



**GURTIN FIXED INCOME MANAGEMENT, LLC**  
**dba GURTIN MUNICIPAL BOND MANAGEMENT**

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This brochure provides information about the qualification and business practices of Gurtin Fixed Income Management, LLC dba Gurtin Municipal Bond Management. If you have any questions about the contents of this brochure, please contact us at 858-436-2200. 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 Gurtin Fixed Income Management, LLC dba Gurtin Municipal Bond Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). CRD #143597

Clients should be aware that the term "Registered Investment Adviser" does not imply any certain level of skill or training.

March 28, 2017

## Material Changes

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### Material Changes since the Last Annual Amendment

The material changes since our last annual updating amendment Part 2A dated February 23<sup>rd</sup>, 2016 are as follows:

#### Benchmark Change:

On July 1, 2016, Gurtin retroactively changed the benchmark used for comparison purposes for the Municipal Short Term strategy from the Bank of America Merrill Lynch 1-3 Year US Municipal Securities Index to the Bank of America Merrill Lynch 1-2 year US Municipal Securities Index to more accurately reflect the management of the strategy.

#### Value Investment Strategy Name Change:

Effective July 1, 2016, the firm changed the name of its National and California Municipal Value strategies to National and California Municipal Opportunistic Value strategies to better differentiate these strategies from the firm's National and California Municipal Intermediate Value strategies.

#### Introduction of a New Strategy:

Effective July 2016 the firm has launched the Government Ladder strategies. These strategies are available in Intermediate-, Limited-, Short-, and Ultra Short-Term variations with the option to invest in Treasury and Agency securities or Treasury securities only.

#### Mutual Fund Name Change:

Effective August 1, 2016, two of the mutual funds advised by the firm changed their name 1) to Gurtin National Municipal Opportunistic Value Fund from Gurtin National Municipal Value Fund (GNMFX), and 2) to Gurtin California Municipal Opportunistic Value Fund from Gurtin California Municipal Value Fund (GCMFX).

#### Firm Doing Business As Name:

Effective August 1, 2016, Gurtin Fixed Income Management, LLC began doing business under the name Gurtin Municipal Bond Management for marketing and branding purposes. The firm will retain Gurtin Fixed Income Management, LLC as its legal name for SEC registration purposes.

#### Change of Principal Owners:

As of September 30, 2016, one managing partner, Steven S. Simpson, chose to leave the firm to pursue opportunities outside of the municipal bond management industry.

#### Outside Business Activities:

As of November 2016, William R. Gurtin, CEO, CIO and Managing Partner, serves on the board of the Oakland Athletics, an American Major League Baseball team. There are 4 members on the board who serve in an oversight capacity. All 4 board members hold some form of equity

ownership in the team. The board continuously discusses team operations and provides overall vision, guidance, and final decision-making authority on team decisions. William R. Gurtin's board responsibility is primarily to be the board contact for baseball operations. This does not present a conflict of interest as William R. Gurtin is not directly compensated by the Oakland Athletics for his service as director outside of his equity interest, and as a private entity, the Oakland Athletics is not an investment Gurtin Municipal Bond Management would consider for its clients.

#### Change in Strategy Guidelines:

Effective January 1, 2017, the firm extended the final maturity guidelines for the Municipal Limited-Term strategy to no more than 6 years to allow the Municipal Limited-Term strategy to be managed as a five year limited term ladder that may purchase securities with final maturities up to 6 years. This adjustment was made to provide Gurtin access to a broader bond market for the final maturity allowing for more timely investment and reinvestment of assets.

#### Tax Liability Strategy Name Change:

Effective January 2017 the firm changed the name of its Municipal Tax Liability strategy and Government Tax Liability strategy to Tax Liability – Muni/Government and Tax Liability – Government Only, respectively, in order to more accurately represent the nature of the strategy.

#### Introduction of a New Strategy:

Effective February 2017 the firm has launched the Social Advancement Strategy. This strategy is designed to provide investors an opportunity to advance positive social or environmental goals, while preserving capital and maximizing risk-adjusted returns.

#### **Full Brochure Availability**

The Firm Brochure for Gurtin Fixed Income Management, LLC dba Gurtin Municipal Bond Management is available by contacting Jeffery Yorg, Head of Compliance and Legal and Chief Compliance Officer, at 858.436.2200.

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## Advisory Business

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### Firm Description

Based in San Diego, with an additional office in Chicago and an additional office in San Francisco expected to open mid-2017, Gurtin Fixed Income Management, LLC dba Gurtin Municipal Bond Management ("Gurtin") is an SEC registered investment advisor specializing in municipal bond portfolios for high net worth and ultra-high net worth individuals nationwide. We are committed to our investors' complete comfort in their municipal portfolio and employ significant intellectual capital in the pursuit of new ways of thinking to protect and grow investor wealth.

With a singular focus on municipal investments, deep analysis and expertise, and a highly selective investment approach, Gurtin offers a broad range of creative investment strategies that uncover often overlooked value – and avoid often concealed threats – in the municipal market. We strive to deliver peace of mind to investors and their advisors, supporting our research-driven strategies with the highest-quality municipal investment management, client service, and advisor support. Whether working with families, individuals and their advisors, or institutions, our entire focus is on putting investors' needs first and minds at ease—providing the utmost comfort in our clients' municipal bond investment choice.

### Principal Owners

William Gurtin and Kay Gurtin are the principal owners of Gurtin as trustees of various trusts. William Gurtin and Michael Johnson are currently the managing partners of the firm overseeing day to day operations.

### Types of Advisory Services

Gurtin provides asset management services on a discretionary and non-discretionary basis in accordance with the methods described in the *Methods of Analysis, Investment Strategies and Risk of Loss* section of this Brochure as well as periodic reports and newsletters on current issues in the market. We specialize in building and managing municipal bond portfolios. The client portfolios we manage are typically comprised of investment grade fixed income securities, including but not limited to, municipal securities, U.S. Government securities, U.S. Government-backed Agency securities, and short term money market securities.

