution, as well as quality of service that the broker provides. As we have mentioned, GCC's corporate culture emphasizes putting our client's interests first.

GCC does not have any soft dollar arrangements. The research that we do accept from dealers is typically broadly distributed and there is no expectation of any quid pro quo. This research is generally sent out in broadcast emails or through access to a broker's website. We do not imagine that receiving this research affects our transaction costs in any material way. In the future, should GCC ever enter into any soft dollar arrangements (which we currently do not have any plans to do), GCC will limit the use of "soft dollars" to services which constitute research and brokerage within the meaning of Section 28(e).

In the case that the same bond is available at the same price from several brokers, GCC may tend towards dealers that provide GCC valuable service such as the monthly pricing of the bonds.

A - 2.

GCC does not typically receive client referrals from brokers. In 2012 we did not refer any trades to brokers based on referrals.

A - 3.

GCC does not request that client trades be directed to a particular broker (other than the custodian as discussed in Item 12 A-1 above).

B.

When it is practical and in the best interest of our clients, GCC will typically aggregate client orders.

Item 13 Review of Accounts

A.

In regard to GCC's clients that are Funds (pooled investment vehicles) or leveraged and hedged separately managed accounts, the portfolios are typically reviewed several times a week and there is regular logistical work that is done to keep the Fund running smoothly. These regular reviews cover a broad range of factors and include generating and reviewing overall portfolio reports as well as risk reports. A variety of people at GCC perform this work. Paul Goldstein, principal and chief investment officer of Goldstein Capital, heads this team.

In regard to traditional (not leveraged) separately managed accounts, the frequency of review is determined based on what is appropriate for each client. Market conditions and the client's ongoing needs are important factors in determining the frequency of the review. Client accounts are generally reviewed at least once per quarter. A variety of people at GCC may be involved in the review. Paul Goldstein, principal and chief investment officer of Goldstein Capital, heads this team.

Portfolio reviews often highlight that we need to buy securities for client accounts. As a part of a dynamic and ongoing client review process, on most days, we are looking for potential new investments.

B.

How often and when client portfolios are reviewed may be affected by market conditions and the client's ongoing needs.

C.

In regard to the Goldstein Capital Managed Bond Portfolio, the client receives the following:

- GCC provides written monthly performance reviews that present performance numbers as well as a discussion of what went on in the portfolio.
- GCC has hired an outside administrator, SS&C Fund Services, who independently sends out monthly statements to the Fund's management and to investors in the Fund.
- GCC is generally available for a phone call or a meeting to address any questions from investors in the Fund.
- Statements prepared by the Fund's prime broker, custodian and bank are sent to the Fund's management and the Fund's administrator.

In regard to clients that are separately managed accounts, the type and frequency of reports is customized to meet the needs of each individual client.

- Monthly statements are generally provided by the custodian.
- GCC may or may not generate an additional statement.
- GCC is generally available for a phone call or a meeting to address any questions.

Item 14 Client Referrals and Other Compensation

A.

GCC does not accept payments from service providers in return for directing client business to those services providers.

B.

Currently we do not compensate anyone for client referrals.

Item 15 Custody

In regard to the Fund (pooled investment vehicle) that GCC manages, the Goldstein Capital Managed Bond Portfolio, Paul Goldstein, a director of the Fund and President of the investment manager (GCC), can be deemed to have custody of the Fund's securities and other assets.

- Both the Fund and the Fund's independent administrator, SS&C Fund Services, receive monthly statements from the Fund's custodians and from the Fund's bank.
- The Administrator's job is to review all the activity of the Fund, including the statements noted above.
- The Fund also reviews all statements.

In all cases, we urge clients to review the statements that they are sent by their custodians. In cases where clients receive statements from GCC, we urge those clients to compare the statements they receive from their custodians to the statements that they receive from GCC.

Item 16 Investment Discretion

GCC does accept discretionary authority to manage securities on behalf of clients. Before GCC accepts this discretion from any client, we first write up formal investment guidelines and objectives. These investment guidelines are created from discussions regarding the goals and risk tolerance of the client. These investment guidelines are then included in an investment management contract that is signed off on by the client. GCC will only use its discretion after the agreement and any appropriate power of attorney have been signed.

Item 17 Voting Client Securities

A.

Most of the securities GCC buys for clients are bonds and do not have any associated voting. In regards to stocks, mutual funds, and other securities where GCC does have voting authority, GCC will typically vote to abstain on proxy votes received, unless otherwise instructed by the client. GCC believes that abstaining is a simple policy and avoids any potential conflicts of interests. In rare cases GCC might vote proxies and not abstain. In such cases, it will be clear that there are no conflicts of interest, and GCC will vote in a manner consistent with what we view as best for shareholders. Clients may contact Richard Knecht, via e-mail or telephone, in order to obtain information on how GCC voted proxies related to such client's account, and to request a copy of these policies and procedures.

B.

GCC does have authority to vote client securities as discussed in Item 17A above.

Item 18 Financial Information

A.

GCC does not collect client fees in advance.

B.

GCC does not perceive of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

C.

GCC has never been the subject of a bankruptcy petition.

Item 19 Requirements for State-Registered Advisers

Not applicable, GCC is not State-Registered.