

## Item 1 – Cover Page

### **Global Financial Private Capital, LLC**

2080 Ringling Boulevard

Sarasota, FL 34237

866-641-2186

<http://gf-pc.com/>

Date of Brochure: February 6, 2012

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This brochure provides information about the qualifications and business practices of Global Financial Private Capital, LLC (also referred to as “Global Financial” or “GFPC” throughout this disclosure brochure). If you have any questions about the contents of this brochure, please contact Daniel Hushek III at 941-918-0507 or email at [djh@gf-pc.com](mailto:djh@gf-pc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Global Financial is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm’s information on this website by searching for Global Financial Private Capital, LLC. You may search for information by using the firm’s CRD number. The CRD number for Global Financial is **132070**

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

There have been no material changes to this disclosure brochure since filing our last annual update in March 2011. We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

Global Financial is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company (“LLC”) formed under the laws of the State of Florida in 2004. Global Financial’s main office is located in Sarasota, Florida.

Global Financial is owned by Michael J. Dixon and Geoffrey A. Frazier.

### **General Description of Primary Advisory Services**

The investment advisory services of Global Financial will be provided to you through your investment adviser representative of Global Financial (referred to as your investment adviser representative throughout this brochure). Your investment adviser representative typically is an independent contractor of Global Financial and not an employee of Global Financial.

Your investment adviser representative is limited to providing the investment advisory services and charging investment advisory fees in accordance with the descriptions detailed in this brochure. However, the exact services you will receive and the fees you will be charged are generally dependent upon your specific agreement with your investment adviser representative. Fees may also vary among investment adviser representatives at Global Financial.

The following are brief descriptions of Global Financial's primary services. A detailed description of Global Financial's services is provided in *Item 5 – Fees and Compensation* so that you can review the services and description of fees in a side-by-side manner.

## **FINANCIAL PLANNING SERVICES**

Global Financial provides advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help you understand your overall financial situation and help you set financial objectives.

*For additional details about your investment adviser's outside business activity (separate from Global Financial) as an insurance agent, please refer to Sub-Section Fixed Annuities & Fixed Indexed Annuities under this Item and also Item 10 - Other Financial Industry Activities and Affiliations.*

## **ASSET MANAGEMENT SERVICES**

Global Financial provides asset management services primarily through our affiliate, Aviance Capital Management, LLC. Under this program, Global Financial generally has discretionary authority to hire and fire third-party portfolio managers (Sub-Advisors) who provide asset allocation and investment management services to your designated account. Global Financial currently utilizes our discretionary authority to hire our affiliate, Aviance Capital Management, LLC, to serve as Sub-Advisor, which continuously monitors your account and is typically given discretionary authority to make trades your account when necessary.

## **SUB-ACCOUNT MANAGEMENT SERVICES**

Global Financial may provide sub-account management services for clients owning variable annuities or variable life contracts.

## **OUTSIDE MONEY MANAGERS**

Global Financial may provide advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisers. The outside money manager is responsible for continuously monitoring your account and making when necessary.

### **Specialization**

Global Financial does not specialize in any particular type of investment advisory service.

### **Limits Advice to Certain Types of Investments**

Global Financial provides investment advice on the following types of investments.

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Foreign Issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- United States government securities
- Options contracts on securities and commodities
- Futures contracts on tangibles and intangibles
- Interests in partnerships investing in real estate, oil and gas interests

### **REITS**

Global Financial may provide advice regarding real estate investment trusts (REITs) and real estate partnerships. Some of the REITS that are the subject of Global Financial's advisory services are not publicly traded. In other words, the lack of an active secondary market for the sale of such REITs can limit a client's ability to dispose of such investments in a timely manner and at an advantageous price. Consequently, a client should exercise caution to avoid over-concentration of their assets in these illiquid investments.

It is likely the price of a REIT listed on your account statement provided by a custodian only reflects the original purchase price and does not reflect any price or value from a secondary market, a repurchase offered by the sponsor or the book value. It is possible that the actual value of the REIT on a secondary

market or through a repurchase by a sponsor is significantly less than the original purchase price shown on the account statement provided by the custodian.

*Please refer to Section 5 – Fees & Compensation for details about how calculates an asset management fee for a REIT.*

### **Fixed Annuities & Fixed Indexed Annuities**

Global Financial does **not** provide any advice regarding fixed life insurance, fixed annuities or fixed indexed annuities. To the extent that your investment adviser representative is also an insurance agent, which is separate from and outside of his or her role with Global Financial, please understand that Global Financial does **not** review nor conduct due diligence of the fixed insurance, fixed annuities or fixed indexed annuities offered by your investment adviser representative in his or her outside business activity as an insurance agent.

*Please refer to Item 10 - Other Financial Industry Activities and Affiliations for more details.*

### **Investments Subject to Our Asset Management**

When providing Asset Management Services, the firm will typically construct each client's account holdings using fixed income securities, Exchange-Traded Funds (ETFs) and equities to build diversified portfolios. It is not Global Financial's typical investment strategy to attempt to time the market but we may increase cash holdings as deemed appropriate, based on your risk tolerance, as defined in your risk tolerance questionnaire, and our expectations of market behavior. We may modify our investment strategy to accommodate special situations like: low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.*

### **Tailor Advisory Services to Individual Needs of Clients**

Global Financial's services are always provided based on your individual needs. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

### **Client Assets Managed by Global Financial**

Under our asset management and sub-account management services, Global Financial has a total \$1,241,958,411.63 of assets under management as of December 31, 2011. Under our discretionary authority to hire/fire Sub-Advisors and exchange sub-accounts, \$1,241,958,411.63 is managed by Global Financial on a discretionary basis, and \$0.00 is managed on a non-discretionary basis.