Gurtin is also engaged as a sub-adviser by other investment advisers to manage client accounts and an investment adviser to four publicly traded mutual funds. The sub-advised and individual accounts are managed by Gurtin according to the goals and objectives of the client and the mutual funds are managed in accordance with goals and objectives determined by the Board of the respective mutual funds and their respective prospectuses. We are compensated for our advisory services rendered in accordance with the fee schedule as outlined in the *Fees and Compensation* section. Gurtin manages the sub-advised, direct, and mutual fund accounts in a manner consistent with our fiduciary duties to all client accounts.

Gurtin regularly publishes research papers, monthly municipal market updates, credit research reports, white papers, and blog posts on Gurtin's blog, *The Muniverse*, located on the firm's website [www.gurtin.com](http://www.gurtin.com), authored by Gurtin employees. These publications are provided free of charge to Gurtin's clients and many are available publicly at <https://gurtin.com/publications> and disseminated on Gurtin's Twitter account @followGurtin, at no cost.

## Tailored Relationships

Gurtin will customize portfolios to meet the needs of our clients. For example, clients may impose restrictions on investing in certain securities or types of securities.

## Client Assets

As of December 31, 2016, Gurtin had total assets under management (AUM) equaling \$11,681,985,583.10.

As of December 31, 2016, Gurtin had \$3,928,737.28 non-discretionary assets.

## Fees and Compensation

### Description and Fee Schedule

Gurtin receives management fees from the client based upon a percentage of the client's assets under management no more than what is outlined below:

#### Advisory Firm Clients

Municipal Strategy	Account Minimum	Fee Type	Up to \$5MM	\$5 to \$10MM	\$10 to \$25MM	\$25 to \$50MM	\$50 to \$100MM	\$100 to \$250MM	\$250 to \$500MM	\$500MM to \$1B	Over \$1B
Stability	\$1MM	Blended	25 bps	20 bps	15 bps	15 bps	12 bps	12 bps	12 bps	12 bps	12 bps
Ladder-Intermediate	\$500K	Flat	14 bps	14 bps	14 bps	14 bps	12 bps	10 bps	10 bps	9 bps	5-8 bps*
Intermediate Value	\$1MM	Flat	35 bps	30 bps	25 bps	20 bps	17.5 bps	15 bps	15 bps	15 bps	15 bps
Opportunistic Value	\$2MM	Flat	45 bps	35 bps	25 bps	25 bps	22.5 bps	20 bps	20 bps	20 bps	20 bps
Social Advancement (0-10 years)	\$500K	Flat	17 bps	17 bps	17 bps	17 bps	15 bps	13 bps	13 bps	12 bps	8-11 bps*
Social Advancement (1-15 years)	\$1MM	Flat	38 bps	33 bps	28 bps	23 bps	20.5 bps	18 bps	18 bps	18 bps	18 bps
Defeasement	\$1MM	Flat	10 bps	10 bps	10 bps	10 bps	10 bps	10 bps	10 bps	10 bps	10 bps
Tax Liability	\$1MM	Flat	6 bps	6 bps	6 bps	6 bps	6 bps	6 bps	6 bps	6 bps	6 bps
Government Strategy	Account Minimum	Fee Type	Up to \$5MM	\$5 to \$10MM	\$10 to \$25MM	\$25 to \$50MM	\$50 to \$100MM	\$100 to \$250MM	\$250 to \$500MM	\$500MM to \$1B	Over \$1B
Cash Management	\$1MM	Blended	10 bps	10 bps	8 bps	8 bps	6 bps	6 bps	6 bps	6 bps	6 bps
Enhanced Liquidity	\$1MM	Blended	15 bps	12 bps	11 bps	11 bps	10 bps	10 bps	10 bps	10 bps	10 bps
Ladder-Intermediate	\$1MM	Flat	12 bps	12 bps	12 bps	12 bps	10 bps	8 bps	8 bps	7 bps	5 bps
Defeasement	\$1MM	Flat	8 bps	8 bps	8 bps	8 bps	8 bps	8 bps	8 bps	8 bps	8 bps
Tax Liability	\$1MM	Flat	4 bps	4 bps	4 bps	4 bps	4 bps	4 bps	4 bps	4 bps	4 bps

Note: Ladder-Intermediate is the Municipal Intermediate-Term strategy. Management fees for the Municipal Intermediate-Term strategy are aggregated across all Municipal Stability, Municipal Stability Crossover, California Municipal Opportunistic Value, National Municipal Opportunistic Value, California Municipal Intermediate Value, National Municipal Intermediate Value and Municipal & Government Ultra Short-, Short-, Limited-, and Intermediate-Term SMA's of clients within an advisory firm. Municipal Ultra Short-, Short-, and Limited-Term are also available for the same fee as the Municipal Intermediate-Term strategy. The account minimums are \$250,000 for the Municipal Short- and Limited-Term strategies and \$1,000,000 for the Municipal Ultra Short-Term strategy. The fee for Municipal Intermediate-Term above \$1B is as follows: 8bps for \$1B-\$2B; 7bps for \$2B-\$3B; 6bps for \$3B-\$4B; and 5bps for \$4B and above. Management fees for the 0-10, 0-5, and 0-3 year structured Social Advancement portfolios are aggregated across all Municipal Ladder, Municipal Stability, Municipal Stability Crossover, California Municipal Opportunistic Value, National Municipal

Opportunistic Value, California Municipal Intermediate Value, National Municipal Intermediate Value and Municipal & Government Ultra Short-, Short-, Limited-, and Intermediate-Term SMA's of clients within an advisory firm. Management fees for 1-15 year structured Social Advancement portfolios are aggregated across all Municipal Intermediate Value accounts across a client family relationship.

Management fees for the Government Intermediate-Term are aggregated across all Municipal Stability, Municipal Stability Crossover, California Municipal Opportunistic Value, National Municipal Opportunistic Value, California Municipal Intermediate Value, National Municipal Intermediate Value and Municipal & Government Ultra Short-, Short-, Limited-, and Intermediate-Term SMA's of clients within an advisory firm. Government Ultra Short-, Short-, and Limited-Term are also available for the same fee as the Government Intermediate-Term strategy. The account minimums are \$250,000 for the Government Short-and Limited-Term strategies and \$1,000,000 for the Government Ultra Short-Term strategy.

