

**Item 1 – Cover Page**

**Part 2A of Form ADV**  
**Brochure for:**  
**Gordian Wealth Advisors, LLC**

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**November 14, 2017**

**This Brochure provides information about the qualifications and business practices of Gordian Wealth Advisors, LLC (“Gordian”, “GWA”, “We”, “Us”, or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at (415) 383-9990 or [elliott@gordianwa.com](mailto:elliott@gordianwa.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Gordian is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any certain level of skill or training.**

**Additional information about Gordian is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 – Material Changes**

This brochure shall serve as our annual update as well as an update to our previous brochure dated March 2, 2017. Material changes are outline below:

- Items 5 and 10 were amended to update the referral arrangement that was with Sanctuary Securities, LLC. The referral arrangement is now with Capulent, LLC.

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#### Item 4 – Advisory Business

GWA is a SEC registered investment advisor located in Mill Valley, California and was formed in 2011. GWA's principal owners and Managing Members are:

- Elliott Elbaz
- Michael Phippen

GWA provides investment management services to:

- Individuals
- High net worth individuals
- Trusts and estates
- Pooled investment vehicles

GWA has two distinct types of business activities 1) Advisory Client Services; and 2) Advisor to Pooled Investment Vehicles. Most of GWA's clients are referred to as "advisory clients" in this disclosure Brochure. The Firm also has an affiliated entity, Gordian Capital Management, LLC ("GCM") who is the General Partner for a pooled investment vehicle. GCM is a Delaware limited liability company that is owned by Elliott Elbaz and Michael Phippen. Because GCM is "operationally integrated" with GWA, we are including this investment advisory activity as activity of GWA and we will assume responsible for reporting on the GCM fund(s) as private funds managed by GWA.

In this disclosure Brochure, the two business lines will be discussed separately in each section, as appropriate.

The Firm currently manages client assets of approximately \$184,034,504 on a discretionary basis. This amount reflects regulatory assets under management ("RAUM") and was calculated as of January 1, 2017. It is noted that RAUM are assets of securities portfolios over which the adviser provides "continuous and regular supervisory or management services," regardless of whether they are proprietary assets, assets managed without receiving compensation or assets of foreign clients, all of which an adviser currently may, but is not required to exclude in calculating the "assets under management" for SEC registration purposes. RAUM represents gross assets rather than net assets (AUM).

##### **Advisory Client Services:**

*Portfolio Management:* GWA provides investment management services and investment advice to its advisory clients. This advice is based on the individual needs of each client. Client needs are determined by reviewing the client's financial circumstances and working with the client to determine his/her goals and objectives. During this process an Investment Policy Statement ("IPS") is created, by which the portfolio will be managed. Investment recommendations are tailored to each client's needs, taking into consideration investment objectives, tolerance for risk, liquidity and suitability, and clients may be able to add reasonable restrictions on investing in certain securities, types of securities, or industry sectors. A scenario when restrictions may not be accommodated

includes selection of an outside portfolio manager who may not be able to accommodate such restriction.

Advisory client accounts are managed on either a discretionary or non-discretionary basis and advice is not limited to specific types of investments or products. Based on the client's IPS, allocations may include a range of investments. Including exchange-listed securities, securities traded over-the-counter, corporate debt securities (other than commercial paper), municipal securities, mutual fund shares, exchange-traded funds ("ETFs"), United States governmental securities, options contracts on securities, interests in partnerships investing in real estate, Interests in partnerships investing in oil and gas interests, interests in private equity, venture capital funds, private companies, hedge funds or cash or cash equivalents.

*Independent Managers:* Where appropriate, GWA recommends the use of independent investment manager(s) ("independent manager(s)") to manage certain types of investments in advisory client's portfolios. As such, we have an investment committee process by where we evaluate and monitor these independent managers. More information about our investment committee process can be made available upon request.

*Financial Planning:* GWA offers financial planning as part of the services it offers to its advisory clients at no extra cost to the client. This is not a separate advisory business and advisory clients are under no obligation to participate in the financial planning services offered.

