

Disclosure Brochure

June 13, 2017

Gouldin & McCarthy, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Gouldin & McCarthy, LLC (hereinafter "Gouldin & McCarthy" or the "firm"). If you have any questions about the contents of this brochure, please contact Michael Gouldin at (908) 630-0200. 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 Gouldin & McCarthy, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Gouldin & McCarthy, LLC is a state registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses any material changes that have occurred to the firm since its last annual update filed March 27, 2016. With this brochure, Gouldin & McCarthy is filing for registration with the United States Securities and Exchange Commission. The firm has updated Item 5 and Item 15 to reflect that, when the firm debits fees from client accounts, the firm will no longer send clients duplicate written statements itemizing its fees. The firm has also updated this brochure to remove Item 19 (Requirements for State Registered Investment Advisors).

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Item 4. Advisory Business

Since October 1999, Gouldin & McCarthy has been in business as a registered investment adviser, dedicated to serving its clients and seeking to help each of them achieve their financial goals. Michael H. Gouldin and Daniel M. McCarthy, the firm's principal owners, founded the firm (formerly Gouldin Financial Group) in an effort to meet the financial planning needs of small to medium sized business owners and other high net worth individuals. In the second half of 2012, the firm expanded its service offering to begin directly providing its clients with investment management services. On October 19, 2012 the firm began to offer these services. As of December 31, 2016, Gouldin & McCarthy had \$102,534,000 in assets under management. \$92,380,000 of these assets is managed on a discretionary basis, and \$10,154,000 is managed on a non-discretionary basis.

Prior to engaging Gouldin & McCarthy to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Gouldin & McCarthy setting forth the terms and conditions under which Gouldin & McCarthy renders its services (collectively the "*Agreement*"). Clients have five (5) business days from the date of execution of the *Agreement* to terminate the Firm's services without penalty.

This Disclosure Brochure describes the business of Gouldin & McCarthy. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Gouldin & McCarthy's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Gouldin & McCarthy's behalf and is subject to Gouldin & McCarthy's supervision or control.

Financial Planning and Corporate Consulting Services

Gouldin & McCarthy provides its clients with a broad range of comprehensive financial planning services, addressing a variety of matters, which include retirement planning, insurance needs, long-term care planning, disability contingencies, charitable giving, educational funding, estate planning and tax strategies.

Gouldin & McCarthy tailors its services around the needs and circumstances of its individual clients and does not employ a "one size fits all" approach. The firm undertakes a step-by-step process to work with clients and uncover their goals and objectives. From there, Gouldin & McCarthy crafts a highly customized plan, designed to address each aspect of a client's finances. In the end, the firm seeks to make sure every client has answers to each of the following questions that pertain to the seven key aspects of financial planning:

1. *Do you know what would happen to your family if you didn't wake up tomorrow?*
2. *Do you know what would happen to your family if you became disabled tomorrow?*
3. *Who will you need to help educate? When? Do you have a plan to pay for it?*

4. *How and when do you see yourself retiring? What will you do and what will it cost? Do you have a plan for a 20- or 30-year retirement?*
5. *Are your parents living and if so, will you be expected to pay for their care in the future? Have you made any provision for that? Have you made any provision to pay for your own care in the future?*
6. *How important is it for you to intervene financial in the lives of your children or grandchildren? Do you have a plan to do so? Are you interested in leaving a legacy? Do you want to contribute to charity or charities?*
7. *Assuming that up to half of your estate will be payable in taxes to the government when you're gone, what have you done to ensure that major assets, including your home and/or business, will not need to be liquidated in order to pay those taxes?*

In addition, Gouldin & McCarthy may provide corporate or institutional clients with a range of consulting services related to the development and maintenance of a company retirement plan. The firm leverages its experience, knowledge and diverse network of resources to help implement and manage a company benefit plan that is appropriately suited to the specific size and structure of an organization.