## Non-Advisory Firm Clients

<b>Municipal Strategy</b>	<b>Account Minimum</b>	<b>Fee Type</b>	<b>Up to \$5MM</b>	<b>\$5 to \$10MM</b>	<b>\$10 to \$25MM</b>	<b>\$25 to \$50MM</b>	<b>\$50 to \$100MM</b>	<b>\$100 to \$250MM</b>	<b>\$250 to \$500MM</b>	<b>\$500MM to \$1B</b>	<b>Over \$1B</b>
Stability	\$1MM	Blended	30 bps	25 bps	19 bps	19 bps	15 bps	13 bps	13 bps	13 bps	13 bps
Ladder-Intermediate	\$3MM	Flat	20 bps	17bps	14 bps	14 bps	12 bps	8-10 bps*	6-8 bps*	5 bps	5 bps
Intermediate Value	\$1MM	Flat	40 bps	35 bps	30 bps	25 bps	22.5 bps	20 bps	20 bps	20 bps	20 bps
Opportunistic Value	\$2MM	Flat	50 bps	40 bps	30 bps	30 bps	27.5 bps	25 bps	25 bps	25 bps	25 bps
Social Advancement (0-10 years)	\$3MM	Flat	23 bps	20 bps	17 bps	17 bps	15 bps	11-13 bps*	9-11 bps*	8 bps	8 bps
Social Advancement (1-15 years)	\$1MM	Flat	43 bps	38 bps	33 bps	28 bps	25.5 bps	23 bps	23 bps	23 bps	23 bps
Defeasement	\$1MM	Flat	12 bps	12 bps	12 bps	12 bps	12 bps	12 bps	12 bps	12 bps	12 bps
Tax Liability	\$1MM	Flat	8 bps	8 bps	8 bps	8 bps	8 bps	8 bps	8 bps	8 bps	8 bps
<b>Government Strategy</b>	<b>Account Minimum</b>	<b>Fee Type</b>	<b>Up to \$5MM</b>	<b>\$5 to \$10MM</b>	<b>\$10 to \$25MM</b>	<b>\$25 to \$50MM</b>	<b>\$50 to \$100MM</b>	<b>\$100 to \$250MM</b>	<b>\$250 to \$500MM</b>	<b>\$500MM to \$1B</b>	<b>Over \$1B</b>
Cash Management	\$1MM	Blended	12 bps	12 bps	10 bps	10 bps	8 bps	8 bps	8 bps	8 bps	8 bps
Enhanced Liquidity	\$1MM	Blended	18 bps	15 bps	13 bps	13 bps	12 bps	12 bps	12 bps	12 bps	12 bps
Ladder-Intermediate	\$3MM	Flat	16 bps	14 bps	12 bps	12 bps	11 bps	7-9 bps*	5-7 bps*	5 bps	5 bps
Defeasement	\$1MM	Flat	10 bps	10 bps	10 bps	10 bps	10 bps	10 bps	10 bps	10 bps	10 bps
Tax Liability	\$1MM	Flat	6 bps	6 bps	6 bps	6 bps	6 bps	6 bps	6 bps	6 bps	6 bps

Note: Ladder-Intermediate is the Municipal Intermediate-Term strategy. Management fees for the Municipal Intermediate-Term strategy are aggregated across all Municipal Ultra Short-, Short-, Limited-, and Intermediate-Term SMA's within a client family group. Municipal Ultra Short-, Short-, and Limited-Term are also available for the same fee as the Municipal Intermediate-Term strategy. The account minimums are \$250,000 for the Municipal Short-and Limited-Term strategies and \$1,000,000 for the Municipal Ultra Short-Term strategy. The fee for Municipal Intermediate-Term above \$100MM is as follows: 10 bps for \$100MM-\$150MM; 9 bps for \$150MM-\$200MM; 8 bps for \$200MM-\$300MM; 7 bps for \$300MM-\$400MM; 6 bps for \$400MM-\$500MM; 5 bps for \$500MM and above. Management fees for the 0-10, 0-6, and 0-3 year structured Social Advancement portfolios are aggregated across all Municipal Ultra Short-, Short-, Limited-, and Intermediate-Term SMA's within a client family group for non-advisory firm clients. The fee for 0-10, 0-6, and 0-3 year structured Social Advancement portfolios over \$100MM is as follows: 13 bps for \$100MM-\$150MM; 12 bps for \$150MM-\$200MM; 11 bps for \$200MM-\$300MM; 10 bps for \$300MM-\$400MM; 9 bps for \$400MM-\$500MM; and 8 bps for \$500MM and above. Management fees for 1-15 year structured Social Advancement portfolios are aggregated across all Municipal Intermediate Value accounts across a client family relationship. Management fees for the Government Intermediate-Term are aggregated across all Government Ultra Short-, Short-, Limited-, and Intermediate-Term SMA's of clients within an advisory firm. The account minimums and fees for the Government Ultra Short-, Short-, and Limited-Term are the same as the Government Intermediate-Term strategy. The fee for the Government Intermediate-Term above \$100MM is as follows: 9 bps for \$100MM-\$150MM; 8 bps for \$150MM-\$200MM; 7 bps for \$200MM-\$300MM; 6 bps for \$300MM-\$400MM; and 5 bps for \$400MM and above.



For the Gurtin National Municipal Opportunistic Value Fund and Gurtin California Municipal Opportunistic Value Fund Gurtin receives a flat management fee of 0.45% on assets under management and a 0.15% expense fee for operating expenses. We have agreed to waive our fee and/or reimburse mutual fund expenses to limit total annual fund operating expenses to 0.60% for institutional shares through February 1, 2018. For Gurtin National Municipal Intermediate Value Fund and Gurtin California Municipal Intermediate Value Fund, Gurtin receives a flat management fee of 0.35% on assets under management and a 0.04% expense fee for operating expenses. We have agreed to waive our fee and/or reimburse mutual fund expenses to limit total annual fund operating expenses to 0.39% for institutional shares through February 1, 2018. For clients owning mutual fund shares, that share dollar amount will be deducted from assets under management for purposes of fee calculations for that particular client.

