

Item 1 – Cover Page

**GFG** Capital, LLC

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March 18, 2015

This Brochure provides information about the qualifications and business practices of GFG Capital, LLC [“GFG”]. If you have any questions about the contents of this Brochure, please contact us at (305) 810-6500 or [info@gfgcapital.com](mailto:info@gfgcapital.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.

GFG is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about GFG also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for GFG is 128059.

## **Item 2 – Material Changes**

This Item of the Brochure discusses only specific material changes that are made to the Brochure and provides clients with a summary of such changes. The most recent update of our brochure was March 18, 2015 and we had no material changes.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Mauricio Gruener or Eduardo Gruener at (305) 810-6500.

Additional information about GFG is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with GFG who are registered, or are required to be registered, as investment adviser representatives of GFG.

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## **Item 4 – Advisory Business**

GFG is a registered investment adviser principally owned by GFG Holdings, LLC. GFG Holdings, LLC is principally owned by Mr. Eduardo Gruener and Mr. Mauricio Gruener. The Firm was founded in August 2003, and has total regulatory assets under management of \$1,065,713,078 as of December 31, 2014; \$914,765,068 in discretionary and \$150,948,010 in non-discretionary.

GFG focuses on providing family office services, including providing a combination of investment services based on each client's individual goals and circumstances. Through in-depth personal discussions with clients, GFG develops a client's investment policy, determining with the client an appropriate investment strategy and risk tolerance model. Once an appropriate model has been determined, GFG will either i) invest the client's assets in various asset classes, matching the investment strategy determined with the client, or ii) manage a portion of the client's assets in mutual funds and retain a separate independent registered investment advisers (herein "Independent Managers") for the remaining portion of the client's assets. The determination to retain an independent manager to advise on a portion of the client's assets is based on the investment strategies determined and risk tolerance preferred. All of GFG's investment recommendations are based on long-term investment strategies.

### **GFG Investment Management Services**

GFG will manage portfolios primarily consisting of fixed income securities and no-load, institutional mutual funds, predominately institutional or lowest expense ratio available. In certain circumstances, GFG may include individual stocks, and cash and cash equivalents within a portfolio. As discussed, GFG's management services may be offered in circumstances when GFG determines that an Independent Manager may not add value or meet the client's needs, or if a client's portfolio does not meet account minimums set out by the appropriate Independent Managers. In addition, some clients may request GFG's investment management services. GFG employs various asset allocation models (conservative, moderate, growth, focused growth and fixed income) as a basis for working with a client to establish an appropriate investment strategy. All portfolios are separately managed based on the clients' individual considerations such as liquidity requirements, cash flow and risk tolerance.

Once an appropriate asset allocation has been established, GFG will manage the client's assets on a continuous basis within the parameters of the model. GFG will rebalance the

portfolio periodically, based on the client's financial goal and their individual needs. Clients have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio, and retain individual ownership of all securities.

### Independent Manager Searches

GFG will perform searches of Independent Manager(s) to manage specific portions of a client's investment portfolio. GFG will determine which Independent Manager(s) are appropriate for the client based on the individual needs and circumstances of the client. Factors considered in making this determination include the sum of investments relative to the total dollar value of the client's advisory portfolio, the client's stated risk tolerance, the client's prior experience with investments, the client's opinion of the recommended Independent Manager, and the investment philosophy of the Independent Manager.

GFG will allocate the client's assets to/from the Independent Manager, taking into consideration those objectives identified in the client's personal investment policy and the overall management style selected by the client. The client should refer to the Independent Manager's Form ADV Disclosure Document (or other disclosure brochure in lieu of the Form ADV Disclosure Document) for information regarding the investment strategies, fees, qualifications and brokerage practices of that Independent Manager.

GFG will continuously monitor all Independent Managers on behalf of the client, review the performance of each Independent Manager against appropriate benchmarks, and review the investment style of the Manager against the client's investment parameters to ensure the Independent Manager continues to meet the client's investment goals. GFG may request the discretion to hire and fire Independent Managers on a client's behalf. GFG has discretionary and nondiscretionary relationships with clients to hire and fire Independent Managers.

### Additional Consulting Services

Subject to a separate agreement outlining services to be performed, GFG may provide additional general business and securities consulting services to clients. These services will include, though are not limited to, advice on business planning, business successions or mergers, insurance needs, loan establishment and structuring, structuring of business plans, meetings with client lawyers to assist with estate planning and meetings with accountants to assist with tax planning.