In performing its services, Gouldin & McCarthy is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Gouldin & McCarthy may recommend the services of itself, its *Supervised Persons* in their individual capacities (as registered representatives, investment adviser representatives or licensed insurance agents), and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Gouldin & McCarthy recommends its own services. The client is under no obligation to act upon any of the recommendations made by Gouldin & McCarthy under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Gouldin & McCarthy itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Gouldin & McCarthy's recommendations. Clients are advised that it remains their responsibility to promptly notify Gouldin & McCarthy if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Gouldin & McCarthy's previous recommendations and/or services.

Investment Management Services

Clients can engage Gouldin & McCarthy to manage all or a portion of their assets on a discretionary or non-discretionary basis. Gouldin & McCarthy primarily allocates clients' investment management assets among mutual funds, exchange-traded funds ("ETFs"), and, to a lesser extent, individual debt and equity securities, alternative investments and other independent investment managers ("*Independent Managers*").

Clients may also engage Gouldin & McCarthy to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans. In these situations, Gouldin & McCarthy either directs or recommends the allocation of client assets among the various investment options that are available with the product. These assets are generally maintained at the specific underwriting insurance company or the custodian designated by the product's provider.

Gouldin & McCarthy tailors its advisory services to the individual needs of clients. Gouldin & McCarthy consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Gouldin & McCarthy ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance. Clients are advised to promptly notify Gouldin & McCarthy if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Gouldin & McCarthy's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in Gouldin & McCarthy's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Use of Independent Managers

As mentioned above, Gouldin & McCarthy recommends in very limited circumstances that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain *Independent Managers*, based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between Gouldin & McCarthy or the client and the designated *Independent Managers*. Gouldin & McCarthy renders services to the client relative to the discretionary and/or non-discretionary selection or recommendation of *Independent Managers*. Gouldin & McCarthy also monitors and reviews the account performance and the client's investment objectives. Gouldin & McCarthy receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*. Gouldin & McCarthy's annual advisory fee, combined with any fee charged by the *Independent Managers*, will never exceed three percent.

When recommending or selecting an *Independent Manager* for a client, Gouldin & McCarthy reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that Gouldin & McCarthy considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research.

In addition to Gouldin & McCarthy's Disclosure Brochure, the client also receives the disclosure brochure of the designated *Independent Managers*.

Item 5. Fees and Compensation

Gouldin & McCarthy offers its financial planning and consulting services on a fixed fee basis and its investment management services for fee based upon assets under management. In addition, certain *Supervised Persons*, in their individual capacities, may offer securities brokerage services and insurance products under a commission arrangement.

Financial Planning and Corporate Consulting Fees

Gouldin & McCarthy offers financial planning and corporate consulting services for a fixed fee. These fees are negotiable, but generally range from \$1,000 to \$5,000 per engagement, depending on the level and scope of the services and professional rendering the services.

Prior to engaging Gouldin & McCarthy to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Gouldin & McCarthy setting forth the terms and conditions of the engagement, including the portion of the fee that is due prior to the firm commencing services. Generally, Gouldin & McCarthy requires one-half of the fixed fee payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services. The Agreement between Gouldin & McCarthy and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. In the event of any such termination, Gouldin & McCarthy's fee will not be refunded, adjusted or prorated.

Gouldin & McCarthy, in its sole discretion, may negotiate to charge a lesser financial planning or consulting fee based upon certain criteria (i.e., anticipated future earning capacity, plan or service composition, pre-existing client relationship, *pro bono* activities, etc.).

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Investment Management Fee

Gouldin & McCarthy provides investment management services for an annual fee based on the amount of assets under the firm's management and the type of investment management services to be rendered. In general, the annual fee varies based on the following blended fee schedule:

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
up to \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.90%
\$2,000,001 - \$3,000,000	0.80%
\$3,000,001 - \$4,000,000	0.70%
\$4,000,001 - \$5,000,000	0.60%
above \$5,000,000	0.50%

This fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Gouldin & McCarthy on the last day of the previous quarter. The annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Gouldin & McCarthy does not, however, receive any portion of these commissions, fees, and costs.