### **Fee Billing**

Unless otherwise provided in the investment management agreement, clients shall pay each calendar quarter a management fee equal to 1/4 of the annual management fee calculated by applying the respective fee schedule to the average daily value of the account as of the close of the last trading day of such quarter. In certain strategies, the management fee may be calculated by applying the fee schedule above to the client's target/committed amount intended for management. The quarterly fee will be billed in arrears for each calendar quarter and payable within 30 days after the client or custodian's receipt of the invoice. Gurtin may deduct the fees from the client account assets; or clients may choose to have Gurtin invoice them for fees earned. In either case, an invoice will be provided to the client detailing the fee.

Our standard investment management agreement provides that the client relationship may be terminated at any time upon written notice. All earned, unpaid fees will be due and payable immediately upon termination of the investment management agreement. The amount of fees will be based on the average daily value of the account as of the last trading day before the investment management agreement terminates. Fees will be prorated for the number of days under management for the initial quarter and upon termination.

Account value will be as reported by the custodian holding the account or by Gurtin in good faith, shall not be reduced by any margin balance, but shall include any credits from short sales. Transactions that have not settled prior to the last trading day of a calendar quarter may be included in either the current or the following calendar quarter, as determined by Gurtin in a consistent manner.

Gurtin hereby notifies its clients that it has adopted a policy, effective September 30, 2008, whereby it will not charge its quarterly management fee if a client's account is 100% invested in money market funds for the entirety of a quarter although this policy is subject to change in Gurtin's sole discretion. Fees charged by a money market fund still apply. Consult the money market fund's prospectus for more information about its fees. If your Account is 100% invested in money market funds for the entirety of a quarter and Gurtin does not charge its quarterly management fee, Gurtin will not provide a performance report for the specific quarter. However, you will still receive a statement from your Custodian in the manner agreed upon with your Custodian.

In certain circumstances, Gurtin may agree to negotiate its fees with individual clients and may charge different clients receiving the same services different fees. Gurtin offers a standard discounted fee schedule to clients of Advisory firms who utilize Gurtin. The above fee schedule is the firm's standard fee schedules generally charged to individual clients absent negotiable circumstances.

## Other Fees

In connection with Gurtin's advisory services, clients may incur and are responsible for the fees and expenses charged by their custodians and imposed by broker-dealers. Such fees may include, but are not limited to, custodial fees, transaction costs, fees for duplicate statements and transaction confirmations, brokerage commissions, and fees for electronic data feeds and reports.

## Performance Fees & Side-by-Side Management

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Gurtin does not accept performance-based fees or any fee which are based on a share of capital gains or capital appreciation of the assets of a client.

## Types of Clients

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### Description

Gurtin's clients consist of individuals, high net worth individuals, charitable organizations, investment companies, pooled investment vehicles, pensions and profit sharing plans (but not plan participants), corporations and other businesses, and insurance companies.

### Account Minimums for Individual Clients

Gurtin's Municipal Stability and Municipal Stability Crossover strategies generally require that the client maintain a minimum of \$1 million in assets. Gurtin requires the client to maintain a minimum of \$1 million in assets under the Government Cash Management and Government Enhanced Liquidity strategies and \$3 million in assets under the Municipal Ladder or Social Advancement Ladder strategies. Gurtin requires the client to maintain a minimum of \$2 million in assets under the Municipal Opportunistic Value SMA Strategy, and \$1 million in assets under the Municipal Intermediate Value Strategy and Social Advancement Intermediate Value strategies. For the Municipal and Government Defeasement strategies and Tax Liability – Muni/Government and Tax Liability – Government Only strategies Gurtin requires the client to maintain a minimum of \$1 million in assets for each account. Minimums may be lower than the above for customized accounts. We may waive the account minimum or require a higher or lower minimum upon prior written notice. These minimums may be waived or modified as Gurtin deems appropriate with respect to each individual account and client.

### Account Minimums for Clients of Advisory Firms

Gurtin's Municipal Stability and Stability Crossover strategies generally require that the client maintain a minimum of \$1 million in assets. Gurtin requires the client to maintain a minimum of \$1 million in assets under the Government Cash Management and Government Enhanced Liquidity strategies, and \$250,000 to \$1 million in assets under the Municipal Ladder or Social Advancement Ladder strategies. Gurtin requires the client to maintain a minimum of \$2 million in assets under the Municipal Opportunistic Value SMA Strategy, and \$1 million in assets under the Municipal Intermediate Value and Social Advancement Intermediate Value strategies. For the Municipal and Government Defeasement strategies and Tax Liability - Muni/Government and Tax Liability – Government Only strategies Gurtin requires the client to maintain a minimum of \$1 million in assets for each account. We may waive the account minimum or require a

higher or lower minimum upon prior written notice. These minimums may be waived or modified as Gurtin deems appropriate with respect to each individual account and client.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis & Investment Philosophy**

Gurtin is steadfast in the belief that fixed income should represent the low risk portion of a client's overall investment portfolio, and therefore, we will not sacrifice credit quality to achieve higher returns. We believe this is optimally achieved by building fixed income portfolios that are broadly diversified and by minimizing credit risk exposure. In structuring our portfolios, we perform our own in-depth fundamental analysis to identify what we believe are the most resilient sectors based upon ability to generate revenue, financial flexibility, and downside risk. We then perform granular research on the obligors within sectors to identify what we believe are the highest quality bonds, followed by ongoing surveillance on all bonds in our portfolios. In our efforts to preserve principal, we ensure proper diversification by setting clearly defined portfolio concentration limits on sector, state of issuance, and individual obligor.

### **Portfolio Construction Process**

Our portfolio construction process begins with the development of a dynamic top-down analysis of the ever changing outlook for the economy, followed by a qualitative and quantitative bottom-up individual security selection process that focuses on securities that exhibit the best after-tax yields and volatility characteristics based upon our outlook. The Investment Committee develops the overall investment strategy, generates investment ideas, and determines the types of security structures that we believe will outperform in the future. The top-down research process involves a broad-based global analysis of macroeconomic factors, industry trends, and investment themes. The process continues in the formation of a formal economic outlook and is used as the basis for our bottom-up investment strategy developed by portfolio management along with the credit analysis of our credit research team to ensure portfolio credit quality and attractive risk adjusted after-tax returns.