## Item 5 – Fees and Compensation

In addition to the information provide in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements.

### FINANCIAL PLANNING AND CONSULTING

To the extent it is requested to do so, Global Financial may provide you with financial planning and consultation services. Global Financial's financial planning fees are negotiable and are generally due upon commencement of the engagement. Under no circumstances will Global Financial charge more than \$1,200 six months in advance. Global Financial's fees are generally charged either on an hourly basis or on a flat fee rate. The flat fee rate can range from \$175 to \$5,000. The hourly rate can range from \$175 to \$500 per hour. The amount charged depends upon the level and scope of the services required and the investment adviser representative providing the services. Global Financial may, in our discretion, allow varying payment structures.

Prior to engaging Global Financial to provide financial planning and/or consultation services, you will generally (i.e., depending upon the level and/or scope of services to be provided) be required to enter into a *Financial Planning and Consulting Agreement* with Global Financial setting forth the terms and conditions of the engagement and describing the scope of the services to be provided. In the event you terminate Global Financial's financial planning and/or consultation services, the balance of any unearned fee shall be refunded to you. In performing our services, Global Financial shall not be required to verify any information received from you or your other professionals, and Global Financial is expressly authorized to rely thereon.

If requested by you, Global Financial shall recommend the services of other professionals for implementation purposes, including professionals related to Global Financial. You are under no obligation to engage the services of any such recommended professional. You retain absolute discretion over all such implementation decisions and are free to accept or reject any recommendation from Global Financial. You are encouraged to renew Global Financial's financial planning services on an annual basis for the purpose of reviewing/updating Global Financial's previous recommendations and/or services. Moreover, it remains your responsibility to promptly notify Global Financial if there is ever any change in your financial situation or investment objectives for the purpose of reviewing/evaluating/revising Global Financial's previous recommendations and/or services.

Please understand that although your investment adviser representative may have a separate outside business activity (separate from his role with Global Financial) as an insurance agent offering fixed insurance, fixed annuities and/or fixed indexed annuities, Global Financial Planning is not acting as your insurance agent and does **not** review, approve nor supervise your investment adviser representative's recommendations as an insurance agent to hold, purchase or sell/surrender fixed insurance, fixed annuities and/or fixed indexed annuities.

In the event you desire to purchase investment-related products on a non-discretionary *commission* basis, you can engage Global Financial's principals and/or supervised persons in their individual capacities as registered representatives of our affiliated SEC registered and FINRA member broker-dealer, GF Investment Services, LLC ("GFIS"). In the event you decide to implement by purchasing investment products through Global Financial's principals and/or supervised persons, in their individual capacities as registered representative of a broker-dealer, brokerage commissions will be charged by the

broker-dealer to effect securities transactions, a portion of which commissions shall be paid by the broker-dealer to Global Financial's principals and/or supervised persons, as applicable. Prior to effecting any transactions, you will be required to enter into a new account agreement with the broker-dealer. The brokerage commissions charged by the broker-dealer may be higher or lower than those charged by other broker-dealers. In addition to brokerage commissions, you may incur, relative to all mutual fund purchases, charges imposed at the mutual fund level (i.e., advisory fees, 12b-1 distribution charges, and other fund expenses). The broker-dealer, as well as Global Financial's principal(s) and/or supervised persons, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

## **ASSET MANAGEMENT SERVICES**

Under our asset management services, Global Financial has discretionary authority to hire and fire Sub-Advisor(s), which will manage the investments in your designated account on a discretionary basis in accordance with your stated investment objectives. Currently, Global Financial exercises our discretionary authority to retain our affiliate, Aviance Capital Management, LLC, as the Sub-Advisor for client accounts.

Global Financial provides asset management services on a fee-only basis. Global Financial's annual investment advisory fee shall generally be based upon a percentage of the market value of the assets placed under Global Financial's management (not to exceed 2% annually). Your investment adviser representative has the authority to negotiate the annual fee, and consequently, the annual fee charged by your investment adviser representative may be different than the annual fee negotiated by another investment adviser representative of Global Financial. The exact annual fee charged by Global Financial will be agreed to by you and your investment adviser representative prior to commencing services and stated in the client agreement.

Under this program, you will incur fees charged by the Sub-Advisor in addition to the investment advisory fees charged by Global Financial. The Sub-Advisors' fee range is typically between .10% and .90%, and these fees are stated in the Sub-Advisor's disclosure brochure. Global Financial may select and retain, utilizing the discretionary authority granted by you, Aviance Capital Management, LLC as a Sub-Advisor. Aviance Capital Management, LLC is an affiliate of Global Financial subject to common control. Aviance Capital Management, LLC may charge an investment advisory fee separate from and in addition to the investment advisory fee charged by Global Financial, and there may be other third-party managers which may offer similar sub-advisory services for a fee which is more or less than charged by Aviance Capital Management, LLC.

Global Financial's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. For the initial billing period, the fee is pro-rated for the remainder of the quarter (if services commenced in the middle of a calendar quarter), this pro-rated fee is billed on the first business day of the month following the commencement of services. Global Financial generally requires an aggregate account minimum of \$25,000 for investment advisory services. However, Global Financial, in our sole discretion, may waive our account minimum or charge a lesser advisory 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, negotiations with client, etc.).



Under this program, Global Financial may also recommend alternative investments, including real estate investment trusts (REITs), to qualified clients on a non-discretionary basis. Some of these alternative investments may not be publicly traded and the lack of a secondary market can limit your ability to dispose of such investments in a timely manner and at an advantageous price. You should also note that the price of a REIT listed on your account statement provided by the custodian only reflects the original purchase price and the price or value from a secondary market, a sponsor repurchase offer or book value. It is possible that the actual value of an alternative investment on a secondary market or through a sponsor repurchase is significantly less than the original purchase price shown on the account statement provided by the custodian to the client. To the extent that an alternative investment such as a REIT is included under this program, this alternative investment may be subject to an asset management fee by Global Financial, which will be based upon percentage of the current redemption value set by the sponsor for the alternative investment that does not necessarily reflect the actual value of the alternative investment. Please refer to your investment advisory agreement with Global Financial for more details.