### **Pooled Investment Vehicles:**

As described above, GCM is a separate entity owned by Elliott Elbaz and Michael Phippen. GCM serves as the general partner and provides investment advisory services to a private investment fund, Gordian Capital Strategies, LP (referred to in this Brochure as "GCS", or the "Fund"). The Fund is offered as two separate share classes referred to as follows:

- Gordian Capital Strategies, LP Class A/B A.K.A. Gordian Capital Strategies Total Return
- Gordian Capital Strategies, LP Class C/D A.K.A. Gordian Capital Strategies Income

Pursuant to the Fund's offering memorandum, limited partnership agreement and subscription documents ("Constituent Documents"), GCM provides discretionary investment advisory services to the Fund. This involves all aspects of management of funds invested in the Fund. The Fund is considered a "Fund of Funds" and invests primarily in other privately held investment funds (each, an "Underlying Fund" and, collectively the "Underlying Funds"), each managed by an independent investment adviser (each, an "Underlying Adviser" and, collectively the "Underlying Advisers"). As such, GCM's discretionary investment advisory services to the Fund consist largely of selecting the Underlying Funds and Underlying Advisers in which the Fund invests.

The Fund is offering limited partnership interests ("Interests") to certain qualified investors as described in response to Item 7 below (such investors or prospective limited partners are referred to herein as "Fund Investors"). The Limited Partnership Interests generally have the same rights and characteristics, differing primarily in terms of the Management Fee (see Item 5 below).

Investment allocations for the Fund are tailored to achieve the Fund's investment objectives, not necessarily the investment objectives of the Fund Investors. Generally, GCM has the authority to

select which and how many securities and other instruments to buy or sell without consultation with the Fund or Fund Investors.

*Side Letter Agreements:* In accordance with common industry practice, GCM may enter into “Side Letter” agreements with one or more Fund Investors pursuant to which GCM may agree to vary certain of the terms applicable to any investor or grant to any such investor specific rights, benefits or privileges that are not made available to investors generally. At this time, GCM has no such agreements.

## Item 5 – Fees and Compensation

### **Advisory Client Services:**

GWA charges asset based fees for its advisory client services. Fees can be deducted from the advisory client’s account or the advisory client may elect to receive a bill. Fee payment methods are documented in the Investment Management Agreement (“IMA”) between GWA and the advisory client. Advisory clients who elect to have fees deducted from their account(s) will receive monthly account statements that reflect and disclose the fee amount deducted. Advisory clients who elect to be billed for fees incurred will receive bills quarterly.

The annual fee shall be computed on the basis of the schedule set forth as follows (or as negotiated with the client) and shall be paid quarterly in advance:

<u>Assets Under Advisement    Fee</u>	
First \$5 million	1.4%
\$5 million to \$15 million	1.25%
\$15 million to \$25 million	1.1%
\$25 million to \$50 million	0.95%
Over \$50 million	negotiable

Fees may be discounted on a case-by-case basis only with the approval of the supervisor.

If an advisory contract is terminated within 5 days of signing and delivery of this disclosure Brochure, no fees may be charged.

### *Additions & withdrawals*

For the initial quarter of advisory services, the first quarter’s fees are calculated on a pro rata basis and typically billed with the following quarter’s fee. When additions (in either cash or securities) are made to an account, the fee payable will be prorated based on the number of days remaining in the quarter and will be assessed with the next quarter’s invoice. It is noted that the Firm may decline to accept particular securities in an advisory client’s account. It is also noted that transferred securities may be liquidated in which case transaction fees may be incurred.

For withdrawals, we will credit its unearned fee towards the next quarter’s fee. It is noted that withdrawals may prevent the advisory client’s portfolio from achieving investment objectives as the

Firm's recommended strategies tend to be more long-term in nature. Withdrawals are subject to securities settlement procedures.

Upon termination of a relationship (terminated by either party in accordance with the terms of the client advisory agreement), the annual fee will be prorated through the date of termination. Remaining balances will be charged or refunded to the advisory client as appropriate.

*Transaction and custodial related costs*

The above noted fees are not inclusive of custodial fees charged by the custodial broker-dealer. As such, advisory clients may incur brokerage and other transaction costs in connection with services provided by the Firm. These fees are disclosed in the IMA and on the monthly brokerage statements. See Item 12 "Brokerage Practices" for more information regarding brokerage practices.

*Independent managers*

As previously discussed in Item 4, in certain instances GWA recommends independent managers to manage certain types of investments in advisory client portfolios. Fees charged by the independent manager and broker-dealer/custodian of the account are generally in addition to GWA's advisory fee discussed above. In some cases, independent managers have billing practices that vary from our practices discussed above. As such, we may alter our advisory client account requirements or billing practices to accommodate those independent managers.

Please refer to the independent manager's ADV Part 2 disclosure Brochure for specific terms relating to the independent managers you select through your relationship with GWA as their terms may vary from that of GWA.

*Financial Planning*

As mentioned in Item 4 above GWA does not charge a separate fee for financial planning services.