## Item 5 – Fees and Compensation

### ***Investment Management Fees:***

The annual fee for investment services shall be charged as a percentage of total client assets advised by GFG through its own management or the recommendation of Independent Managers. The basic fee schedule is as follows:

<i>Tier Levels</i>	<i>Annual Fee</i>	<i>Total Assets Under Management</i>	<i>Cumulative Annual Fee Percentage</i>
First \$5,000,000	1.00%	\$5,000,000	1.00%
Next \$5,000,000	0.90%	\$10,000,000	0.95%
Next \$15,000,000	0.70%	\$25,000,000	0.80%
Next \$25,000,000	0.55%	\$50,000,000	0.675%
Next \$50,000,000	0.25%	\$100,000,000	0.463%
Over \$100,000,000	0.15%	\$200,000,000	0.306%

GFG will provide a specific fee schedule to each client based on both the nature and total dollar value of that account. Fees may vary among clients based on the allocation of assets between GFG's own management services and the selection of independent investment managers. In certain circumstances, all fees, account minimums and their applications to family circumstances may be negotiable. GFG has previously operated with a lower basic fee schedule and certain legacy clients remain subject to that previous schedule.

GFG invoices clients in arrears, on a monthly basis, based on the average account balance at the close of the calendar month for which the fee is applicable and the preceding calendar month (market value or fair market value in the absence of market value). For the first month, new accounts will be charged based solely on the account balance at the end of the applicable calendar month. For terminated accounts, GFG shall be entitled to the fees for the entire month and monthly fees are not pro-rated.

In addition to the fees indicate above, GFG offers select clients consolidated account reporting services at an additional fee. For an agreed upon flat rate fee, or variable fee based on assets under management, clients can be provided with a consolidated account report of all the client's assets, including positions not under GFG's management. The

consolidated report includes transactional, performance, and cash flow information which is provided to clients monthly either via personal meetings, U.S. Postal mail, email or a unique log-in to GFG's website. Clients are invoiced for this additional service.

***General Consulting Fees:***

As noted in Item 4 above, GFG will provide additional general business and securities consulting services to clients. GFG charges an hourly fee of \$500 per hour for such consultations, subject to a separate agreement outlining the hourly services arrangement. GFG may also negotiate a fixed fee based on an estimate of the hours necessary to perform the agreed upon consultation service.

GFG's Investment Services include consultations on all aspects of assets under GFG's management. Consultations on assets under GFG's management are not subject to the additional consultation fees as described in this section. For example, GFG will meet with the client and/or the client's accountant, attorney or other financial adviser regarding assets managed by GFG without charging a separate consultation fee.

***Performance Fees:***

In some cases, GFG has entered into performance fee arrangements with qualified clients. Each performance fee is negotiated on a client by client basis, however GFG will typically reduce the above described management fees annually and additionally charge the following performance-based fee.

If the Internal Rate of Return of the Client's Account is:

- At least 6% but less than 8%, then an additional fee of 0.35% of the Average Account Balance shall be invoiced on January 31 or December 31 (depending on the terms of the Agreement) of the following calendar year, or if the Account is closed prior to such date, on the closing date of the Account (such date with respect to a Client's Account, the "Performance Fee Payment Date")
- At least 8% but less than 12%, then an additional fee of 0.40% of the Average Account Balance shall be charged on the Performance Fee Payout Date.
- At least 12% but less than 15%, then an additional fee of 0.45% of the Average Account Balance shall be charged on the Performance Fee Payout Date.

- 15% or more, then an additional fee of 0.50% of the Average Account Balance shall be charged on the Performance Fee Payment Date.

For any Account held for less than a full calendar year, the Internal Rate of Return on the Account will be annualized for purposes of calculating the Performance Incentive Fee due hereunder and the Performance Incentive Fee will be prorated on a 1/12th basis per month for the period that the Account was held during the calendar year. Any partial month will be considered a full month for the proration of the fee.

