

# Disclosure Brochure



*May 26, 2017*

**Gladstone Institutional Advisory LLC**

**dba Gladstone Wealth Group**

**d/b/a The Choice Group**

**d/b/a White Oak Wealth Partners**

**d/b/a Jockey Hollow Financial Services, LLC**

*A Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Gladstone Institutional Advisory LLC dba Gladstone Wealth Group and Investment By Planners (hereinafter "Gladstone Institutional Advisory", "GWG" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about the Firm is available on the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). GWG is an SEC registered investment adviser. Registration does not imply any level of skill or training.

**ITEM 2. MATERIAL CHANGES**

In this Item, Gladstone Institutional Advisory is required to discuss any material changes which have been made since our last brochure dated March 16, 2016.

**Item 4. Advisory Business**

Removed language on Ongoing Financial Planning, Flat Fee Financial Planning, and Hourly Financial Planning.

Removed language on *Portfolio Management Services Under Third Party Advisory Services*:

- LPL Financial Sponsored Advisory Programs
- Optimum Market Portfolios Program (OMP)
- Personal Wealth Portfolios Program (PWP)
- Model Wealth Portfolios Program (MWP)
- Manager Access Select (MAS) and Manager Access Network (MAN) Programs

**Item 5 – Fees and Compensation**

Removed language on Flat Fee and Hourly Financial Planning;

Added Investment Management Fee Schedule

**Item 7 – Types of Clients**

Removed LPL imposed a minimum account size limitations for opening or maintaining an account as identified below.

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

Removed listing additional research subscriptions

**Item 14. Client Referrals and Other Compensation**

Added Cash Solicitor arrangement disclosure

**ADV Part 2A- Appendix 1**

The wrap fee program brochure Part 2A- Appendix 1 was implemented and filed March 29, 2017, effective April 1, 2017. The Brochure was added regarding fees and approvals required when certain investment advisor represent vies (“IAR”) accounts are participating in a wrap a program.

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## Item 4. Advisory Business

Gladstone Institutional Advisory LLC was organized as a limited liability company under the laws of the State of New Jersey on May 19, 2015 and principally owned by Gladstone Institutional Advisory LLC's Managing Director, Robert P. Hudson III.

Gladstone Institutional Advisory offers a variety of investment advisory services, which include financial planning, consulting and portfolio management services. Prior to the rendering of the foregoing advisory services, clients are required to enter into a written agreement with Gladstone Institutional Advisory setting forth the relevant terms and conditions of the advisory relationship (the "*Agreement*"). As of February 28, 2017, Gladstone Institutional Advisory had \$ 287,500,000 in assets under management, all of which was managed on a discretionary and nondiscretionary basis.

While this brochure generally describes the business of Gladstone Institutional Advisory, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Gladstone Institutional Advisory's behalf and who is subject to the Firm's supervision or control.

### Financial Planning Services

Gladstone Institutional Advisory offers clients a range of financial planning services, which includes, but is not limited to, the following components:

- Business Planning
- Cash Flow Forecasting
- Asset Allocation
- Retirement Planning
- Estate Planning
- Financial Reporting
- Long-Term Care Planning
- Insurance Needs Analysis
- Retirement Plan Analysis
- Charitable Giving
- Risk Management
- Distribution Planning

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement.

In performing these services, Gladstone Institutional Advisory is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Gladstone Institutional Advisory may recommend the services of itself, its *Supervised Persons* in their individual capacities as insurance agents or registered representatives of a broker-dealer, and/or other professionals to implement its recommendations.

Clients are advised that a conflict of interest exists if Gladstone Institutional Advisory recommends its own services. Clients are under no obligation to act upon any of the recommendations made by Gladstone Institutional Advisory under a financial planning or consulting engagement or to engage the services of any such recommended professionals, including Gladstone Institutional Advisory itself. Where a conflict of interest exists, Gladstone Institutional Advisory will always act in the best interest of the client. Clients retain absolute discretion over all such implementation decisions. Clients are advised that it remains their responsibility to promptly notify Gladstone Institutional Advisory if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Gladstone Institutional Advisory's previous recommendations and/or services.