**Pooled Investment Vehicles:**

The Fund's offering documents set forth the terms of the relationship between the Fund and each Fund Investor, including such matters as advisory fees, custodial arrangements, management of the fund, and withdrawal of assets. Management fees, incentive allocations, and third-party fees (discussed below) are deducted from Fund assets.

Compensation by the Fund to GCM is as follows:

- Management Fee

GCM typically receives an asset-based management fee calculated as a percentage of each Fund Investor's capital account, payable quarterly in advance. Certain classes of interest in the Fund may not be subject to the management fee (i.e. advisory clients of GWA are not charged a management fee).

GCM will receive a quarterly management fee from Limited Partners holding Class B and Class D Limited Partnership Interests (Gordian Capital Strategies Income) calculated at the annual rate of 0.65% (0.1625% per quarter) of each Limited Partner's Capital Account. Gordian Capital will not receive a Management Fee from Class A and Class C Limited Partnership Interests (Gordian Capital Strategies Total Return).

The management fee will be charged quarterly in advance, based on the value of each Fund Investor's capital account as of the first day of the quarter. GCM may elect to reduce, otherwise modify or waive the management fee with respect to any Fund Investor. If capital contributions are made at any time other than at the beginning of a calendar quarter, a *pro rata* portion of the management fee will be charged by GCM in respect of such capital contribution (based on the actual number of days remaining in such partial quarter) and, if the value of such capital contribution changes the calculation of the management fee, GCM will adjust the management fee such that the lower management fee is charged to such Investor's capital account for the entire quarter.

GCM generally does not permit Investors to withdraw from the Fund on dates other than those specified in the Constituent Documents; in the event that GCM makes an exception to this policy it will pro rate prepaid management fees for Interests held for less than the applicable period of time. Prepaid but unearned fees are refunded to the Fund Investor.

- **Incentive Allocation**

Subject to the "high water mark" provision discussed below, GCM will receive an annual incentive allocation, calculated as a percentage of the net income allocated to each Fund, if net income exceeds a 3% return (the "Hurdle Rate"). The incentive allocation is subject to a "high water mark" procedure under which GCM receives an incentive allocation from a Fund only to the extent net income allocated to that Fund's account exceeds any net losses allocated to it that have not been recovered. GCM's incentive allocation is 15%. The incentive allocation is accrued by the Fund's Administrator on a monthly basis and calculated as of the last business day of the year. The incentive allocation will only be charged to Fund Investors who are "qualified clients" as defined in Rule 205-3 of the Investment Advisers Act of 1940, as amended ("Advisers Act"), in accordance with the provisions of the California Corporations Code Section 260.234.

The incentive allocation is paid after the end of the year and as of any date on which a Fund Investor makes a withdrawal or receives a distribution from such Investor's capital account(s).

#### *Fee Comparison*

Client expenses, including the management fee and incentive allocation may constitute a higher percentage of average net assets than would be found in other investment vehicles. Lower fees for comparable services may be available from other sources.

#### *Third Party Costs to the Fund*

The Fund shall pay such costs and expenses as GCM shall reasonably determine to be necessary, appropriate, advisable or convenient to carry on its business and realize its objective, including but not limited to: (i) management fees; (ii) all general investment expenses (i.e., expenses which GCM reasonably determines to be directly related to the investment of Fund assets); (iii) all administrative, legal, accounting, auditing, record-keeping, tax form preparation, compliance and consulting costs and expenses; (iv) fees, costs and expenses of third-party service providers that provide such services; and, (v) any extraordinary expenses, among other expenses.

GCM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which shall be incurred by the Fund. Such charges, fees and commissions are exclusive of



and in addition to GCM's management fee, and GCM shall not receive any portion of these commissions, fees, and costs.

Fees charged by the Underlying Funds in which GCS invests are in addition to the fees paid to GCM and may both adversely affect performance and result in total fees that may be higher than other Funds that create their own diversified investment portfolios. Fees charged by the Underlying Funds generally include management and performance or incentive fees similar to those charged by GCM.

Please see Item 12 of this Brochure for more information about GCM's brokerage arrangements for its Clients.

### **Other Compensation**

Representatives of GWA enter into selling agreements with independent managers and issuers of private offerings through a broker-dealer relationship with Capulent, LLC. The representative of GWA may receive transaction based compensation for referring investors or clients under these selling agreements. In instances where GWA advisory clients are referred under these selling agreements and transaction based compensation is received, the following will occur:

- The amount of selling compensation will be disclosed to the client.
- The fact that the recommendation is being made through Capulent, LLC will be disclosed to the client.
- The amount of assets invested under the selling agreement will not be included in the client's AUM with GWA and thus excluded from the amount on which advisory fees are charged. (The fee received from the selling agreement generally will not be materially different than the advisory fee charged to the client if invested in another product offered through GWA thus mitigating the potential conflict around recommending a manager who pays a referral fee.)