Prior to engaging Global Financial to provide Asset Management Services, you will be required to enter into a formal *Investment Advisory Agreement* with Global Financial setting forth the terms and conditions under which Global Financial shall manage your designated assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Under this program, the qualified custodian holding your designated account charges transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds). In addition to Global Financial's investment management fee, trade execution fees and transaction fees, the client will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

Global Financial's investment advisory agreement and the custodial clearing agreement may authorize the custodian to debit your designated account for the amount of Global Financial's investment advisory fee and to directly remit that management fee to Global Financial in compliance with regulatory procedures. In the limited event that Global Financial bills you directly, payment is due upon receipt of Global Financial's invoice. The investment advisory agreement between Global Financial and you will continue in effect until terminated by either party by written notice in accordance with the terms of the investment advisory agreement. Following the termination of our services, Global Financial shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

### **SUB-ACCOUNT MANAGEMENT SERVICES**

Under our sub-account management services, Global Financial manages your variable annuity or variable life contract by selecting, monitoring and exchanging as necessary between sub-accounts available from the insurance company issuing the variable annuity or variable life contract.

Under this program, your investment adviser representative will assist you in completing a questionnaire which details your financial goals, risk tolerance and time horizon. You will have the opportunity to list on your investment advisory agreement with Global Financial any reasonable restrictions on the sub-accounts that may be utilized by Global Financial. You will be responsible for notifying your investment adviser representative of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however, your

investment adviser representative will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives.

Once you have provided us with the necessary information and made the appropriate authorizations, Global Financial will utilize limited discretionary authority to select or exchange among the sub-accounts available under your variable annuity or variable life contract in accordance with your disclosed investment objective and risk tolerance. Global Financial may utilize signal providers for guidance regarding investment strategies, asset allocations and timing of exchanges. Global Financial will monitor your sub-accounts and exchange sub-accounts as necessary and in accordance with your investment objective and risk tolerance.

Under this program, you will incur an annual investment advisory fee, which is based upon a percentage of the market value of you variable annuity and variable life contract under Global Financial's management. Your investment adviser representative has the authority to negotiate the annual fee, and consequently, the annual fee charged by your investment adviser representative may be different than the annual fee negotiated by another investment adviser representative of Global Financial. The exact annual fee charged by Global Financial will be agreed to by you and your investment adviser representative prior to commencing services and stated in the client agreement. The following is the maximum fee schedule that your investment adviser representative may charge you for this service:

*Maximum Fee Schedule*

<u>Value of VA &amp; VL Under Management</u>	<u>Fee</u>
\$100,000 or less	1.75%
\$100,001 - \$250,000	1.50%
\$250,001 - \$499,999	1.25%
\$500,000 - \$1,999,999	1.00%
\$2,000,000 or more	Negotiable

Global Financial reserves the right to modify its fee schedule in the future by providing you with 30 days advance notice of any modification.

The annual fee is paid in arrears in quarterly installments, which are calculated and due based upon the total value of your variable annuities and variable life contracts under management as of March 31, June 30, September 30 and December 31. The quarterly fee payments for the first and last billing periods are pro-rated to reflect the actual days that your variable annuities and variable life contracts were subject to management by Global Financial.

You will have the option to pay directly the quarterly investment advisory fee to Global Financial upon receiving an invoice or to have the investment advisory fee automatically deducted from your variable annuity and/or variable life contract by your insurance company and paid to Global Financial.

Under this program, the insurance companies issuing your variable annuities and variable life contracts will charge management expenses in addition to the investment advisory fee charged by Global Financial. In addition, your variable annuity and/or variable life contract may be subject to exchange fees and surrender charges. Global Financial does not share in these fees charged by your insurance company. Please refer to the prospectus of your variable annuity and/or variable life contract for more details about the insurance company's management expenses and any exchange or surrender fees.

In the event that your investment adviser representative sold you the variable annuity and/or variable life contract in his separate capacity as a registered representative of a broker-dealer, your investment adviser representative most likely received commission and/or trail compensation for this transaction. This sales compensation is separate from and in addition to any investment advisory fee charged by Global Financial. If your investment adviser representative received a commission for selling you a variable annuity or variable life contract, Global Financial will not accept your variable annuity or variable life contract for management until it has been at least one year from the date of such sale.

You or Global Financial may terminate this service for any reason by providing the other party with written notice, which will be effective five (5) days after receipt or such later date as specified in the notice.

## **OUTSIDE MONEY MANAGERS**

When referring or introducing clients to unaffiliated outside money managers, your investment adviser representative will typically obtain information about each client's financial situation, investment goals, restrictions and risk tolerance. The outside money manager typically will be responsible for recommending an investment strategy to the referred clients and investing and reinvesting the client assets. The outside money manager typically will have clients' written authorization to buy, sell and trade securities in their accounts without their prior consent. If you establish a relationship with the outside money manager, your investment adviser representative at Global Financial typically will be available for consultations and will contact you at least annually to determine if there are any subsequent changes to your instructions, account restrictions, investment goals, financial circumstances, investment limitations or risk tolerance.

Global Financial is compensated for our referral activities to outside money managers in the form of marketing or referral fees paid by the outside money manager directly to Global Financial. The exact compensation arrangement will vary depending on the arrangement with the outside money manager. However, Global Financial is usually paid a marketing or referral fee based on a portion of the management fees charged by the outside money manager to clients introduced to the outside money manager by Global Financial.