**Investment or Portfolio Management Services**

Gladstone Institutional Advisory manages client investment portfolios on a discretionary or non-discretionary basis.

Gladstone Institutional Advisory primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, options, and independent investment managers ("*Independent Managers*"). In addition, Gladstone Institutional Advisory may also recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity and/or pooled investment vehicles, such as hedge funds or privately-traded real estate investment trusts ("REITs"). The Firm may also provide advice about any type of legacy position or investment otherwise held in its clients' portfolios.

Clients may also engage Gladstone Institutional Advisory to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Gladstone Institutional Advisory directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Gladstone Institutional Advisory tailors its advisory services to accommodate the needs of its individual clients and continuously seeks to ensure that its clients' portfolios are managed in a manner consistent with their specific investment profiles. Gladstone Institutional Advisory consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other factors relevant to the management of their portfolios. Clients are advised to promptly notify Gladstone Institutional Advisory if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Gladstone Institutional Advisory determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

These investment advisory services do not include securities brokerage services.

**Use of Independent Managers**

Gladstone Institutional Advisory may direct clients to third party money managers. Gladstone Institutional Advisory will be compensated via a fee share from the advisors to which it directs those clients. The fees shared will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, Gladstone Institutional Advisory will always ensure those other advisors are properly licensed or registered as an investment advisor.

**Institutional Consulting Services**

Gladstone Institutional Advisory may be engaged by certain institutional clients to provide customized consulting services addressing various investment and non-investment related matters, such as issuer due diligence, general market research and business analysis, amongst others. These institutional consulting services are specialized engagements individually negotiated with each institution based upon their specific needs.

**Wrap Fee Programs**

Gladstone Institutional Advisory participates in wrap fee programs, which are investment programs wherein the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. Gladstone Institutional Advisory manages the investments in the wrap fee program. The fees paid to the wrap account program will be given to Gladstone Institutional Advisory as a management fee. For additional information on Gladstone Institutional Advisory' wrap fee programs you should refer to Form ADV Part 2A, Appendix 1 ("Wrap Brochure").

**Seminars**

We will conduct seminars once a year, free of charge relating to retirement income planning.

**Referral Services for Investment Advisers**

The Company and its IARs may also choose to act as referral agents on behalf of third party investment advisors pursuant to a referral agreement. In such case, the Company provides services to the third party investment advisor related to the referred client. In these arrangements, the IAR provides the referred client a disclosure statement regarding the role of the Company and the IAR as a referral agent, but the IAR does not enter into an agreement with the client to provide ongoing investment management. Instead, the client engages the third party investment advisor for management services. Please see Item 14 below for more information about these referral services and the related compensation.

## Item 5. Fees and Compensation

Gladstone Institutional Advisory offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. Additionally, certain of Gladstone Institutional Advisory' *Supervised Persons*, in their individual capacities, may offer securities brokerage services and insurance products under a separate commission arrangement.

### Financial Planning Fees

Gladstone Institutional Advisory generally charges a negotiable hourly and/or fixed fee to provide clients with stand-alone financial planning services. The Firm's hourly fee is determined by the professional engaged to provide the underlying services and generally ranges from \$200 to \$225 per hour. The fixed fees for standard retail financial plans typically range from \$1,000 to \$5,000, but may be higher for highly complex or multi-generational plans.

The specific terms and fee structure are negotiated in advance and set forth in the *Agreement* with Gladstone Institutional Advisory. Generally, Gladstone Institutional Advisory requires an initial fee for a financial plan payable upon execution of the *Agreement* and when the financial plan is delivered or the underlying services are rendered to completion.

### Investment Management Fees

Gladstone Institutional Advisory provides investment management services for an annual fee based on the amount of assets under the Firm's management. This fee is set forth in the following fee schedule:

PORTFOLIO VALUE	ANNUAL FEE
Up to \$100,000	2.00%
\$100,001 – \$250,000	1.75%
\$250,001 – \$500,000	1.45%
\$500,001 – \$750,000	1.15%
\$750,001 – \$1,000,000	1.00%
Above \$1,000,000	Negotiable

This fee is prorated and charged quarterly in advance, based upon the market value of the assets being managed by Gladstone Institutional Advisory on the last day of the previous quarter.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is prorated to reflect the change in portfolio value. For the initial term of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client, as appropriate.