Please see Item 10 for more information on these arrangements.

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

### **Advisory Client Services:**

GWA does not currently collect any performance-based fees for its advisory clients and the Firm's standard advisory fee agreement does not anticipate performance-based fees.

### **Pooled Investment Vehicles:**

As discussed in Item 5.A., GCM generally receives an incentive allocation equal to a percentage of the net income allocated to each Fund Investor for the year. Due to the Fund's structure, GCM allocates

investment opportunities to the Fund, and not to individual Fund Investor accounts. Therefore, there are no potential conflicts of interest related to side-by-side management.

Performance-based fee arrangements may create an incentive for GCM to recommend investments, which may be riskier or more speculative than those which would be recommended under a different fee arrangement. In addition, this arrangement may cause Funds and/or Fund Investors to pay a greater expense than if such fees were not charged.

Notwithstanding this potential incentive, GCM will evaluate investments in a manner that it considers to be in the best interest of the Funds, given those Funds' investment objectives, investment strategies, suitability of the investment, and risk profile.

### **General Information Regarding Fee Structure:**

The foregoing responses to Items 5 and 6 represent our basic compensation arrangements. The management and incentive allocation described above are structured to comply with Rule 205-3 under the Advisers Act and applicable state laws.

As discussed above, we manage accounts and funds that charge different fee rates. Any differences in the fee structures of private pooled investment vehicles and other accounts we manage could create an incentive for us to favor those clients that pay higher performance-based and other fees. As a fiduciary, we recognize our duty to act in good faith with fairness in all of its dealings with all clients, regardless of fee arrangements.

Fees and other compensation are negotiable in certain circumstances and arrangements with any particular Fund may vary. Although we believe our fees are competitive, lower fees for comparable services may be available from other investment advisers.

## **Item 7 – Types of Clients**

### **Advisory Client Services:**

The Firm's advisory clients include high net worth individuals, trusts and estates, and pooled investment vehicles.

### **Pooled Investment Vehicles:**

GCM provides investment advice and management to the Fund. GCM may in the future provide the same or similar services to other privately placed investment funds and/or separately managed accounts.

GCM intends to restrict the number of Investors in its Fund and will offer Interests only through non-public transactions in order to maintain the Funds' exclusion from "investment company" status under the Investment Company Act of 1940, as amended (the "Investment Company Act").

Prospective Fund Investors in the Fund must meet eligibility criteria, and are subject to certain withdrawal requirements and limitations. Prospective Fund Investors are encouraged to thoroughly review the Fund's Constituent Documents, which set forth all of the terms in detail.

Each Fund Investor in the Fund generally must be an "accredited investor" (as defined in Regulation D under the Securities Act of 1933) and "qualified purchaser" (as defined in Section 2(a)(51) of the Investment Company Act). Fund Investors must meet other criteria as specified in the Constituent Documents. The minimum initial investment is \$500,000, subject to waiver at the discretion of GCM.

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

### **Methods of Analysis:**

#### *Fundamental analysis*

In formulating our investment advice and managing client accounts, we generally rely on a fundamental analysis of historical and present data. This type of analysis includes determining an investments "core health" and examining core numbers of the company, issuer of securities or investment manager, as applicable. This includes reviewing financial statements, performance, economic state, interest rates, management, etc.

This type of analysis tends to be more useful for long-term investment decisions and may not be appropriate for someone with a short-term investment horizon. As with any method of analysis, this analysis type involves risk. The price of a security can move up or down regardless of the economic or financial factors considered and unanticipated social or economic events can change the outcome of investments.

In conducting our analysis we rely on the assumption that the sources of information considered accurate and unbiased. We do review information for any indication that data may be incorrect, but there is always a risk that our analysis may be compromised by inaccurate or misleading information.

#### *Charting and technical analysis*

We attempt to forecast future financial price movements based on an examination of past price movements and review of charts of market and security activity. This does not result in absolute predictions about the future, but is an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse. As such, this tool can help assess what is "likely" to happen to prices over time. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

#### *Cyclical analysis*

In this type of technical analysis, we measure the movements of a particular investment opportunity against the overall market in an attempt to predict the price movement of an investment.

**Investment Strategies:**

Investment strategies used by the Firm to implement investment advice vary and may include long and short-term purchases, trading, short sales, margin transactions, options trading or selection of independent managers.