Although portfolio management requires some degree of subjectivity in that it involves a considerable amount of expert judgment, we have worked to make our process as objective, consistent, and repeatable as possible by relying heavily upon quantifiable factors (such as credit requirements, bond structure, portfolio sector composition, etc.) for security selection.

### **Buy / Sell Discipline**

#### Buying

We purchase, among other securities, high grade domestic Municipal, US Government, and US Government Agency securities for our portfolios; we do not purchase derivative instruments. We broadly diversify our portfolios, generally averaging 30-40 issues per portfolio, although this number may be lower or higher based on the size of the account as we place priority on balancing diversification and liquidity.

Using our market knowledge, research capabilities, and quantitative analysis, we only buy bonds that we believe are attractively priced relative to the fixed income market. We are patient in our approach to investing in fixed income securities for our clients. We prefer to purchase bonds that offer strong liquidity for our clients. We do not have a size requirement for our bond purchases. We can buy smaller blocks if they are attractively priced as well as very large blocks (multiple millions) of bonds.

Social Advancement portfolios utilize our proprietary technology and credit research to enable discovery of high-quality municipal bonds with which we identify as having a social advancement purpose while maximizing risk adjusted, after tax yield. The Social Advancement strategy generally avoids projects that primarily benefit the private sector or have clear negative social or environmental consequences. Bonds purchased for Social Advancement are still subject to our standard credit discipline. An individual security is eligible for inclusion in the Social Advancement strategy, and its sub-classifications, based on several factors including, but not limited to, the security's use of proceeds. Gurtin uses its best efforts to identify securities, where, in our opinion, a substantial portion of the proceeds satisfy the goals of the Social Advancement strategy. The determination by us of a security meeting the internal requirements for classifications as "Social Advancement", or its sub-classifications, is solely based on information provided by an issuer in official statements at the time of the initial security's issuance (including any refundings). No examination or audit is conducted on actual use of proceeds.

### Selling

We sell any bonds that do not meet our credit quality threshold. In addition to selling securities due to credit deterioration; we will also sell bonds opportunistically to enhance portfolio yields. For the Municipal Intermediate Value Strategy, we proactively sell bonds that are one year to maturity or less in accordance with the strategy objectives.

### Cross Trading

In light of the unique attributes of the municipal market, we may utilize cross trades to minimize transaction costs and provide best execution for both parties. A cross trade is a transaction in which Gurtin matches a buy order for one client account with a sell order for another client account. We will not utilize cross trades for any ERISA client. Gurtin may cause a client account to participate in a cross trade with another client account when, for example, one account is trimming security positions to raise cash while another account is buying the same securities. We believe a cross trade may benefit clients on both sides of the trade by minimizing the need to find another buyer or seller, minimizing attendant market impact, and minimizing brokerage commissions and other limited clearing fees that may apply.

Subject to any contractual restrictions, client direction or requirements under applicable laws or regulations, we may execute a cross trade in accordance with our policies and procedures when, in our determination, each client benefits from the transaction. As we are not a broker-dealer, or affiliated with a broker-dealer, and we receive no compensation for such transactions, other than our customary advisory fee, the provisions of Section 206(3) of the Investment Advisers Act of 1940, as amended, are not applicable to such transactions.

Cross trades will be processed through an independent third party not affiliated with Gurtin. The price for a cross trade will be determined by reference to independent market indicators and internal policies. The selling client account will be responsible for the transaction costs that result from the cross-trade.

Because of legal or practical or account-specific restrictions on cross trades for certain types of accounts, these trades may be difficult to arrange in some circumstances, and Gurtin has no obligation to effect any cross trade for any client under any circumstances.

## Investment Strategies

Through a deep, highly specialized expertise in municipal bonds, Gurtin Municipal Bond Management is able to offer a range of innovative municipal strategies with varying objectives, durations, and benchmarks; additionally, we offer a range of government strategies for liquidity management. Our range of investment strategies is built to match individual investors' unique needs and circumstances. We understand that even as investors seek to maximize total return, they ultimately look to their municipal investments as the portion of their overall investment portfolio that provides wealth preservation. With the belief that credit and quantitative research are critical to achieving this goal, these core competencies are integral components of our portfolio management process.

Our passion for municipal bond management fuels our innovative creativity and outside the "style" box thinking. Extending beyond the industry-standard ladder municipal bond strategies, Gurtin additionally offers municipal bond strategies that are uniquely focused on maximizing after-tax, risk-adjusted returns while minimizing portfolio volatility in the potentially volatile municipal market, as well as credit research-based municipal strategies that seek to outperform the market by taking a disciplined yet contrarian approach to the highly inefficient municipal market – investing in high quality but misunderstood credits.

### Municipal Strategies:

- *Social Advancement:* This strategy is designed to generate a consistent level of income in line with or exceeding a benchmark of comparable duration, while maintaining very high credit quality and giving investors an opportunity to advance social or environmental goals. Suitable for investors who have a neutral view on the direction of interest rates and seek predictable tax-exempt income, the Social Advancement strategy can be structured as California or National portfolios composed of bonds maturing in 0-3 years (Short), 0-5 years (Limited) (see Material Changes section for more information), or 0-10 or 0-15 years (Intermediate), with the option to invest in bonds with a broad array of social purposes or maintain a more targeted focus on education, the environment, or infrastructure.
- *Stability:* This strategy is designed to maximize risk-adjusted, after-tax returns in a portfolio with little correlation to riskier asset classes, even during periods of interest rate volatility, by using proprietary market research to identify bonds that are less sensitive to rising interest rates and maintaining a flexible approach to portfolio duration. Stability is suitable for investors who want to maximize tax exempt income but are also sensitive to negative returns and declines in portfolio value. In order to achieve the objective of stability even in the face of rising interest rates, portfolios managed under this non-laddered strategy can vary from short- to intermediate-term average duration, depending on the interest rate environment.
- *Stability Crossover:* This crossover strategy invests in both taxable and tax-exempt securities, and is designed specifically for investors who are subjected tax brackets below the highest marginal rate, such as the Alternative Minimum Tax (AMT), and who seek to maximize risk-adjusted, after-tax returns in a portfolio with little correlation to riskier asset classes, even during periods of interest rate volatility. Stability Crossover is suitable for investors who want to maximize tax exempt income but are also sensitive to negative returns and declines in portfolio value. In order to achieve the objective of stability even in the face of rising interest rates, portfolios managed under this non-laddered strategy can vary from short- to intermediate-term average duration, depending on the interest rate environment.