Gouldin & McCarthy, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

The *Agreement* between Gouldin & McCarthy and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Gouldin & McCarthy's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), Gouldin & McCarthy generally recommends that clients utilize the brokerage and clearing services of an independent broker-dealer for investment management accounts.

Gouldin & McCarthy may only implement its investment management recommendations after the client has arranged for and furnished Gouldin & McCarthy with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to any broker-dealers recommended by Gouldin & McCarthy, broker-dealers directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

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Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), 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. Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Gouldin & McCarthy's fee.

Fee Debit

Gouldin & McCarthy's *Agreement* and the separate agreement with any *Financial Institutions* may authorize Gouldin & McCarthy to debit the client's account for the amount of Gouldin & McCarthy's fee and to directly remit that management fee to Gouldin & McCarthy. Any *Financial Institutions* recommended by Gouldin & McCarthy have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Gouldin & McCarthy. Alternatively, clients may elect to have Gouldin & McCarthy send an invoice for payment.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between Gouldin & McCarthy and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Gouldin & McCarthy's fees are prorated through the date of termination and any remaining balance is refunded to the client.

Clients may make additions to and withdrawals from their account at any time, subject to Gouldin & McCarthy's right to terminate an account. Additions may be in cash or securities provided that Gouldin & McCarthy reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Gouldin & McCarthy, subject to the usual and customary securities settlement procedures. However, Gouldin & McCarthy designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Gouldin & McCarthy may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will be adjusted for accordingly in the following quarter's fee payable.

Commissions or Sales Charges for Recommendations of Securities

Clients can engage certain persons associated with Gouldin & McCarthy (but not Gouldin & McCarthy) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Gouldin & McCarthy. Under this arrangement, clients may implement securities transactions through certain of Gouldin & McCarthy's *Supervised Persons* in their respective individual capacities as registered representatives of Comprehensive Asset Management & Servicing, Inc. ("CAMAS"), an SEC registered broker-dealer and member of FINRA. CAMAS may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by CAMAS to such *Supervised Persons*. Generally, these commissions will be used to offset advisory fees, unless determined by the firm, in its sole discretion. Prior to effecting any transactions clients are required to enter into a new account agreement with CAMAS. The brokerage commissions charged by CAMAS may be higher or lower than those charged by other broker-dealers. In addition, certain of Gouldin & McCarthy's *Supervised Persons* may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

A conflict of interest exists to the extent that Gouldin & McCarthy recommends the services of CAMAS and Gouldin & McCarthy's *Supervised Persons* receive commissions or other additional compensation as a result of Gouldin & McCarthy's recommendations. Gouldin & McCarthy has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients. The procedures in place to ensure that such conflicts are properly disclosed to clients include ensuring that all clients are informed that *Supervised Persons* may receive commissions or other additional compensation prior to engaging such *Supervised Persons*. Prior to engaging Gouldin & McCarthy to provide any of the foregoing services, the client is required to enter into the Agreement acknowledging receipt of this disclosure brochure detailing any such conflict.

Item 6. Performance-Based Fees and Side-by-Side Management

Gouldin & McCarthy does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

Gouldin & McCarthy provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, insurance companies, and business entities.

Minimums Imposed By Independent Managers

Gouldin & McCarthy does not impose a minimum portfolio size or minimum annual fee. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than Gouldin & McCarthy. In such instances, Gouldin & McCarthy may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

Methods of Analysis

Gouldin & McCarthy's primary method of investment analysis is based upon fundamental analysis.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. Gouldin & McCarthy will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Investment Strategies

The firm believes in broad-based asset allocation and diversification through all market conditions. Investment decisions are made based on the stated goals and objectives of each client. Typically, a diversified portfolio is comprised of mutual funds and/or ETFs, along with alternative investments where appropriate, in the firm's efforts to achieve those stated goals and objectives of each client.