Our primary strategy does not involve frequent trading of securities, rather, we utilize an asset allocation process to identify independent managers who implement investment strategies that are appropriate for the client's individual situation and investment objectives. Disclosures of the risks of a specific investment strategy implemented by an independent manager are made to our advisory clients by the independent manager. This disclosure can be found in the independent manager's ADV Part 2 or similar disclosure Brochure, which will discuss the independent manager's strategy and associated risks.

Specific investment strategies managed by the Firm and may be included as part of an advisory client's total portfolio are discussed below.

It is important to note, any investment has the risk of loss. No investment in securities or specific strategies come without the risk of losing money on your investment. As part of the IPS process, we will work with you to understand your risk tolerance.

*Covered Call Strategy*

The investment objective of our Covered Call Strategy is to provide investors with exposure to the large cap dividend paying equity markets with a call option overlay for increased levels of income. Although the covered call strategy can be effective in any market condition, it is most effective during range bound market cycles.

The portfolio will contain approximately 25-35 names with diversified exposure across all sectors of the S&P 500. The investment process begins with a top down approach aimed at finding the relative value in each of the sectors of the S&P 500. Based on the investment team's current view of the equity markets, the portfolio will underweight/overweight sectors based on equity valuations and growth prospects over the next 12 months. The goal is to create a balanced portfolio that will closely correlate to the sector weightings of the S&P 500. The strategy will vary its exposure to individual sectors based on economic conditions and valuations, but at no time will any one sector represent more than 25% of the entire portfolio. In addition, at no time will any single position represent more than 10% of the portfolio. The portfolio will not use leverage. The portfolio will necessarily have approved money market funds that it invests in on the client's behalf due to the expected income from investments.

Our investment team uses several quantitative screens to identify potential candidates for the portfolio. The first and most important characteristic is a consistent and increasing dividend yield. The portfolio will target stocks with a current yield of 3% or higher, but will consider stocks with a lower yield if that security exhibits the ability to grow the dividend significantly. The portfolio will actively look for companies that have a long history of increasing the dividend through several market cycles. Sample screens that we run include companies that have an average growth pattern of quarterly dividend yields of 5% or greater over the past 36 quarters.

In order to feel confident our companies can sustain paying their dividends, other screens are run to check the financial health of the company. These include, but are not limited to, improving revenue and earnings growth, strong cash flows, debt to equity ratios, and historically low valuations. An example of a screen that we find useful is the dividend payout ratio. This screen helps us indicate the likelihood that a company will continue paying dividends, and also its ability to increase the dividend in the future.

Covered call writing is a bullish, premium selling, strategy. Maximum profit occurs when the underlying stock is at or above the strike price of the option at time of expiration. By writing the call and collecting the premium, you give up some of the stock's upside potential, as you agree to sell the stock at the strike price at expiration. The true risk in the strategy comes from owning the underlying stock. At the time of expiration, if the stock is lower, loss is calculated by subtracting the sale price of the underlying stock from the purchase price, and then adding back the premiums received by writing the calls during the time of ownership. Therefore, if an investor is comfortable owning the underlying stock, writing calls on the portfolio becomes an income strategy, and somewhat of a loss mitigation strategy and enhanced by the dividends the company pays on a quarterly basis.

Depending on market conditions, covered calls will be written, or sold on the stocks typically 4-6 months out, providing 5-15% upside potential to the strike price. At the time of expiration, if the stock is above the strike price of the call option, a decision will be made on whether to roll the option to a higher strike price and keep the underlying stock, or allow the stock to be called away. If the stock price is below the strike and we continue to believe the fundamentals of the company are strong, we will write another option to collect more income and lower our cost basis.

#### *Endowment Model*

Our Endowment Model is an asset allocation strategy that seeks to generate high risk-adjusted returns with lower volatility by diversifying the portfolio with a strong global mix of ETFs, mutual funds, and liquid alternatives. The goal of the strategy is to offer a tax-efficient vehicle to act as the core investment portfolio for clients that can be adjusted based on the clients risk tolerance. We start off with a top-down, customizable approach to select the best asset allocations for clients, using quantitative based models as well as other Wall Street modeling programs. We then will invest in ETFs that we feel do the best to reduce costs and drive performance and use mutual funds to buffer the portfolio and strategically invest where active management is required to navigate dislocations or inefficiencies in specialized markets. Our investment philosophy is to offer clients a well-diversified, global portfolio with lower volatility and reasonable management fees.