**Fee Discretion**

Gladstone Institutional Advisory, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

**Additional Fees and Expenses**

In addition to the fee paid to Gladstone Institutional Advisory, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the *Independent Managers*, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

**Fee Debit**

The *Agreement* and the separate agreement with any *Financial Institutions* generally authorize Gladstone Institutional Advisory and/or the *Independent Managers* to debit its clients' accounts for the amount of the management fee and to directly remit that fee to Gladstone Institutional Advisory or the *Independent Managers*. Any *Financial Institutions* recommended by Gladstone Institutional Advisory have agreed to send statements to clients not less than quarterly indicating all amounts disbursed from the account, including the amount paid directly to Gladstone Institutional Advisory.



**Commissions or Sales Charges for Recommendations of Securities**

Clients can engage certain persons associated with Gladstone Institutional Advisory (but not Gladstone Institutional Advisory) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Gladstone Institutional Advisory.

Under this arrangement, the Firm's *Supervised Persons*, in their individual capacities as registered representatives of LPL Financial ("LPL"), may provide securities brokerage services and implement securities transactions under a separate commission based arrangement. Gladstone Institutional Advisory may be entitled to a portion of the brokerage commissions paid to LPL, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. Gladstone Institutional Advisory may also recommend no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate account agreement with LPL. Gladstone Institutional Advisory does not receive any portion of the commissions or transactional fees charged by LPL.

A conflict of interest exists to the extent that Gladstone Institutional Advisory recommends the purchase of securities where Gladstone Institutional Advisory's *Supervised Persons* receive commissions or other additional compensation as a result of Gladstone Institutional Advisory's recommendations. Gladstone Institutional Advisory has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients. For certain accounts covered by the Employee Retirement Income Security Act ("ERISA"), and such others that Gladstone Institutional Advisory, in its sole discretion, deems appropriate, Gladstone Institutional Advisory may provide its investment advisory services on a fee-offset basis. In this scenario, Gladstone Institutional Advisory may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by Gladstone Institutional Advisory's *Supervised Persons* in their individual capacities as registered representatives of LPL.

The individuals that are licensed as registered representatives of LPL Financial are subject to regulations that restrict them from conducting securities transactions away from LPL Financial without written authorization from LPL Financial. Clients should, therefore, be aware that for accounts where LPL Financial serves as the custodian, Gladstone Institutional Advisory is limited to offering services and investment vehicles that are approved by LPL Financial, and may be prohibited from offering services and investment vehicles that may be available through other broker/dealers and custodians

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

Gladstone Institutional Advisory does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## Item 7. Types of Clients

Gladstone Institutional Advisory provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

### No Minimum Account Requirements

Gladstone Institutional Advisory does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than Gladstone Institutional Advisory. In these instances, Gladstone Institutional Advisory may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

### Methods of Analysis

Gladstone Institutional Advisory generally utilizes a combination of largely fundamental, technical and cyclical methods of analysis, while relying heavily on various elements of Modern Portfolio Theory ("MPT").

Fundamental analysis involves an evaluation of an issuer's fundamental financial condition and competitive position. Gladstone Institutional Advisory generally analyzes an issuer's financial condition, capabilities of management, growth prospects, earnings capacity, new products and services, as well as the company's position amongst its industry competitors in order to determine the recommendations made to clients. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Gladstone Institutional Advisory will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that Gladstone Institutional Advisory is recommending. The risks with cyclical analysis are similar to those of technical analysis.

MPT is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is

to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nonetheless, Gladstone Institutional Advisory' investment process is structured in such a way to integrate those assumptions and real life considerations for which MPT analytics do not account.

### **Investment Strategies**

Gladstone Institutional Advisory' investment philosophy embraces the fundamental premise of MPT while incorporating both strategic and tactical asset allocation, as it seeks to deliver optimal risk-adjusted returns. The Firm diversifies client portfolios among a multitude of asset classes by utilizing a combination of third-party *Independent Managers*, mutual funds, ETFs, and individual stocks and bonds, in an effort to help reduce portfolio volatility.