Risks of Loss

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Market Risks

The profitability of a significant portion of Gouldin & McCarthy's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Gouldin & McCarthy will be able to predict those price movements accurately.

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's

underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Use of Independent Managers

Gouldin & McCarthy may recommend the use of *Independent Managers* for certain clients. Gouldin & McCarthy will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, Gouldin & McCarthy does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

Use of Private Collective Investment Vehicles

Gouldin & McCarthy may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called "hedge funds"). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

Item 9. Disciplinary Information

Gouldin & McCarthy is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Gouldin & McCarthy does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Gouldin & McCarthy is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

Registered Representatives of Comprehensive Asset Management & Servicing, Inc. (CAMAS)

The principals and certain *Supervised Persons* of Gouldin & McCarthy are also registered representatives of CAMAS, and in such capacity, may effect securities brokerage transactions on a commission basis including transactions for CAMAS's investment advisory clients. As further discussed in response to Item 5 above, those *Supervised Persons* may receive additional compensation in the form of 12b-1 fees on mutual funds held in a client's account. A conflict of interest exists to the extent that Gouldin & McCarthy recommends the purchase of securities where CAMAS's *Supervised Persons* receive commissions or other additional compensation. Gouldin & McCarthy's *Supervised Persons* currently devote approximately forty-five percent (45%) of their time to commission securities brokerage business.

Licensed Insurance Agents

Certain of Gouldin & McCarthy's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While Gouldin & McCarthy does not sell such insurance products to its investment advisory clients, Gouldin & McCarthy does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Gouldin & McCarthy recommends the purchase of insurance products where Gouldin & McCarthy's *Supervised Persons* receive insurance commissions or other additional compensation. Gouldin & McCarthy's *Supervised Persons* currently devote approximately five percent (5%) of their time to insurance sales.

Item 11. Code of Ethics

Gouldin & McCarthy and persons associated with Gouldin & McCarthy ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Gouldin & McCarthy's policies and procedures.

Gouldin & McCarthy has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). Gouldin & McCarthy's *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Gouldin & McCarthy or any of its associated persons. The *Code of Ethics* also requires that certain of Gouldin & McCarthy's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

When Gouldin & McCarthy is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above.

Clients and prospective clients may contact Gouldin & McCarthy to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

Gouldin & McCarthy generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") for investment management accounts.

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Factors which Gouldin & McCarthy considers in recommending *Fidelity* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity* enables Gouldin & McCarthy to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Gouldin & McCarthy's clients comply with Gouldin & McCarthy's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Gouldin & McCarthy determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Gouldin & McCarthy seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Gouldin & McCarthy periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Gouldin & McCarthy in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Gouldin & McCarthy will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Gouldin & McCarthy (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Gouldin & McCarthy may decline a client's request to direct brokerage if, in Gouldin & McCarthy's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers.

Transactions for each client generally will be effected independently, unless Gouldin & McCarthy decides to purchase or sell the same securities for several clients at approximately the same time. Gouldin & McCarthy may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Gouldin & McCarthy's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Gouldin & McCarthy's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Gouldin & McCarthy determines to aggregate client orders for the purchase or sale of securities, including securities in which Gouldin & McCarthy's *Supervised Persons* may invest, Gouldin & McCarthy generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S.

Securities and Exchange Commission. Gouldin & McCarthy does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Gouldin & McCarthy determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Gouldin & McCarthy may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Gouldin & McCarthy in its investment decision-making process. Such research generally will be used to service all of Gouldin & McCarthy's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Gouldin & McCarthy does not have to produce or pay for the products or services.