#### *Large Cap Growth Strategy*

Our Large Cap Growth Strategy seeks long-term capital appreciation through investment in equity securities with market capitalizations over \$1 billion. Our strategy is to invest in a diversified portfolio of large cap US stocks that have strong fundamentals and the ability to either pay dividends or buy back stock because of strong cash flow characteristics. We employ a process that combines fundamental research, stock selection, and risk management to construct a diversified portfolio. Longer term, we strive for our portfolio to demonstrate higher performance relative to risk compared to the S&P 500 benchmark.

*Best Ideas Fund*

Our Best Ideas Fund is an actively managed strategy comprised of our high conviction investments designed to generate alpha by utilizing intensive fundamental research. We strive to generate above average returns in inefficient sectors in the market or where there are price dislocations or changes in management/ company structures offer unique opportunities to invest. We will leverage our deep relationships with our contacts in the hedge fund community to help source ideas.

*Gordian Capital Strategies, LP*

The Fund will seek to provide Investors with consistently profitable, non-correlated returns with low volatility by allocating by allocating capital to Underlying Advisers (as defined below) selected by GCM.

The Fund intends to invest primarily in other privately held investment funds (each, an “Underlying Fund” and, collectively the “Underlying Funds”), each managed by an independent investment adviser (each, and “Underlying Adviser” and, collectively the “Underlying Advisers”). The Underlying Funds will generally invest in equities, fixed income and Pacific Rim, in both domestic and international markets. The Fund intends to allocate assets across a variety of strategies including equity long/short, market neutral, debt opportunity, emerging market, and event driven strategies. The Underlying Advisers may short sell securities as well as use a small degree of leverage to achieve the Fund’s goal of consistent returns in both bull and bear markets.

GCM intends to target mostly equity long/short managers that can provide low correlation to equity markets and focus on fundamental research.

GCM will begin the investment process by formulating viewpoints which are used to construct strategy allocations in the Fund. The strategy allocation process involves the investment team formulating views on the macro-economic environment, the fundamentals of each Underlying Fund strategy and the positioning of a strategy within its investment cycle.

In selecting the Underlying Advisers GCM will leverage an extensive network of personal contacts and databases to find the most compelling investment managers for the Fund’s portfolio. GCM intends to employ a five tier investment process which consists of identification, due diligence, asset allocations, monitoring, and evaluation.

GCM’s risk management process includes Underlying Adviser selection, ongoing monitoring of Underlying Advisers, strategy diversification and strategy allocation. The Fund is not subject to any formal diversification requirements and may from time to time be concentrated in a limited number of Underlying Funds, which themselves may from time to time be concentrated in a limited number of positions or strategies.

The Fund is not limited with respect to the types of investment strategies it may employ, the markets or instruments in which it may invest or the percentage of its capital that may be invested in a single security. The Constituent Documents do not impose any limits on the types of investments in which the Fund may invest, the types of positions it may take, the concentration of Investments by sector, industry, issuer, counterparty, servicer, country, asset class or otherwise. The Fund may employ leverage and depending on conditions and trends in securities, credit and other markets, the Fund

may pursue other strategies or employ other techniques that GCM considers appropriate and in the best interests of the Fund.

**Risks of Loss:**

Some of the strategies discussed above include discussion of specific risks associated that specific strategy. Additional risks for these and other strategies used by the Firm include:

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, does down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Interest Rate Risk** – The risk that an investment's value will change due to a change in interest rates. Such changes usually affect securities inversely.
- **Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk** - When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Options Risk** - Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **Fixed Income Risk** - When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **ETF and Mutual Fund Risk** – When investing in a an ETF or mutual fund, there are additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Leveraged and inverse ETFs may not be suitable for all investors and have unique characteristics and risks. Although there are limited occasions where a leveraged or inverse ETF may be useful for some types of investors, it is extremely important to understand that, for holding periods longer than a day, these funds may not give you the returns you may be expecting.
- **Management Risk** – The value of your investment with will vary with the success and failure of GWA's investment strategies, research, analysis and determination of portfolio securities. If the investment strategies do not produce the expected returns, the value of the investment may decrease.

*Gordian Capital Strategies, LP*

Risks specific to the Fund managed by GCM are discussed separately here. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective Fund Investors should read the entire Brochure as well the Fund's Constituent Documents and consult with their own advisers prior to engaging investing.