“Average Account Balance” shall, with respect to an Account, be determined based upon the average of the Account balance on each monthly period for the calendar year for which the Performance Incentive Fee is applicable. Any security or asset not assigned a market value shall be valued by the Manager in such a manner as will reflect its fair market value, based on third-party pricing-vendor or qualified custodian records when available. In the event the Account is closed before the last day of the year, the Average Account Balance shall be determined based on the average of the Account balances on the last days of each month of the applicable period to date.

Manager will use independent market data from which to calculate fees, and such market data may vary from the market data reported by a client’s custodian. In addition, Manager may include accrued interest on fixed income positions that are not reported by a client’s custodian. While Manager cannot verify the complete accuracy of the independent data utilized or the custodian’s data, Manager believes that it utilizes a data source providing an accurate representation of market data.

“Internal Rate of Return” (“IRR”) shall mean the net capital appreciation of an Account taking into account the time-weighted return of all cash flows within the account during the performance period, including but not limited to all contributions and withdrawals such as client cash deposits and withdrawals, tax withholdings, management fees, and custodian fees, etc. The IRR shall be measured for each calendar year or partial calendar year in which an Account is managed. The IRR is reported to clients in periodic GFG account reports.

In measuring the client's assets for the calculation of performance-based fees, GFG shall include: for securities for which market quotations are readily available, the realized capital losses and unrealized capital losses of securities over the period and, if the unrealized capital appreciation of the securities over this period is included, the unrealized capital depreciation of securities over the period, as calculated by GFG.

GFG’s Focus Growth Portfolio Strategy may be charged a management and performance-based fee pursuant to the investment advisory agreement executed by clients.

***General Information on Fees:***



All fees are subject to negotiation.

The specific manner in which fees are charged by GFG is established in a client's written agreement with GFG. Pursuant to the written agreement, Clients' fees will be directly debited from the client accounts at their custodian.

GFG may charge a minimum monthly fee of \$500. All clients with less than \$500,000 of investable assets will be assessed to determine whether GFG's services are appropriate based on GFG's minimum fee and the total combination of fees to which the client will be subject. At GFG's sole discretion, the \$500 monthly minimum fee may be waived for clients.

GFG's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Separately managed strategies, mutual funds, and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to GFG's fee, and GFG does not receive any portion of these commissions, fees, and costs. 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 and marketing fee (12b-1 fee). GFG and its affiliates do not receive any 12b-1 fees in relation to mutual funds within accounts managed by GFG. Similarly, the hiring of Independent Managers will result in additional management and/or administrative fees by these entities. Clients may review the fees of Independent Managers to understand completely the total fees paid by the client.

**Item 12** further describes the factors that GFG considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees. GFG will establish fee relationships with each client at the start of the advisory relationship.

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

In some cases, GFG has entered into performance fee arrangements with qualified clients. Refer to **Item 5** for a description of the standard performance-based fee schedule. Performance based fee arrangements may create an incentive for GFG to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. GFG has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. Only "qualified clients" will be eligible for performance-based fee arrangements.

The client must understand the proposed method of compensation and its risks prior to entering into the contract.

As noted above in Item 5, certain clients may have legacy performance-based fee arrangement or negotiated performance-based fee arrangement which differ from the disclosed fee schedule provided in Item 5 above.

## **Item 7 – Types of Clients**

GFG provides portfolio management services to high net worth individuals, and ultra-high net worth families, corporate pensions and profit-sharing plans, other pooled investment vehicles, and other U.S. and international corporations or other businesses institutions.

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

In the implementation of investment plans, GFG primarily uses mutual funds, and, as appropriate, portfolios of fixed income and equity securities. Clients may hold or retain other types of assets as well, and GFG may offer investment advice on any investments held by a client at the start of the advisory relationship. Advice regarding such assets will

generally not involve assets management services but may help to more generally assist the client.

GFG emphasizes the identification of an appropriate risk tolerance and asset allocation. GFG's investment management strategies do not attempt to manage short-term market fluctuations and emphasize a buy and hold approach. GFG will also assist clients in selecting Independent Managers with their own investment analysis methods and strategies. Clients should refer to the Independent Manager's Form ADV Disclosure Document for information on the methods of analysis used by that Independent Manager in servicing client accounts.

### *Risk of Loss*

#### ***Investing in securities involves risk of loss that clients should be prepared to bear.***

All investments present the risk of loss of principal – the risk that the value of securities (e.g., mutual funds, ETFs, bonds, etc.), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

Although all investments involve risk, GFG's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients the investment directly in fixed income securities to represent the fixed income class. GFG's investment philosophy is designed for investors who desire a buy and hold strategy.