The portion of the management fee paid to Global Financial may reach as high as 50% of the overall fee received by the outside money manager. Fees paid to Global Financial may be in the form of a sliding fee schedule that increases as the amount of assets originally referred by Global Financial to the outside money manager increases. For example, Global Financial could receive a higher percentage of the overall fee from the outside money manager as assets to the outside money manager increase.

When Global Financial refers you to an outside money manager, Global Financial will provide proper disclosure of the arrangement to you. Disclosure will be made at the time of solicitation and will include a description of Global Financial's arrangement with the outside money manager and a description of the compensation arrangement. Global Financial will also provide to you a copy of the outside money manager's disclosure brochure.

Global Financial and your investment adviser representative have a conflict of interest by marketing and referring only those outside money managers that have agreed to pay a portion of their management advisory fee or a fixed fee to Global Financial. There may be other third-party managed programs, offerings and platforms that may be suitable for you that may be more or less costly.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because Global Financial **does not charge or accept performance-based fees** which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a your account.

## Item 7 – Types of Clients

Global Financial generally provides investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

All clients are required to execute an agreement for services in order to establish a client arrangement with Global Financial and/or the sponsor of outside money manager platforms.

### **Minimum Investment Amounts Required**

For our financial planning and consulting services, Global Financial generally has a minimum fee of \$175, but we do not have a minimum account size.

For our asset management services, Global Financial only provides one model per account, and the minimum account size will vary depending upon the model. Although Global Financial generally has a \$25,000 minimum for each model/account, the minimum account size for DIAS Lite Conservative, DIAS Lite Moderate, and DIAS Lite Aggressive is \$5,000 for each model/account. Below is the minimum account size by model.

<b><u>Model</u></b>	<b><u>Account Minimum</u></b>
Conservative Income	\$25,000
Conservative Income with Growth	\$25,000
Moderate Growth with Income	\$25,000
Focused Growth	\$25,000
Global Active Alpha	\$25,000
Inflation Protection Portfolio	\$25,000
Enhanced Income Portfolio	\$25,000
DIAS Lite Conservative	\$5,000
DIAS Lite Moderate	\$5,000
DIAS Lite Aggressive	\$5,000

For sub-account management services, Global Financial generally requires a variable annuity and/or variable life contract with a minimum account value of \$25,000.

Global Financial, in our sole discretion, may waive our account minimum for asset management or sub-account management services or charge a lesser advisory 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, negotiations with client, etc.).

For the referral to outside money managers, Global Financial does not have a minimum account size; however, most outside money manager programs have account minimum requirements that will vary from outside money manager. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the outside money manager's services, fee schedules and account minimums will be disclosed in the outside money manager's disclosure brochure which will be provided to you at the time Global Financial solicits the outside money manager's services.

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

### **Methods of Analysis in Formulating Investment Advice**

The following are methods of analysis that Global Financial and our affiliated Sub-Advisor, Aviance Capital Management, LLC, may utilize in providing investment advice.

**Fundamental Value** - A method of evaluating a security by attempting to measure the intrinsic value of a security by examining related economic, financial and other qualitative and quantitative factors. Fundamental Value analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental value analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security. If, in the opinion of our affiliated Sub-Advisor, the security is undervalued compared to its market price, and in the absence of other negative information, Aviance Capital Management, LLC may consider the security for selection. In our opinion, this evaluation method, when used in conjunction with additional research, may provide an element of protection against significant loss of value. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, Aviance Capital Management, LLC uses this method of valuation for a wide range of securities. We also call this technique "Value at a Reasonable Price" (VARP).

**Fundamental Growth** - A method of evaluating a security by attempting to measure the intrinsic growth potential of a security relative to the growth expectations already contained in the current price. The end goal of performing fundamental growth analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security. If, in our opinion, the security is undervalued compared to our expectation of growth, and in the absence of other negative information, we may consider the security for selection. In our opinion, this evaluation method, when used in conjunction with additional research, may provide an element of protection against significant loss of value. Fundamental analysis is about using real data to evaluate a security's value. We also call this technique "Growth at a Reasonable Price" (GARP).

**Asset Allocation** – Global Financial believes that focusing on the sector, geographical region and asset class to which assets are allocated play a more significant role in the potential for portfolio outperformance than focusing on the merits of individual securities. Our cyclical analysis and our individual security analysis inform our asset allocation decisions.

**Diversification** – In most cases, Global Financial's affiliated Sub-Advisor, Aviance Capital Management, LLC, attempts to create comprehensively diversified portfolios as a means to reduce the risks associated

with concentrated portfolios. Moreover, a variety of funds, including Exchange Traded Funds, may be used to further diversify investment risk. It should be noted that while diversification seeks to reduce risk, a properly diversified portfolio will normally contain positions which will perform at variance to other positions.

***Active Management*** – During times where the economic and geopolitical news and outlook has the potential for dramatic change, Global Financial's affiliated Sub-Advisor, Aviance Capital Management, LLC, will actively manage portfolios in an attempt to benefit from, or protect against, those volatile movements. In general, our portfolios may not be suitable for investors who require a very low trading activity (buy-and-hold) through all market conditions.

***Cyclical*** - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

#### **Investment Strategies When Managing Assets and/or Providing Investment Advice**

Under its asset management services, Global Financial has discretionary authority to hire/fire Sub-Advisor(s) who manage your designated accounts. As a Sub-Advisor under the asset management program, Global Financial's affiliated Sub-Advisor, Aviance Capital Management, LLC, utilizes the investment principal of actively allocating capital to the most attractive asset classes, while avoiding the least attractive. Aviance Capital Management, LLC tracks economic and market conditions, indicators and trends while adapting to changing conditions. Aviance Capital Management, LLC creates diversified asset classes and regions in an effort to find attractive risk adjusted opportunities. The frequent trading of securities may have a positive or negative impact on investment performance. Performance from active trading can be lowered due to an increase in brokerage and other transaction costs.