Investment and trading risk factors may include:

- **General Investment and Trading Risks.** An investment in the Fund involves a high degree of risk, including the risk that the entire amount invested may be lost. The Underlying Funds may invest in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. No guarantee or representation is made that the Underlying Funds' investment programs will be successful. The Underlying Funds' investment programs may utilize such investment techniques as option transactions, margin transactions, short sales, forwards, leverage and derivatives trading, the use of which can, in certain circumstances, maximize the adverse impact to which the Underlying Funds may be subject.
- **Illiquid Investments.** The Fund invests all or most of its assets in pooled entities. For such investments, Gordian Capital has no control over the trading policies or strategies of such entities and does not have the same ability as with separate accounts to react quickly to changing investment circumstances due to the limited liquidity of these types of investment. Private investment funds may have liquidity constraints, such as "gates," "side pockets," suspension of withdrawals/net asset value calculations, withdrawals in kind, special liquidity vehicles, lock-ups, withdrawal fees and less frequent withdrawal rights. Gordian Capital has no control over the liquidity of the Underlying Funds (except at original investment) and depends on the Underlying Fund to provide valuations as well as liquidity in order to process withdrawals. Limited Partners must recognize that under certain circumstances, repurchases may be materially restricted or delayed due to the Underlying Funds' illiquidity. In some cases, Gordian Capital may have allocated Fund assets to Underlying Funds from which Gordian Capital later intends to liquidate but the Fund is unable to do so promptly due to liquidity constraints imposed by such Underlying Funds. To the extent that a material portion of the Fund's assets are allocated to Underlying Funds that take such actions, the Fund will likely be unable to withdraw from such Underlying Funds for an extended period of time notwithstanding a desire to do so. Such inability to withdraw from such Underlying Funds could expose the Fund to losses it may have avoided if it had been able to allocate away from such Underlying Funds. Gordian Capital, at its discretion, may elect to leverage or borrow on behalf of the Fund in order to meet withdrawal requests.

The complicated and often protracted process of withdrawing from Underlying Funds could hinder the Fund's ability to adjust its Underlying Fund allocations. It could also cause the Fund to become unbalanced in the event the Fund withdraws from its more liquid Underlying Funds to fund the Fund's redemptions or expenses. Also, to the extent that a material portion



of Underlying Funds suspend the calculation of net asset value, General Partner may be unable to calculate the Fund's net asset value.

- **Investments in Other Private Funds.** The investment performance of a fund investing in other funds is affected by the investment performance of the Underlying Funds. The Fund is subject to the risks of the Underlying Funds' investments and subject to the Underlying Funds' expenses. Additionally, the success of the Fund will depend on the investment skills of the Underlying Funds and their Underlying Advisers. The return of any one of the Underlying Funds and Underlying Advisers is impacted by the ability of the Underlying Funds and Underlying Advisers to successfully apply their investment techniques to generate profits for such fund. The volatility of the Underlying Fund will depend on the nature of the Underlying Fund's exposure to investments and on the Underlying Adviser's ability to reduce risk by trading, hedging, leverage and arbitrage techniques. There can be no assurance that the Underlying Funds will achieve their objectives or avoid substantial losses.
- **Underlying Funds Not Registered.** The Underlying Funds are not registered as investment companies under the 1940 Act and, therefore, the Fund is not entitled to the protections of the 1940 Act with respect to the Underlying Funds. For example, the Underlying Funds are not required to, and may not, hold custody of their assets in accordance with the requirements of the 1940 Act. As a result, bankruptcy or fraud at institutions, such as brokerage firms, banks or administrators, into whose custody those Underlying Funds have placed their assets, could impair the operational capabilities or the capital position of the Underlying Funds and may, in turn, have an adverse impact on the Fund. In addition, the investment advisers to, or general partners of, the Underlying Funds often will not be registered as investment advisers under the Advisers Act. Further, the Underlying Funds in which the Fund invests are not subject to the disclosure and other investor protection requirements that would be applicable if their securities were registered or publicly traded.
- **"Soft Dollar" Payments.** In selecting brokers, banks and dealers to effect portfolio transactions, certain Underlying Advisers may consider such factors as price, the ability of brokers, banks and dealers to effect transactions, their facilities, reliability and financial responsibility, as well as any products or services provided, or expenses paid, by such brokers, banks and dealers. Products and services may include research items used by the Underlying Advisers in making investment decisions and expenses may include general overhead expenses of such manager. Such "soft dollar" benefits may cause an Underlying Adviser to execute a transaction with a specific broker, bank or dealer even though it may not offer the lowest transaction fees. The Fund itself, because it invests in Underlying Funds and does not generally effect securities transactions with broker dealers, is generally not eligible for "Soft-Dollar" payments.
- **Other Accounts Advised by Underlying Advisers.** The Underlying Advisers may manage other accounts (including other accounts in which such Underlying Funds may have an interest) which, together with accounts already being managed, could increase the level of competition for the same trades that the relevant Underlying Fund might otherwise make, including the priorities of order entry. This could make it difficult or impossible to take or

liquidate a position in a particular security or futures contract at a price indicated by an Underlying Adviser's strategy.