- *Ladder (Ultra-Short, Short-, Limited-, and Intermediate-Term)*: These strategies are designed to generate a consistent level of income in line with a benchmark of comparable duration while maintaining very high credit quality, and are suitable for investors who have a neutral view on the direction of interest rates and seek predictable tax-exempt income. Maintaining a disciplined approach of continually reinvesting proceeds of annually maturing bonds, these strategies offer the industry standard of laddered portfolios that evenly stagger principal across maturities, but at a fee that is below industry standard costs. The Ladder strategies can be structured as California, New York, or National portfolios composed of bonds maturing in 0-18 months (Ultra-Short), 0-3 years (Short), 0-5 years (Limited)(see Material Changes for more information), or 0-10 years (Intermediate).
- *Intermediate Value*: This strategy is designed to generate a level of income in excess of a standard intermediate-term ladder by taking the standard laddered portfolio to the next level with a value-oriented approach that uses proprietary credit and market research to identify higher yielding, high quality credits and bond structures that we believe are misunderstood by the market. Intermediate Value is suitable for investors seeking a level of tax-exempt income that exceeds that of a standard intermediate portfolio, and is available in an intermediate structure that ladders 50% callable and 50% non-callable bonds from 1-15 years.
- *Opportunistic Value*: This strategy is designed to generate a high level of income by taking an intelligently contrarian approach that is at once disciplined, value-oriented, and flexible – patiently waiting for opportunities to capture value on bonds which meet higher yield targets (target of 4-5% after-tax yield) by using proprietary credit and market research to identify higher yielding, high quality credits and bond structures that we believe are misunderstood by the market, and maintaining a flexible approach to portfolio duration. Opportunistic Value is suitable for investors seeking a high level of tax-exempt income, and who are comfortable with interim interest rate fluctuations on bonds held to maturity. Portfolios managed under this non-laddered strategy may at times have an intermediate- or longer-term average duration, depending on where value is found.
- *Defeasement*: Designed for investors with certain liquidity needs at a specified time greater than 15 months.

#### Government Strategies:

- *Enhanced Liquidity*: This strategy is designed investors with an investment horizon of no less than 9-12 months who desire liquidity with an enhanced yield over cash and relatively low mark to market volatility.
- *Cash Management*: This strategy is designed investors with an investment horizon of no more than three months who have daily liquidity needs and no tolerance for mark to market volatility.
- *Tax Liability*: This strategy is designed for investors who have recently undergone or expect to undergo a large liquidation event, and as a result, will have a predetermined tax liability amount within a finite investment period. The strategy takes a conservative approach and aims to limit downside risk if rates unexpectedly rise.

- *Defeasement*: Designed for investors with certain liquidity needs at a specified time greater than 15 months.
- *Ladder*: This strategy is designed for investors seeking a predictable income stream and low mark to market volatility. The Government Ladder are exclusively composed of government securities maturing in 0-18 months (Ultra-Short), 0-3 years (Short), 0-5 years (Limited)(see Material Changes for more information), or 0-10 years (Intermediate).

### Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. We manage the risks associated with managed portfolios as shown below:

Type of Risk	Definition	Risk Mitigation Method
Interest rate	Risk of interest rate volatility	<ul style="list-style-type: none"> <li>• Maintain portfolio durations generally in-line with or lower than the benchmark duration</li> <li>• Purchase high-coupon, callable bonds during rising interest rate environments to dampen volatility for Municipal Stability, Municipal Stability Crossover, Municipal Intermediate Value and Municipal Opportunistic Value fixed income strategies</li> </ul>
Investment	Possibility that the investor will get back less than his or her original investment or expected return	<ul style="list-style-type: none"> <li>• Preserve principal through focus on high credit quality enabled by our extensive in-house credit research capabilities</li> </ul>
Reinvestment	Risk that reinvested money will earn a lesser rate of return	<ul style="list-style-type: none"> <li>• May favor investments with shorter durations during rising interest rate environments for actively managed strategies</li> <li>• May take advantage of historically upward sloping municipal yield curve</li> </ul>
Liquidity	Spread between the bid and ask prices for a security being offered in the secondary market	<ul style="list-style-type: none"> <li>• Maintain forward-looking approach to credit to minimize illiquid holdings</li> <li>• Avoid holding odd lot positions whenever possible</li> <li>• Maintain strategic allocations to cash when appropriate</li> </ul>
Credit	Risk of default, credit spread widening, or downgrade	<ul style="list-style-type: none"> <li>• Invest solely in high-grade municipal securities, U.S. Government securities, and U.S. Government Agency securities</li> <li>• Utilize a standardized approach to credit risk management using forward-looking credit analysis</li> <li>• Perform ongoing credit surveillance on all holdings</li> <li>• Opportunistically sell securities that we believe to be in weaker sectors or experiencing credit stress</li> </ul>
Errors in Tools and Models	Vendor data inaccuracies and technical/human errors could occur in the calculation of proprietary models	<ul style="list-style-type: none"> <li>• Maintain a testing and quality assurance program in the development process</li> <li>• Evaluate model assumptions and performance</li> </ul>
Cybersecurity	Networks and systems could be subject to breach and client data may be exposed	<ul style="list-style-type: none"> <li>• Maintain a Written Information Security Program and an Incident Response Plan</li> <li>• Conduct periodic risk assessments of information security controls and practices</li> </ul>

Key Man	Important personnel could leave, retire, or be unable to perform duties	<ul style="list-style-type: none"> <li>Firm-wide risk assessment considers succession and transition planning</li> </ul>
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## Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Gurtin or the integrity of Gurtin's management. Gurtin and our management personnel have no disciplinary history.