#### **Primary Method of Analysis or Strategy**

This is not applicable to Global Financial.

#### **Primarily Recommend One Type of Security**

This is not applicable to Global Financial.

#### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Our portfolios are designed for investors who are able to hold the investment for one or more years. Investors should be able to accept price volatility during this period, the level of which should match the stated risk tolerance of the respective investor.

Under our asset management services, DIAS and DIAS Lite portfolios are designed to meet stated investment objectives based on your Investment Policy Statement (IPS). The portfolios are not designed to match equity market returns during strong rallies. Although the portfolios seek low volatility and principal protection, asset allocation decisions may not achieve these goals in all cases. There is no guarantee a portfolio will meet a target return or investment objective. Investments in bonds involve interest rate and credit risk. Bond values change according to changes in interest rates, inflation, credit climate and issuer credit quality. Interest rate rises will reduce the value of a bond. Although longer term bonds may pay more income, their value is more susceptible to interest rate variation than shorter term, lower yield bonds. Stock markets and individual stocks may be subject to large price fluctuations. Diversification cannot guarantee to protect an investor from these fluctuations. The use of indexed funds is not fully guaranteed to track an intended market and may carry additional 'product' risks.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk – When our Sub-Advisor invests in a an ETF or mutual fund, it will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects

the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs. The Sub-Advisor may, at its discretion, invest in leveraged ETFs which provide two or three times the exposure to a stated index or asset class. These ETFs may be held for periods longer than one week.

- Management Risk – Your investment with our firm varies with the success and failure of our Sub-Advisor's investment strategies, research, analysis and determination of portfolio securities. If our Sub-Advisor's investment strategies do not produce the expected returns, the value of the investment will decrease.
- Alternative Investments - Our portfolio holdings are typically traded on U.S. exchanges; however, Non-U.S. investments, currency and commodity investments may contain additional risks associated with government, economic, political or currency volatility.
- Emerging Markets - Where justified by the investment analysis outlined above, investment either indirectly or directly in emerging markets may be included in a portfolio. Emerging markets can experience high volatility and risk in the short term.

#### **Item 9 – Disciplinary Information**

This item is not applicable to our brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client's or prospective client's evaluation of our business or integrity.

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

Global Financial is **not** and does **not** have a related company that is a (1) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (2) futures commission merchant, commodity pool operator, or commodity trading adviser, (3) banking or thrift institution, (4) accountant or accounting firm, (5) lawyer or law firm, (6) pension consultant, (7) real estate broker or dealer, or (8) sponsor or syndicator of limited partnerships.

#### **GF Investment Services, LLC**

Global Financial and GF Investment Services, LLC ("GFIS"), a registered broker-dealer, are under common ownership and control. Certain investment adviser representatives of Global Financial are also registered representatives of GF Investment Services, LLC as broker-dealer. GF Investment Services, LLC does not serve as the introducing broker-dealer for accounts subject to the asset management services of Global Financial; however, GF Investment Services may serve as broker-dealer of record for variable annuities or variable life contracts subject to sub-account management services. In the event you decide to purchase or sell securities through GF Investment Services, LLC, brokerage commissions will be charged by GF Investment Services, LLC and a portion of which commissions shall be paid to the



investment adviser representative in his or her separate capacity as a registered representative of GF Investment Services, LLC.

### **Global Financial Advisory, Inc.**

Messrs. Geoffrey A. Frazier and Michael J. Dixon are officers and directors of Global Financial Advisory, Inc., an insurance agency.

### **Aviance Capital Management, LLC**

Global Financial and Aviance Capital Management, LLC, a registered investment adviser, are under common control and ownership. Michael J. Dixon is the chief executive officer of both Global Financial and Aviance, and Mr. Dixon has an ownership of greater than 25% in both Global Financial and Aviance Capital Management, LLC. Global Financial currently utilizes the discretionary authority granted by the client to select and retain Aviance Capital Management, LLC to provide investment sub-advisory services to our clients. By utilizing our affiliate as a Sub-Advisor, this creates a conflict of interest.

### **Dually Licensed Investment Advisor Representatives**

Certain investment adviser representatives of Global Financial may also be registered dually as investment adviser representatives of their own independently registered investment adviser firms. Under such circumstances, Global Financial may receive referrals from the dually registered investment adviser representative to provide asset management services. The referring investment adviser representative will continue to provide financial planning services under his or her own independently registered investment adviser firm. Clients are not obligated to use the services of Global Financial or the referring investment adviser representative's independently registered investment adviser firm. However, if the client choose to do so, the client should be aware that Global Financial does not review or supervise the financial planning services provided by the adviser representative in this separate capacity through the independently registered investment adviser firm; the independently registered investment adviser firm providing the financial planning services is solely responsible for these services and the advisory fees charged. Global Financial will supervise only our asset management services. This dual registration of an investment adviser representative with Global Financial and the independently registered investment adviser firm creates a conflict of interest.

### **Accounting & Tax Prep Services**

Global Financial is not an accounting firm and does not provide tax preparation services. However, some of our investment adviser representatives, solicitors or other supervised persons may conduct other business activities that include accounting and/or tax preparation services. Clients are not obligated to use these services. However, if they choose to do so, clients should be aware that Global Financial does not review or supervise these activities in any manner. The persons providing the accounting and/or tax preparation services are solely responsible for the services provided and the fees charged.