### **Risks of Loss**

#### *General Risk of Loss*

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

#### *Market Risks*

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

#### *Mutual Funds and Exchange-Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

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

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

### *Options*

Options allow investors to buy or sell a security at a contracted strike price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge against potential losses or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase or decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

### *Use of Independent Managers*

Gladstone Institutional Advisory may recommend the use of *Independent Managers*. In these situations, Gladstone Institutional Advisory continues to do ongoing due diligence of such managers, but such recommendations rely to a great extent on the *Independent Managers'* ability to successfully implement their investment strategies. In addition, Gladstone Institutional Advisory generally may not have the ability to supervise the *Independent Managers* on a day-to-day basis.

### *Use of Private Collective Investment Vehicles*

Gladstone Institutional Advisory recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

### *Real Estate Investment Trusts (REITs)*

Gladstone Institutional Advisory may recommend an investment in, or allocate assets among, various real estate investment trusts ("REITs"), the shares of which exist in the form of either publicly traded or privately

placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

#### *Management through Similarly Managed "Model" Accounts*

Gladstone Institutional Advisory manages certain accounts through the use of similarly managed "model" portfolios, whereby the Firm allocates all or a portion of its clients' assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients' net after tax gains. While the Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions affected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact Gladstone Institutional Advisory if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

## **Item 9. Disciplinary Information**

Gladstone Institutional Advisory has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

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

### **LPL Financial**

Certain of the Firm's *Supervised Persons* are also investment adviser representatives and registered representatives of *LPL*, a dually- registered investment adviser and broker/dealer. A conflict of interest exists to the extent that Gladstone Institutional Advisory recommends clients utilize the investment advisory and brokerage services of *LPL* where one of its *Supervised Persons* is entitled to receive a portion of the investment advisory fees or other additional compensation. Clients are in no way required to purchase any product or service through any representative of Gladstone Institutional Advisory in their outside capacities.

Gladstone Institutional Advisory (Gladstone) utilizes Private Portfolio Partners (PPP) for compliance oversight. Gladstone pays PPP a fee for service in which PPP assists with implementation, supervision, and oversight of the Gladstone compliance program. PPP also assists Gladstone with notice filing and IAR registration as needed. PPP's CCO also serves as CCO for Gladstone.

**Book of Brokers Limited Liability Company**

Is an affiliate of GWG and is licensed as a non-resident producer agency with the New Jersey Department of Banking and Insurance to sell life, accident and health or sickness, property and casualty insurance products. Additionally, Gladstone Coverage Group Limited Liability Company is an affiliate of the Company and is licensed as an insurance agency with the New Jersey Department of Banking and Insurance to sell property and casualty insurance products. Certain IARs are licensed to sell such insurance products through various companies. Appropriately licensed IARs will receive compensation for the sale of such products. You are under no obligation to purchase insurance products through any particular insurance agency or IAR and may effect any such transactions where you desire.

Robert Hudson owns 50% of IBPNJ, LLC, which in turn has a right to 100% of the revenues of a state registered investment adviser, Investment By Planners, Inc.

**Licensed Insurance Agent**

Certain of the Firm's *Supervised Persons* are licensed insurance agents and in such capacity may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. A conflict of interest exists to the extent that Gladstone Institutional Advisory recommends the purchase of insurance products where one of its *Supervised Person* receives insurance commissions or other additional compensation. Gladstone Institutional Advisory seeks to ensure that all recommendations are made in the best interests of clients regardless of any additional compensation earned. Clients are in no way required to purchase any product or service through any representative of Gladstone Institutional Advisory in their outside capacities.

**Item 11. Code of Ethics**

Gladstone Institutional Advisory and persons associated with Gladstone Institutional Advisory are permitted to buy or sell securities that it also recommends to clients consistent with Gladstone Institutional Advisory' policies and procedures.

Gladstone Institutional Advisory has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Gladstone Institutional Advisory or any of its associated persons. The *Code of Ethics* also requires that certain of Gladstone Institutional Advisory' personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments, such as initial public offerings and limited offerings.

Unless specifically permitted in Gladstone Institutional Advisory' Code of Ethics, none of Gladstone Institutional Advisory' Access Persons may effect for themselves or for their immediate family (e.g., a spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Gladstone Institutional Advisory' clients.