Commissions or Sales Charges for Recommendations of Securities

As discussed above, certain *Supervised Persons* in their respective individual capacities, are registered representatives of CAMAS. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless CAMAS provides written consent. Therefore, clients are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through CAMAS unless they first secure written consent from CAMAS to execute securities transactions through a different broker-dealer. Absent such written consent or separation from CAMAS, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than CAMAS under CAMAS' internal supervisory policies. Gouldin & McCarthy is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

Software and Support Provided by Financial Institutions

Gouldin & McCarthy may receive from *Fidelity*, without cost to Gouldin & McCarthy, computer software and related systems support, which allow Gouldin & McCarthy to better monitor client accounts maintained at *Fidelity*. Gouldin & McCarthy may receive the software and related support without cost because Gouldin & McCarthy renders investment management services to clients that maintain assets at *Fidelity*. The software and support is not provided in connection with securities transactions of clients (i.e. not “soft dollars”). The software and related systems support may benefit Gouldin & McCarthy, but not its clients directly. In fulfilling its duties to its clients, Gouldin & McCarthy endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Gouldin & McCarthy’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Gouldin & McCarthy’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, Gouldin & McCarthy may receive the following benefits from *Fidelity* through the Fidelity Institutional Wealth Services Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Item 13. Review of Accounts

Account Reviews

For those clients to whom Gouldin & McCarthy provides investment management services, Gouldin & McCarthy monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Gouldin & McCarthy provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of Gouldin & McCarthy’s investment adviser representatives. All clients are encouraged to discuss their needs, goals, and objectives with Gouldin & McCarthy and to keep Gouldin & McCarthy informed of any changes thereto. Gouldin & McCarthy contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Gouldin & McCarthy provides investment advisory services may also receive a report from Gouldin & McCarthy that

may include such relevant account and/or market-related information such as an inventory of account holdings and account performance as clients may request from time to time. Clients should compare the account statements they receive from their custodian with those they receive from Gouldin & McCarthy.

Those clients to whom Gouldin & McCarthy provides financial planning and/or consulting services will receive reports from Gouldin & McCarthy summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by Gouldin & McCarthy.

Item 14. Client Referrals and Other Compensation

Client Referrals

If a client is introduced to Gouldin & McCarthy by either an unaffiliated or an affiliated solicitor, Gouldin & McCarthy may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from Gouldin & McCarthy's investment management fee and does not result in any additional charge to the client. If the client is introduced to Gouldin & McCarthy by an unaffiliated solicitor, the solicitor provides the client with a copy of Gouldin & McCarthy's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Gouldin & McCarthy discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Gouldin & McCarthy's written disclosure brochure at the time of the solicitation.

Other Economic Benefits

In addition, Gouldin & McCarthy is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

Item 15. Custody

Gouldin & McCarthy's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Gouldin & McCarthy through such *Financial Institution* to debit the client's account for the amount of Gouldin & McCarthy's fee and to directly remit that management fee to Gouldin & McCarthy in accordance with applicable custody rules. The *Financial Institutions* recommended by Gouldin & McCarthy have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Gouldin &

McCarthy. In addition, as discussed in Item 13, Gouldin & McCarthy may send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Gouldin & McCarthy.

Item 16. Investment Discretion

Gouldin & McCarthy may be given the authority to exercise discretion on behalf of clients. Gouldin & McCarthy is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Gouldin & McCarthy is given this authority through a power-of-attorney included in the agreement between Gouldin & McCarthy and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Gouldin & McCarthy takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

Gouldin & McCarthy is required to disclose if it accepts authority to vote client securities. Gouldin & McCarthy does not vote client securities on behalf of its clients. While Clients receive proxies directly from the *Financial Institutions*, clients may contact Gouldin & McCarthy with questions about a particular solicitation.

Item 18. Financial Information

Gouldin & McCarthy is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Gouldin & McCarthy has no disclosures pursuant to this Item.

- The firm does not require or solicit the prepayment of more than \$500 in fees six months or more in advance;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.

Gouldin & McCarthy, LLC

a Registered Investment Adviser

Prepared by:



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The Adviser's Advisor®