### **Insurance Activities**

Global Financial does not engage in the sale of insurance products to advisory clients.

Your investment adviser representative may have a separate outside business activity as an insurance agent offering insurance, fixed annuities and fixed indexed annuities. Any activity by your investment adviser representative as an insurance agent is separate from and outside of his or her role on behalf Global Financial. You should understand the following:

- Global Financial does **not** serve as an insurance agency for your investment adviser representative to offer fixed insurance, fixed annuities or fixed indexed annuities;
- Global Financial does **not** conduct due diligence of the fixed insurance, fixed annuities or fixed indexed annuities offered by your investment adviser representative in his or her separate capacity as an insurance agent; and
- Global Financial does **not** review, approve nor supervise your investment adviser representative's recommendations as an insurance agent to hold, purchase or sell/surrender fixed insurance, fixed annuities or fixed indexed annuities.

You need to understand that the receipt of commissions and additional incentive compensation by itself creates a conflict of interest and may affect the judgment of your investment adviser representative when acting in his or her separate capacity as an insurance agent making recommendations about fixed insurance, fixed annuities and fixed indexed annuities in general or a particular annuity or insurance product offered by a certain insurance company.

The average investment adviser representative of Global Financial devotes approximately 35% of his or her time to the outside business activities (separate from his or her role with Global Financial) as a registered representative with a broker-dealer and/or insurance agent.

### **Outside Money Managers**

As described in *Item 4 – Advisory Business* and *Item 5 – Fees and Compensation*, Global Financial has formed referral arrangements with unaffiliated, outside money managers.

Global Financial may recommend you work directly with an unaffiliated outside money manager. When we refer clients to an outside money manager, Global Financial will receive a portion of the fee charged by the outside money manager. Therefore, Global Financial has a conflict of interest in that we will only recommend third party money managers that will agree to compensate our firm by paying us a portion of the fees billed to your account managed by the third party money manager.

In particular, Global Financial and our investment adviser representatives may refer you to Centennial Wealth Advisory, LLC (Centennial), a registered investment adviser, for advisory services not provided by Global Financial. Global Financial and Centennial are not affiliated. If Global Financial solicits referrals for you to Centennial, Global Financial will receive as a referral fee a portion of any advisory fees that you pay Centennial.

In addition to the referral arrangement, Centennial may utilize Global Financial on a separate basis to provide trading, billing and other administrative and/or back-office services to Centennial. In return for these administrative and back-office services, and in addition to the fee paid by Centennial to Global Financial for referring clients to Centennial, Global Financial will receive an administrative fee from Centennial at the annual rate of 1% of those accounts subject to the administrative and/or back-office services of Centennial. These arrangements create a conflict of interest.

### **Solicitors**

Global Financial utilizes unaffiliated registered investment advisers to refer clients for advisory services. Please refer to Item 14 – Client Referrals and Other Compensation for a description of solicitor who refer clients to Global Financial.

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

### **Code of Ethics Summary**

Global Financial has established a Code of Ethics that will apply to all of our supervised persons. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of you at all times. This fiduciary duty is considered the core underlying principle for the Global Financial's Code of Ethics which also covers our Insider Trading and Personal Securities Transactions Policies and Procedures designed to prevent the misuse of material non-public information by the Global Financial or any person. Global Financial requires all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times.

Upon employment or affiliation and when changes occur, all supervised persons will sign an acknowledgement that they have read, understand and agree to comply with Global Financial Private Capital LLC's Code of Ethics. Global Financial has the responsibility to make sure that the interests of you are placed ahead of Global Financial or our supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to you prior to any services being conducted. Global Financial and our supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to you.

This disclosure is provided to give as a summary of Global Financial's Code of Ethics. However, if someone wishes to review Global Financial's Code of Ethics in its entirety, a copy will be provided promptly upon request.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Global Financial or our supervised persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Global Financial that all persons supervised in any manner with the firm must place the interests of our clients ahead of their own when implementing personal investments. Global Financial and our supervised persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by Global Financial are widely held and publicly traded.

## Item 12 – Brokerage Practices

### **Recommending Broker-Dealer**

For our sub-account services, you will need to instruct the insurance company that Global Financial affiliated broker-dealer, GF Investment Services, LLC, is the broker-dealer of record for your variable annuity and/or variable life contract subject to our management.

Unless you direct us otherwise or an individual your circumstances require otherwise, Global Financial shall generally recommend that Fidelity Investments ("Fidelity") serve as the broker-dealer/custodian for our asset management services.

At least annually, Global Financial will review alternative custodians in the marketplace. Factors that Global Financial considers in recommending Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with Global Financial, financial strength, reputation, execution capabilities, pricing, research, and service. 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 broker-dealer services, including the value of research provided, execution capability and responsiveness. Global Financial's best execution responsibility is qualified if securities that it purchases for client accounts are no-load mutual funds that trade at net asset value as determined at the daily market close.

### **Execution of Brokerage Transactions**

Global Financial's general policies relative to the execution of client securities brokerage transactions are as follows:

**Best Execution:** If requested, Global Financial will arrange for the execution of securities brokerage transactions for the account through broker-dealers that Global Financial reasonably believes will provide "best execution". In seeking "best execution," the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including execution capability, commission rates and responsiveness. Accordingly, although Global Financial will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions.

**Agency Transactions:** Over-the-Counter (OTC) securities transactions for Global Financial's clients are generally effected on an agency basis, which involve the services of two separate broker-dealers: (1) a "dealer" or "principal" acting as market-maker and (2) the executing broker-dealer that acts in an agency capacity for the client's account. Dealers executing principal transactions typically include a mark-up/down which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, the client will also incur the transaction fee imposed by the executing broker-dealer. Global Financial does not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee.