When Gladstone Institutional Advisory is purchasing, or considering for purchase, any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Gladstone Institutional Advisory is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to:

- Direct obligations of the Government of the United States;
- Money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements Shares issued by mutual funds or money market funds; and
- Shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Gladstone Institutional Advisory to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

### Recommendation or Selection of Financial Institutions

Gladstone Institutional Advisory generally recommends that investment management clients utilize the brokerage and clearing services of LPL Financial (“LPL”).

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

Gladstone Institutional Advisory receives support services and/or products from LPL Financial, many of which assists Gladstone Institutional Advisory to better monitor and service program accounts maintained at LPL Financial; however, some of the services and products benefit Gladstone Institutional Advisory and not client accounts. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:



- 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
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products and services used by Gladstone Institutional Advisory in furtherance of its investment advisory business operations

LPL Financial may provide these services and products directly, or may arrange for third party vendors to provide the services or products to Gladstone Institutional Advisory. In the case of third party vendors, LPL Financial may pay for some or all of the third party's fees.

These support services are provided to Gladstone Institutional Advisory based on the overall relationship between Gladstone Institutional Advisory and LPL Financial. It is not the result of soft dollar arrangements or any other express arrangements with LPL Financial that involves the execution of client transactions as a condition to the receipt of services. Gladstone Institutional Advisory will continue to receive the services regardless of the volume of client transactions executed with LPL Financial. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by Gladstone Institutional Advisory to LPL or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement. However, because Gladstone Institutional Advisory receives these benefits from LPL Financial, there is a potential conflict of interest. The receipt of these products and services presents a financial incentive for Gladstone Institutional Advisory to recommend that its clients use LPL Financial's custodial platform rather than another custodian's platform. Other *Independent Managers*, as noted in Item 4, may also provide similar support services and/or products to Gladstone Institutional Advisory that do not require higher payments or fees. The amount of this compensation may be more or less than what the Firm would receive if the client participated in programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, in such case, the Firm may have a financial incentive to recommend an *INDEPENDENT MANAGER* over other programs and services.

Gladstone Institutional Advisory IARs have received a loan and/or transition payments from LPL Financial in order to assist the Firm with transitioning its business onto the LPL Financial custodial platform. This presents a conflict of interest in that Gladstone Institutional Advisory has a financial incentive to recommend that you maintain your account with LPL Financial. However, to the extent Gladstone Institutional Advisory recommends you use LPL Financial for such services, it is because Gladstone Institutional Advisory believes that it is in your best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL Financial.

Gladstone Institutional Advisory may only implement its investment management recommendations after the client has arranged for and furnished Gladstone Institutional Advisory with all information and authorization regarding accounts held at their respective financial institutions. Factors which Gladstone Institutional Advisory considers in recommending LPL or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. LPL may enable Gladstone Institutional Advisory to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by LPL may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Gladstone Institutional Advisory' clients comply with Gladstone Institutional Advisory' duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Gladstone Institutional Advisory determines that the commissions are reasonable in relation to the value of the brokerage and research services received.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Gladstone Institutional Advisory seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions. Transactions may be cleared through other *Financial Institutions* with whom Gladstone Institutional Advisory and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. Gladstone Institutional Advisory periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

### **Brokerage for Client Referrals**

Gladstone Institutional Advisory does not consider, in recommending broker-dealers, whether the Firm or a related person receives client referrals from a broker-dealer or third party.

### **Directed Brokerage**

A client may direct Gladstone Institutional Advisory in writing to use a particular *Financial Institution* to execute some or all transactions for the client. As not all investment advisers require their clients to direct brokerage, the Firm does not routinely recommend, request or require a client do so. In direct brokerage situations, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Gladstone Institutional Advisory will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Gladstone Institutional Advisory. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Gladstone Institutional Advisory may decline a client's request to direct brokerage if, in Gladstone Institutional Advisory' sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers.