Certain funds utilized by GFG may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

**Equity Securities Risk:** Equity securities (common, convertible preferred stocks and other securities whose values are tied to the price of stocks, such as rights, warrants and convertible debt securities) could decline in value if the issuer's financial condition declines or in response to overall market and economic conditions. A fund's principal market segment(s), such as large cap, mid cap or small cap stocks, or growth or value stocks, may underperform other market segments or the equity markets as a whole. Investments in smaller companies and mid-size companies may involve greater risk and price volatility than investments in larger, more mature companies.

**Fixed-Income Securities Risk:** Fixed-income securities are subject to interest rate risk and credit quality risk. The market value of fixed-income securities generally declines when interest rates rise, and an issuer of fixed-income securities could default on its payment obligations.

**Foreign Securities Risk:** The risks of foreign securities include loss of value as a result of: political or economic instability; nationalization, expropriation or confiscatory taxation; changes in foreign exchange rates and foreign exchange restrictions; settlement delays; and limited government regulation (including less stringent reporting, accounting, and disclosure standards than are required of U.S. companies). Certain of these risks are greater for investments in emerging markets.

**Concentrated Risk:** For the Focused Growth strategy, clients' accounts may hold a relatively small number of equity securities. Losses incurred in such securities could have a disproportionate effect on the account's overall financial condition.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of GFG or the integrity of GFG's management. *GFG has no information applicable to this Item.*

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

### **Other Activities:**

GFG will provide additional general business and securities consulting services to clients. These services will include, and are not limited to, advice on business planning, business successions and mergers, insurance needs, coordination and structuring of loans, organization of the structures of business plans and companies, meetings with clients' lawyers to assist with estate planning, succession planning and accountants to assist with tax planning.

### **Affiliations:**

#### ***GFG Investments LLC***

The Managing Partners of GFG Capital, LLC are also managing members of GFG Investments, LLC. GFG Investments, LLC, has a 35% equity interest in Blue House Hotels,

LLC and a 50% interest in Artise Hotels, LLC which are working to develop boutique hotels. GFG Capital, LLC may recommend to clients that they invest in Blue House Hotels, LLC and Artise Hotels, LLC. As a result, there is a conflict of interest in that fees received by GFG Investments, LLC will directly benefit the Managing Partners of GFG Capital, LLC and there is a financial incentive to recommend an investment in the Blue House Hotels, LLC or Artise Hotels, LLC. Similarly, GFG Securities, LLC a related entity to GFG Capital, may assist with the raising of equity and debt financing for the Blue House Hotels, LLC and Artise Hotels, LLC brands.

### ***GFG FAMILY OFFICES, LLC***

The Managing Partners of GFG also operate GFG Family Offices, LLC, which offers bill paying, property management, concierge, and other personalized services. GFG Family Offices, LLC charges separate and distinct fees for its services. Bill paying services provided to advisory clients may indirectly cause GFG to be construed by the Securities and Exchange Commission as having “custody” of client assets in the sense that GFG Family Offices and related persons of GFG have the authority to appropriate or handle client assets. GFG Family Offices will not however take actual possession of any client’s monies or securities, which must be maintained by banking or brokerage institutions, or other similar institutions deemed by the SEC as qualified custodians, and which provide at least quarterly statements directly to clients regarding the clients’ assets.

### ***GFG SECURITIES, LLC***

The Managing Partners of GFG Capital, LLC are also Managing Members of GFG Securities, LLC, a FINRA Member broker-dealer. GFG Securities, LLC’s business is limited to the receipt of retainer and success fees on mergers and acquisitions transactions, capital raising and debt issuance, financing, private placements and related advisory services. GFG Capital, LLC may provide investment management or consulting services to clients of GFG Securities, LLC, but GFG Capital, LLC does not charge investment management fees related to mergers and acquisitions business of GFG Securities, LLC. In addition, GFG Securities may assist with the raising of equity and debt financing for Blue House, Artise Hotels and Momentum Real Estate Fund II, LLC, in which related persons of GFG Securities and GFG Capital have a 35% and 50% shareholder interest respectively.