**Batch or Block Trading:** Transactions for each client account generally will be effected independently unless Global Financial decides to purchase or sell the same securities for several clients at approximately the same time. Global Financial 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 Global Financial's clients differences in prices and commissions or other transaction costs that

might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Global Financial's clients in proportion to the purchase and sale orders placed for each client account on any given day.

**Directed Brokerage:** The client may direct Global Financial to use a particular broker-dealer (subject to Global Financial's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and arrangements for the account with that broker-dealer, and Global Financial will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Global Financial. As a result, 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. In the event that the client directs Global Financial to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Global Financial.

In the event that the transactions for a client's accounts are effected through a broker-dealer that refers investment management clients to Global Financial, there exists the potential for conflict of interest if the accounts incur higher commission or transaction costs than the accounts would otherwise have incurred had the client determined to effect account transactions through alternative clearing arrangements that may have been available through Global Financial.

**Initial Public Offering:** Through our clearing/custodial firm relationships, Global Financial may occasionally have limited access to initial public offering (IPO) shares. To the extent available to and judged appropriate by Global Financial, Global Financial may determine to purchase IPO shares for qualified clients who have engaged Global Financial for Asset Management Services. To the extent possible and applicable under the circumstances, Global Financial will use reasonable efforts to allocate available IPO shares on a fair and equitable basis (i.e., rotational, etc.).

### **Handling of Trade Errors.**

Global Financial has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is the policy of Global Financial to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by Global Financial if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. Global Financial may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons).

Global Financial will never benefit or profit from trade errors.

### **Block Trading Policy**

Transactions implemented by Global Financial for client accounts are generally effected independently, unless the firm decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by the firm when Global Financial believes such action may prove advantageous to clients. When Global Financial aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When Global Financial determines to aggregate client orders for the purchase or sale of securities, including securities in which Global Financial may invest, the firm will do so in accordance with the parameters set forth in the SEC No-Action Letter, SMC Capital, Inc. It should be noted, Global Financial does not receive any additional compensation or remuneration as a result of aggregation.

### **Cross Transactions**

When advantageous to all parties, Global Financial Private Capital may implement cross transactions for fixed income securities between two investment advisory clients of Global Financial Private Capital. Prior to implementing a cross transaction in a client's account, the client must provide standing authorization allowing Global Private Capital to implement such transactions. A cross transaction occurs when securities are bought and sold between two investment advisory accounts. Cross transactions made by Global Financial Private Capital are always implemented between fee-based investment advisory accounts. Global Financial Private Capital does **not** implement cross transactions between a commission-based brokerage account and a fee-based investment advisory account. Global Financial Private Capital does not receive any compensation for such cross trades.

An independent third party is used to determine the price when implement cross transactions. Global Financial Private Capital employs cross transactions when the prices to both buyers and sellers are at least equivalent to or better than prices generally available on the open market.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Financial planning services terminate upon presentation of the written plan or completion of the consultation services. Therefore, no reviews are conducted for these accounts. If you elect to have a review and update to an original financial plan, additional fees may be charged and you may be required to sign a new client agreement.

Ongoing consulting services are provided on the basis of the client agreement, but can be as frequent as monthly and would be provided on no less than a quarterly basis.

If Global Financial provides assets management services to your designated account or sub-account management services to your variable annuity and/or variable life contracts, account reviews are conducted on an ongoing basis by the Global Financial's principals and your investment adviser

representative. It is your responsibility to advise your investment adviser representative of any changes in your investment objectives and/or financial situation. You are encouraged to comprehensively review investment objectives and account performance with the your investment adviser representative on an annual basis.

Your investment representative is in charge of conducting on-going reviews of your accounts subject to asset management services or sub-account management services. Therefore, you will need to contact your investment adviser representative for the most current information and status of your accounts.

For accounts subject to our asset management services or our sub-account management services, reviews are provided on an on-going basis; typically based on a schedule agreed upon by you and your investment adviser representative. Global Financial does not impose a specific review schedule that all investment adviser representatives must follow. Generally the calendar is the main triggering factor for client reviews. However, more frequent reviews may be provided to any account depending on, among other issues, changes to your financial situation, personal situation or changes in market conditions.

Your accounts subject to our asset management services or sub-account management services are reviewed by your investment adviser representative to analyze if the account is being managed in accordance with the client's chosen investment objective, that the account is properly balanced, if it is being managed according to a specific asset allocation model, and to verify the accuracy of account holdings and fee deductions. For accounts managed by outside money managers, your investment adviser representative will monitor the performance of the outside money manager and conduct reviews with you as necessary.

If your accounts are subject to asset management services, sub-account management or outside money managers, your investment adviser representative will generally contact you at least annually, or on a schedule agreed upon by you and your investment adviser representative, to discuss changes in the client's goals, investment objectives, and personal and financial situation.

Global Financial encourages you to request a review with your investment adviser representative to discuss such things as account performance, changes in the client's investment objectives, goals, and financial situation, tax planning, estate planning, retirement planning and any other questions the client may have concerning their investment portfolio. If you only receive financial planning services from Global Financial, you may be charged a separate fee for meetings with your investment adviser representative. You should read carefully the agreement with Global Financial to determine the amount of such separate fees, if any.

In addition to the reviews provided by your investment adviser representative, Global Financial also conducts due diligence reviews of Sub-Advisors, custodians and outside money managers. However, under sub-account management services, Global Financial does not undertake due diligence reviews of the insurance company issuing the variable annuity and/or variable life insurance company.

### **Statements and Reports**

For Asset Management Services, you are provided with transaction confirmation notices and regular summary account statements directly from the qualified custodian.

For sub-account management services, you are provided with transaction confirmation notices and regular account statements directly from the insurance company issuing the variable annuity and/or variable life contract.