**Trade Aggregation**

Transactions for each client generally will be effected independently, unless Gladstone Institutional Advisory decides to purchase or sell the same securities for several clients at approximately the same time. Gladstone Institutional Advisory 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 Gladstone Institutional Advisory’ clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. In this situation, transactions will generally be averaged as to price and allocated among Gladstone Institutional Advisory’ clients *pro rata* to the purchase and sale orders placed for each client on any given day

**Item 13. Review of Accounts****Account Reviews**

Gladstone Institutional Advisory monitors the portfolios of its investment management clients as part of a continuous and ongoing process, while regular account reviews are conducted at least annually. For those clients to whom Gladstone Institutional Advisory provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. All such reviews are conducted by one or more of Gladstone Institutional Advisory’ investment adviser representatives and/or principals. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Gladstone Institutional Advisory and to keep Gladstone Institutional Advisory informed of any changes thereto. Gladstone Institutional Advisory contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in their financial situations and/or investment objectives. Reviews may be triggered by material market, economic or political events, or by changes in client’s financial situations (such as retirement, termination of employment, physical move, or inheritance).

**Account Statements and Reports**

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. From time to time or as otherwise requested, investment advisory clients also receive written or electronic reports from Gladstone Institutional Advisory and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from Gladstone Institutional Advisory or an outside service provider.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

Gladstone Institutional Advisory has agreements in place to pay solicitors a portion of advisory fees. Gladstone Institutional Advisory may directly or indirectly compensate a person who is not a supervised person for client referrals. The referral agent discloses to the client at the time of the solicitation the arrangement and the compensation to be received by the referral agent. Clients should refer to the solicitor disclosure statement for details and the amount of compensation shared with the referral agent for the referral. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client.

### Cash Solicitor

If Gladstone Institutional Advisory introduces a client to another investment advisor, Gladstone Institutional Advisory may be paid a referral or solicitor fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid according to a fee disclosure statement provided to the client at the time that the referral is made. When Gladstone Institutional Advisory is acting as an unaffiliated solicitor, Gladstone Institutional Advisory, at the time of the solicitation, shall disclose the nature of its solicitor relationship, and shall provide each prospective client with a copy of Gladstone Institutional Advisory written disclosure statement with a copy of the written disclosure statement from the investment advisor to the client disclosing the terms of the solicitation arrangement between Gladstone Institutional Advisory and the investment advisor, including the compensation to be received by Gladstone Institutional Advisory.

### Other Economic Benefit

Gladstone Institutional Advisory receives an economic benefit from LPL Financial in the form of support services, and/or products, a loan, and/or transition payments. Other *Independent Managers*, as noted in Item 4, may also provide similar support services and/or products to Gladstone Institutional Advisory that do not require higher payments or fees. Please see detailed discussion of the conditions and potential conflicts of interest in Item 12 Brokerage Practices.

## Item 15. Custody

Gladstone Institutional Advisory is deemed to have custody over a client's assets when it is authorized to directly debit a client's account for payment of the Firm's quarterly management fee. In accordance with applicable custody rules, the *Financial Institutions* recommended by Gladstone Institutional Advisory have agreed to send statements to clients, not less than quarterly, indicating all amounts paid to Gladstone Institutional Advisory and/or the *Independent Managers* engaged to manage their accounts.

## Item 16. Investment Discretion

Clients may grant Gladstone Institutional Advisory the authority to exercise discretion on their behalf. Gladstone Institutional Advisory is considered to exercise investment discretion over a client's account if it can affect transactions for the client without first having to seek the client's consent. Gladstone Institutional Advisory is given this authority through a power-of-attorney included in the *Agreement* between Gladstone Institutional Advisory and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold).

Specifically, Gladstone Institutional Advisory takes discretion over the following activities:

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

## Item 17. Voting Client Securities

Gladstone Institutional Advisory does not accept the authority to vote clients' securities (i.e., proxies) on their behalves. Clients receive proxies directly from the *Financial Institutions* where their assets are custodied and may contact the Firm at the number on the cover of this brochure with questions about proxies and/or other such solicitations.

## Item 18. Financial Information

Gladstone Institutional Advisory is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

Gladstone Institutional Advisory LLC

Disclosure Brochure

**Gladstone Institutional Advisory LLC**

**dba Gladstone Wealth Group**

*A Registered Investment Adviser*

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