## Other Financial Industry Activities and Affiliations

### Affiliations

Gurtin and our management personnel are not generally engaged in any business or profession other than acting as an investment adviser. Nor do we offer to sell any type of product, other than investment advice concerning securities to clients.

Gurtin is currently the financial adviser for four mutual funds, Gurtin National Municipal Opportunistic Value Fund, Gurtin California Municipal Opportunistic Value Fund, Gurtin National Municipal Intermediate Value Fund, and Gurtin California Municipal Intermediate Value Fund. As manager, Gurtin receives fees from the mutual funds based on assets under management. Given that clients do invest in the mutual funds, and to eliminate any conflicts, all mutual fund assets are deducted from a client's assets under management for purposes of calculating management fees.

William R. Gurtin, CEO, CIO and Managing Partner, serves on the Board of Directors of Pisces, Inc., a family office. The Board consists of five members, including three members of the family served by the family office. Board members serve for one-year terms and may be re-elected with no maximum term of service. Board members have fiduciary obligations to the shareholders of Pisces and meet at least once each year and have additional special meetings as necessary for corporate governance matters. This does not present a conflict of interest as board members are not compensated by Pisces for their service as directors.

William R. Gurtin, CEO, CIO and Managing Partner, also serves on the Strategic Advisory Committee of New MainStream Capital, a private investment firm specializing in strategic equity investments of lower middle market companies in selected growth industries. The Strategic Advisory Committee consists of six members (two of which are Founders who sit in) who provide strategic advice to the Partnership, the General Partner and the Investment Team with respect to such matters as investment policies and strategies, significant changes to portfolio companies or the management teams thereof, and other strategic transactions or matters as may arise from time to time. This does not present a conflict of interest as members of the Strategic Advisory Committee are not compensated by New MainStream Capital for their service as committee members.

As of November 2016, William R. Gurtin, CEO, CIO and Managing Partner, serves on the board of the Oakland Athletics, an American Major League Baseball team. There are 4 members on the board who serve in an oversight capacity. All 4 board members hold some form of equity ownership in the team. The



board continuously discusses team operations and provides overall vision, guidance, and final decision-making authority on team decisions. William R. Gurtin's board responsibility is primarily to be the board contact for baseball operations. This does not present a conflict of interest as William R. Gurtin is not directly compensated by the Oakland Athletics for his service as director outside of his equity interest, and as a private entity, the Oakland Athletics is not an investment Gurtin Municipal Bond Management would consider for its clients.

### **Industry Activity**

Gurtin has been chosen as a fixed income advisor/sub-advisor by many registered investment advisory firms and four mutual funds. For more information, please see *Types of Advisory Services* section. This does not create a conflict of interest as the accounts follow the same fee schedule and investment guidelines as other managed accounts.

Gurtin also participates in Schwab's prime brokerage platform. For more information, please see the *Brokerage Practices* section.

In order to engage in sales and marketing of Gurtin's four mutual funds, David Alan Trice, Nicholas Downer, John Hornbeak, and Eric Stroiman are registered representatives of Foreside Fund Services along with being employees of Gurtin. None of the registered representatives receive additional commission or salary in connection with the mutual funds or as registered representatives of Foreside Fund Services.

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

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### **Code of Ethics**

Pursuant to SEC rule 204A-1, Gurtin has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Gurtin's Code of Ethics describes our fiduciary duties and responsibilities to our clients, and sets forth Gurtin's practice of supervising the personal securities transactions of supervised persons with access to client information. The Code also requires that all supervised persons act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. The Code of Ethics also includes the firm's policy prohibiting the use of material non-public information. Any individual who fails to abide by the firm's Code of Ethics may be subject to discipline. We will provide a complete copy of our Code of Ethics to any client, upon request to the Chief Compliance Officer at our principal address.

### **Participation in Client Transactions and Personal Trading Policies**

Individuals associated with Gurtin may buy or sell securities for their personal accounts identical to or different than those recommended to clients. To mitigate this conflict of interest all supervised persons are subject to our Code of Ethics, which requires such persons to provide an annual securities holdings report and quarterly transaction reports to the Compliance and Legal department. In addition, such persons must obtain written approval from the Chief Compliance Officer, or its designee, prior to investing in any IPOs, private placements, (limited offerings), municipal securities (unless part of general client allocation process in accordance with firm policies) or Gurtin advised mutual funds. It is the expressed policy of Gurtin that no person employed by Gurtin shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

Subject to the Code of Ethics, our employees are permitted to trade for their own accounts side-by-side and in block transactions with clients in the same securities including the Gurtin advised mutual funds. However, neither Gurtin nor its employees are permitted to trade for their own accounts on the same day in the same security with respect to which Gurtin receives from a client as an unsolicited order to buy or sell. For more information on our allocation practices, see the *Brokerage Practices* section of this Brochure.

## **Brokerage Practices**

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### **Selecting/Evaluating Brokerage Firms**

Unless otherwise provided in the investment management agreement, Gurtin will have discretion to select broker-dealers to effect transactions for client's account. As a fiduciary, our policy is to seek to execute client securities transactions in a manner that the client's total cost or proceeds in each transaction are most favorable under the circumstances ("best execution"). In seeking best execution, Gurtin considers the full range of a broker's services, including the value of research provided, execution capability, commission rate, responsiveness, willingness to commit capital, creditworthiness and financial stability, clearance and settlement capability, availability and price of securities, and the provisions of research and other services that, in our view, assist us in performing our duties under the investment management agreement and under the agreements with our other clients. Gurtin may direct client transactions to brokers who provide useful research and brokerage services even though lower commissions may be charged by a broker who offers no research services and minimal securities transaction assistance. There is no assurance that the cost of commissions, mark-ups, mark-downs, and other execution costs will be the lowest possible, and it is likely that lower costs may be available for similar services. Gurtin participates in Schwab's prime brokerage platform and we may receive referrals from Schwab. However, we do not receive any compensation for any referral. We are independently owned and operated and not affiliated with Schwab.