For outside money managers, whether reports by outside money manager are provided to you will depend upon the outside money manager.

You are encouraged to always compare any reports or statements provided by Global Financial or your investment adviser representative against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact Global Financial and the qualified custodian preparing the statement.

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

### **Referrals from Solicitors**

Some of the clients receiving advisory services from Global Financial may have been referred to Global Financial by independent, unaffiliated registered investment advisers and their investment adviser representatives (collectively, “solicitors”). Some of these investment adviser representatives may also be dually licensed as an investment adviser representative of Global Financial. Global Financial will rely upon the documented client information and completed client profile questionnaires gathered by the solicitors. Global Financial will not verify any of the information provided by the solicitors when recommending proposed investment strategy and/or implementing transactions in investment products. The solicitors will serve as the primary contact for the referred clients relative to their current and future financial circumstances and investment goals, risk tolerance, holdings, instructions and performance. Global Financial will be entitled to rely, without verification, upon any communication from the solicitors about changes to any client’s personal and financial situation.

The solicitors will also continue to provide advisory services to the referred clients and earn advisory fees separate from the fees charged by Global Financial for our advisory services. The solicitors’ services can include financial planning, preparation of an investment policy statement, recommendations on annuity products, due diligence of annuity/insurance carriers, allocation recommendations and related/unrelated consulting services. Global Financial does not supervise the advisory services that solicitors will continue to provide. Global Financial will pay a cash referral fee to the solicitors based upon a percentage of the client advisory fees generated by Global Financial. This referral relationship will not result in referral clients being charged any fees over and above the normal advisory fees charged by Global Financial for the advisory services provided.

All solicitation arrangements are performed pursuant to a written solicitation agreement and are in compliance with SEC Rule 206(4)-3. Clients should note that there is a conflict of interest because the dually licensed registered representatives can receive a solicitor fee for referring clients to GFPC for management services and a separate advisory fee for providing financial planning services.

### **Outside Money Managers**

Global Financial and our supervised persons may refer clients to outside money manager such as Centennial Wealth Advisory, LLC for advisory services not provided by Global Financial. Global Financial and these outside money managers such as Centennial are not affiliated. When Global Financial solicits clients for outside money managers such as Centennial, Global Financial receives compensation for those referrals.

With respect to the Centennial referral arrangement, Centennial may utilize Global Financial on a separate basis to provide trading, billing and other administrative and/or back-office services. In return for these administrative and back-office services, and in addition to the fee paid by Centennial to Global Financial for referring clients to Centennial, Global Financial will receive an administrative fee from



Centennial at the annual rate of 1% of those accounts subject to the administrative and/or back-office services of Centennial.

### **Additional Compensation**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Global Financial may receive from Fidelity, without cost (and/or at a discount) support services and/or products, certain of which assist Global Financial to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Global Financial may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Global Financial in furtherance of our investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Global Financial in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Global Financial to manage and further develop our business enterprise. Global Financial's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity as result of this arrangement. There is no corresponding commitment made by the Global Financial to Fidelity or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**The Global Financial's Chief Compliance Officer, Daniel Hushek, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

### **Item 15 – Custody**

Custody, as it applies to investment advisers, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Global Financial is deemed to have custody of client funds and securities whenever Global Financial is given the authority to have fees deducted directly from client accounts. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Global Financial is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from Global Financial. When you have questions about your account statement, you should contact Global Financial and the qualified custodian preparing the statement.

## **Item 16 – Investment Discretion**

Under our asset management services, when discretionary authority is granted in writing by you, Global Financial will typically have the authority to hire/fire Sub-Advisor(s) including our affiliate, and the Sub-Advisor will typically have discretionary authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. However, it is the policy of Global Financial to attempt to consult with you prior to making significant changes in the account even when discretionary trading authority is granted by you.

If you decide to grant only trading authorization without discretion to make investment decisions, Global Financial Private Capital or the Sub-Advisor will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, Global Financial and/or the Sub-Advisor will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

Under our asset management services, you have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place reasonable limitations on the discretionary power granted to Global Financial or the Sub-Advisor so long as the limitations are specifically set forth or included as an attachment to the client agreement.

For sub-account management services, when discretionary authority has been granted in writing by you, Global Financial will exercise limited discretionary authority to exchange sub-accounts available in the variable annuity and/or variable life contract without contacting you in advance to obtain your consent for each exchange. Under our sub-account management services, you have the ability to place reasonable restrictions on the available sub-accounts utilized by Global Financial. You may also place reasonable limitations on the discretionary power granted to Global Financial so long as the limitations are specifically set forth or included as an attachment to the client agreement.

Global Financial will not exercise investment discretion with respect to any other investment advisory services.

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

Unless directed otherwise in writing by you, Global Financial will vote proxies in conjunction with the services provided by Institutional Shareholder Services (“ISS”) and be responsible for:

- Directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and
- Making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the assets.

Global Financial and/or the client will correspondingly instruct each custodian of the assets to forward to Global Financial copies of all proxies and shareholder communications relating to the assets. In conjunction with the services provided by ISS, Global Financial will monitor corporate actions of individual issuers and investment companies consistent with Global Financial's fiduciary duty to vote proxies in the best interests of our clients. With respect to individual issuers, Global Financial may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options) and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), Global Financial may be solicited to vote on matters including the approval of advisory contracts, distribution plans and mergers. Global Financial will maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the *Investment Advisers Act of 1940*. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how Global Financial voted on any specific proxy issue is also available upon written request.

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

This item is not applicable to this brochure. Global Financial does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Global Financial has not been the subject of a bankruptcy petition at any time *Please refer to Information Required by Part 2B of Form ADV: Brochure Supplement for more information.*