### ***MOMENTUM REAL ESTATE PARTNERS, LLC***

The Managing Partners of GFG Capital, LLC are also Members of the Momentum Real Estate Partners, LLC. Momentum Real Estate Partners, LLC, is adviser to private real estate

fund(s) which are exempt from registration pursuant to Section 3(c)(5)(C) of the Advisers Act. The Momentum Real Estate Fund(s) will invest in multifamily real estate assets, distressed loans secured by income-producing real estate or other types of real estate related assets, as determined appropriate by its Manager. GFG may recommend to clients that they invest in the Momentum Investment Funds. Additionally, applicable representatives of GFG may receive compensation for their introduction of the client to the Momentum Real Estate Fund(s). This is a potential conflict of interest regarding the source and amount of fees received by GFG with respect to the different investment mandates, compensation arrangements, performance potential and varying fee arrangements.

Investors in the funds must be “accredited investors” as defined by Rule 501 under the Securities Exchange Act of 1933, and make a minimum capital contribution of \$250,000. Momentum Real Estate Partners, LLC will receive organizational fees, asset management fees and allocations of profits as the Manager of the Momentum Real Estate Fund(s). GFG Capital, LLC and its affiliated persons may be subject to certain potential conflicts of interest in providing services to the Momentum Real Estate Funds. Based on personal investments in the Funds and the receipt of profit allocations, a potential incentive exists to allocate certain potentially profitable investment opportunities to the Funds rather than to the management accounts of investment advisory clients. This conflict exists only to the extent that the Funds invest in securities typical of, or appropriate, for investment management accounts. The types of investments to be made on behalf of the Funds, however, are not expected to be typical of those made for investment management accounts.

GFG Securities, LLC may also be retained by Momentum Real Estate Partners, LLC to seek debt financing and capital for the Funds.

#### **GFG Asesores S. de R.L de C.V.**

The managing members of GFG Capital, through the holdings company, also operates GFG Asesores S. de R.L. de C.V. located in Mexico City, Mexico. This entity provides administrative services for the companies of GFG Holdings with respect to clients residing in Mexico. This entity is not a licensed broker dealer or investment adviser, rather solely performs administrative tasks.

#### **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

GFG has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider

trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at GFG must acknowledge the terms of the Code of Ethics annually, or as amended.

To supervise compliance with its Code of Ethics, GFG requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. GFG requires such access persons to also receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings). GFG requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline. GFG will provide a complete copy of its Code of Ethics to any client upon request.

GFG anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which GFG has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which GFG, its affiliates and/or clients, directly or indirectly, have a position of interest. GFG's employees and persons associated with GFG are required to follow GFG's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of GFG and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for GFG's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of GFG 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. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of GFG's clients. In addition, the Code requires pre-clearance of certain transactions, such as IPO's and private placements.

Employees may buy and sell securities GFG recommends to clients on the same day as clients. As such, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between GFG and its clients.

In limited circumstances, certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with GFG's obligation of best

execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. GFG will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

It is GFG's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. GFG will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

For assets directly managed by GFG, discretionary authority to select brokers and to negotiate commissions on behalf of clients will be requested. GFG will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions are based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help GFG in providing investment management services to clients. GFG may select a broker(s) who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance.

Certain clients may already have a pre-established relationship with a broker and they will instruct GFG to execute all transactions through that broker. In the event that a client directs GFG to use a particular broker or dealer, it should be understood that under those circumstances, GFG will not have authority to negotiate commissions, obtain volume discounts and best execution may not be achieved. In addition, under these circumstances a



disparity in commission charges may exist between the commissions charged to other clients.

For certain trades, GFG 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 allows GFG to execute equity or fixed income trades in a timely, equitable manner and to reduce overall commission charges to clients. Again, clients who do not provide GFG with brokerage discretion may in some circumstances not participate in block trades, and their trades in similar securities will be placed with brokers after trades for discretionary accounts.

Independent Managers selected by clients to manage clients' assets will generally also request the discretion to select brokers and negotiate commissions on behalf of a client. GFG will not have control over trading execution by such managers. Clients should review the Form ADV disclosure documents of the Independent Managers regarding their trading practices.