### **Research and Soft Dollars**

When we receive research that is incidental to our trading activities, Gurtin will comply with Section 28(e) of the Securities Exchange Act of 1934 (the "Act"). Under the Act, an investment adviser may pay more than the lowest available commission rate when executing client transactions in order to receive research and similar services from a broker if the adviser determines, in good faith, that the commissions charged by the broker are reasonable in light of the services provided. We make this determination through annual evaluations of our brokers at which time we take into consideration the items listed above. Because we do not have to produce or pay for the research, we may therefore have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or service rather than on our client's interest in receiving the most favorable transaction. This potential conflict is mitigated through our Best Execution policies and Broker Review procedures. Examples of the types of research services that are incidental to Gurtin's trading activities include: proprietary research of a broker, market insight from brokers, and information relating to general market direction and activity. Research services may be useful in servicing all of our clients, and not all of such services may be useful for the account for which the particular transaction was effected.

Schwab Institutional makes available to Gurtin products and services that assist us in managing and administering clients' accounts, but which may not benefit clients' accounts. These products and services include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade

orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Gurtin's fees from its clients' accounts; and assist with back-office support, recordkeeping and client reporting. These products and services may be used to service all or a substantial number of our accounts, including accounts not maintained at Schwab Institutional.

### **Directed Brokerage**

Gurtin does not recommend, request or require that our clients direct us to execute transactions through a specified broker dealer. However, we will consider a client's written request on a case by case basis and make an exception if it is in the client's best interest. In the event that a client directs us to use a particular broker or dealer, we will not have authority to negotiate commissions, obtain volume discounts, and best execution may not be achieved. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to other clients. Further, such clients will likely not participate in block trades executed through the broker that maintains our other client accounts, and as a result, the client will not benefit from the cost savings and other advantages of block trading.

### **Order Aggregation**

As part of our effort to obtain best execution, Gurtin aggregates trades in individual securities for as many accounts as practicable, except where subject to client direction constraints. The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients. Our firm's policy is to aggregate client transactions where possible and when we believe it may be advantageous to clients. In these instances clients participating in any aggregated transactions will receive an average price and transaction costs will be shared equally. Each account that participates in a block trade receives its allocation based on factors such as suitability of the securities for the account, investment restrictions stated in guidelines of various legal documents, available cash balance in the account, etc. In some cases, aggregation may operate to a particular client's disadvantage. However, if Gurtin purchases the same bond with the same cusip at different times in the same day, we will not average the prices for the allocation of that cusip. We will use the price for each block and enter the cusip through our allocator. Each block of a cusip will be allocated with its purchase price and allocated at time of purchase. Because of the prevailing trading activity, occasionally it is not possible to receive the same price or execution on the entire volume of securities purchased or sold.

### **Review of Accounts**

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#### **Periodic Reviews**

Accounts are reviewed at least quarterly in the context of each client's stated investment objectives and guidelines. Client accounts are reviewed by managing partners and/or Investment Research and Strategy department.

#### **Review Triggers**

In addition to the quarterly reviews, more frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market, or political or economic environment.

#### **Regular Reports**

Clients will receive a written statement after the close of each calendar month from the Custodian (or as agreed upon with the Custodian, but at least quarterly) showing all investments of the Account and their market values as of the close of business on the last Business Day of the calendar month.

Gurtin will provide a quarterly report showing performance data and other portfolio analytics (e.g., duration of fixed income securities, ratings, etc.) during or at the end of such quarter, as appropriate.

## **Client Referrals and Other Compensation**

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### **Economic Benefits**

In exchange for commissions generated by discretionary trading activity, Gurtin receives research services from a variety of brokerage firms. We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. See the *Brokerage Practices* section of this Brochure for a description of the services and benefits Gurtin receives from brokerage firms.

### **Third Party Solicitors**

Gurtin and our related persons do not directly or indirectly compensate any third party person for client referrals other than in some cases a discounted fee schedule is applied to certain advisory firm clients.

## **Custody**

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Gurtin clients' assets are housed in nationally recognized banks or brokerage firms, otherwise known as custodians. Gurtin has a limited power of attorney to place trades on the client's behalf. If authorized by the client, Gurtin may also have the authority to directly debit client accounts for quarterly fees or transfer money to third party accounts under a notarized standing letter of authorization from clients, both of which deems Gurtin to have Custody of certain client accounts. See the *Fees and Compensation* sections of this Brochure for more information on direct debiting. Gurtin undergoes annual surprise custody examinations for those accounts that Gurtin is deemed to have custody as a result of Gurtin's authorized ability to transfer money from client's accounts under a standing notarized letter of authorization.

Clients are free to select their custodian. Gurtin may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab Institutional"), a registered broker-dealer, to maintain custody of clients' assets and to effect trades for their accounts, but that decision is solely that of the client. Clients will receive either monthly or quarterly statements from the custodian. Gurtin urges clients to review and compare the account statements they receive from the qualified custodian with those they receive from Gurtin. For more information on the reports that you will be provided by us, see the *Review of Accounts* section of this Brochure.

## **Investment Discretion**

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### **Discretionary Authority for Trading**

When a client retains Gurtin as their investment adviser, Gurtin and the client will enter into an investment management agreement. By signing this agreement, the client gives Gurtin full discretion to select the securities that are bought or sold, the amount of securities bought or sold, the brokers through which securities are bought or sold, and the commission rates at which securities are bought and sold.

At all times investments will be made consistent with the client's profile and investment guidelines. Our authority is subject to conditions and restrictions imposed by the client.

## **Voting Client Securities**

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### **Proxy Voting**

Gurtin will not vote and will not accept authority to vote proxies on behalf of our clients except for the four mutual funds to which Gurtin currently acts as investment adviser and then, only if requested by the Board of the respective fund. With proxy voting, Gurtin will only vote proxies in accordance with its proxy policies which conform to SEC rule 206(4)-6. If the mutual fund board requests Gurtin to vote their proxy, Gurtin gains complete discretion on such votes without influence from the mutual fund Board. The Boards can obtain any and all information on how the proxies were voted by contacting Gurtin's Chief Compliance Officer. If any conflict of interest arises related to voting a proxy, Gurtin will abstain from any such vote unless the conflict is resolved. All clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their accounts which should be provided by either the custodians or transfer agents. We may, in our discretion, provide advice to clients regarding the voting of proxies.

## **Financial Information**

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Gurtin is not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to clients.