GFG has entered into soft dollar arrangements with SunGard, Pershing and Fidelity Brokerage Services LLC ("FBS"), unaffiliated third-party custodians that GFG has recommended to clients because of their execution and settlement services available. For the FBS soft dollar arrangement, FBS will provide certain research and trade-order execution services that assist GFG in its management of client accounts. GFG therefore receives a benefit and has a potential conflict of interest with respect to its recommendation of FBS and use of FBS for client transactions. GFG must arrange a minimum number of transactions through FBS, as determined by FBS, to defray FBS's cost of the research service received by GFG. The research may also benefit clients whose accounts are not executed through FBS and/or custodied at FBS. FBS may discontinue purchase of the research on behalf of GFG at any time that it determines GFG has not directed sufficient brokerage business to FBS. GFG will discontinue the execution of transactions through FBS if it does not believe that FBS provides the best overall execution and custody services for client accounts.

Clients without relationships at FBS may benefit from the research and trade order execution services provided by FBS despite not generating any such benefits. Generally, such benefits would be generated by clients with accounts custodied at FBS and through which clients transactions are generally executed.

### **Item 13 – Review of Accounts**

All client account investments receive continuous reviews by Eduardo Gruener and Mauricio Gruener. The review process contains each of the following elements:

- A. Assessing the client goals and objectives;
- B. Evaluating the employed strategy(ies);
- C. Monitoring the portfolio(s); and
- D. Addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

- A. a specific client request;
- B. a change in client goals and objectives;
- C. an imbalance in a portfolio asset allocation; and
- D. market/economic conditions.

#### **Reports:**

In addition to the custodian statements received by client, GFG will provide clients with periodic reports detailing all investments.

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

#### **Client Referral**

Certain GFG affiliated persons act as originators of GFG business. Such persons' compensation is based on the successful introduction of business to GFG. These persons receive a percentage of client fees paid to GFG, and therefore have a direct economic interest in introducing GFG clients. GFG further has a solicitor agreement with certain unaffiliated third party solicitors regarding the referral of potential clients to GFG. GFG is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 and similar state regulations. As such, appropriate disclosure shall be made, all written instruments will be maintained by GFG and all applicable Federal and/or State laws will be observed. Clients should understand that third party solicitors have an economic incentive to recommend the advisory services of GFG.

GFG has various solicitation agreements with third party entities which are subject to a written solicitation agreement. Any potential client that is referred to GFG will receive the

above mentioned disclosure document and a separate Disclosure Document regarding GFG's referral fee payment to the entity at the time that any such referral is made.

GFG is a participant in the Fidelity Registered Investment Advisor Group ("FRIAG"), a FINRA registered independent and unaffiliated broker-dealer. GFG does not require clients to select any particular custodian and makes no financial commitment to such custodial brokers based on transaction volume, commission amounts, or otherwise.

Fidelity provides GFG with electronic systems that assist in the management of GFG client accounts. Custodians of client accounts may further provide access to research, the ability to directly debit client fees, software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), pricing information and other market data, assist with back-office functions, recordkeeping and client reporting.

GFG may recommend custodians to clients or potential clients. Though not limited to the following, among those custodians recommended are Fidelity Brokerage Services, LLC, Pershing and BNY Mellon. GFG can also accommodate clients with off-shore brokerage accounts, such as UBS AG, Scotiabank and others. GFG does not require clients to select any particular custodian and, other than the soft dollar arrangement discussed in Item 12, makes no financial commitment to such custodial brokers based on transaction volume, commission amounts, or otherwise. GFG is also not affiliated with any custodian.

Fidelity, Pershing, BNY Mellon, UBS AG, HSBC, Merrill Lynch, Scotia and other custodians do, however, provide GFG with electronic systems that assist in the management of GFG client accounts. Custodians may further provide access to research, the ability to directly debit client fees, software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), pricing information and other market data, assist with back-office functions, recordkeeping and client reporting.

## **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. GFG urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of

certain securities and should be used as a complement to bank statements. The official statement is the custodian bank statement and that is the statement clients should rely on for all purposes.

#### **Item 16 – Investment Discretion**

GFG may request discretionary authority to select Independent Managers on behalf of clients. However, for other investment management decisions, GFG generally provides services on a nondiscretionary basis in direct consultation with clients. Any limitations on this discretionary authority shall be included in the written investment advisory agreement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, GFG does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. GFG may provide advice to clients regarding the clients' voting of proxies.

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about an adviser's financial condition. GFG has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.