- **Sole Principal Managers.** Some of the Underlying Funds to which the Fund may allocate capital may be managed by Underlying Advisers that have only one principal. If that individual died or became incapacitated, the Fund might sustain losses or be forced to liquidate and realize gains unexpectedly.
- **Turnover.** The Fund's activities involve investment in the Underlying Funds, which may invest on the basis of short-term market considerations. The turnover rate within the Underlying Funds may be significant, potentially involving substantial brokerage commissions and fees. The Fund will have no control over this turnover. As a result of this turnover, it is anticipated that the Fund's income and gains, if any, will be primarily derived from ordinary income and short-term capital gains. In addition, the withdrawal of the Fund from an Underlying Fund could involve expenses to the Fund under the terms of the Fund's investment.
- **Changes in Underlying Funds and Allocations.** GCM may from time to time select new or replacement Underlying Funds and change the percentage of Fund assets allocated to each Underlying Fund. These changes will be made in GCM's sole discretion, subject to the Underlying Funds' liquidity constraints. The Fund's success depends to a great extent on GCM's ability to identify and allocate assets successfully among Underlying Funds.
- **Inability to Vote or Exercise Control.** The Fund may elect to hold non-voting securities in Underlying Funds or waive the right to vote in respect of an Underlying Fund. In such cases, the Fund will not be able to vote on matters that require the approval of the interest holders of the Underlying Fund, including matters adverse to the Limited Partners. The Fund does not intend to acquire a sufficient percentage of the economic units in any Underlying Fund to cause the Fund to control the Underlying Fund. Applicable securities and banking rules and interpretations may limit the percentage of voting or non-voting securities of any Underlying Fund that may be held by the Fund.
- **Inability to Invest in Underlying Funds.** In the event that the Fund is able to make investments in Underlying Funds only at certain times, the Fund may invest any portion of its assets that is not invested in Underlying Funds in money market securities or other liquid assets, pending investment in Underlying Funds. During this time that the Master Fund's assets are not invested in Underlying Funds, that portion of the Fund's assets will not be used to pursue the Fund's investment objective.
- **Indemnification of Underlying Advisers.** The Underlying Funds generally indemnify their corresponding Underlying Advisers and their affiliates from any liability, damage, cost or expense arising out of, among other things, certain acts or omissions. The Underlying Advisers often have broad limitations on liability and indemnification rights.
- **Limited Asset Allocation Flexibility.** One of the principal disadvantages and risks inherent in a fund of funds structure is the restrictions imposed on the asset allocation flexibility and risk control capability of the manager of the top-tier fund as a result of the limited liquidity

of the second-tier funds in which the former invests. Certain Underlying Funds may permit redemptions only on a semi-annual, annual or less frequent basis or be subject to “lock ups” or redemption “gates” that restrict redemptions. The Master Fund could be unable to redeem its capital from Underlying Funds for some months after GCM has determined that the money manager operating such Underlying Fund has begun to deviate from its announced trading policies and strategy.

- **Multiple Levels of Fees and Expenses; Underlying Advisers’ Performance Fees.** The Fund will incur management, performance, advisory, sponsorship or other fees and expenses when investing in or allocating assets to Underlying Funds. Further, if the Underlying Funds invest in exchange-traded funds or similar managed products, the Fund will be subject to the fees and costs associated with such investments. In addition, Underlying Advisers’ performance fees are generally paid on a quarterly or annual basis. Therefore, an Underlying Adviser could receive performance fees in a year even though its corresponding Underlying Fund was unprofitable during such year. Once a performance fee is paid, the Underlying Adviser retains the fee regardless of subsequent performance of its corresponding Underlying Fund. Performance fees will be calculated separately for each Underlying Fund, so the Fund could bear substantial performance fees in respect of Underlying Funds whose trading is profitable even when the Fund as a whole has a loss.
- **Potential for Underlying Adviser Fraud or Misconduct.** When the Fund invests funds with an Underlying Fund, the Fund does not have custody of the assets or control over their investment. Therefore, there is always the risk that the Underlying Adviser could divert or abscond with the assets, fail to follow agreed-upon investment strategies, provide false reports of operations or engage in other misconduct. The Underlying Funds with whom the Fund invests are private and do not register their securities or investment advisory operations under federal or state securities laws.
- **Competition Among Underlying Funds.** The Underlying Funds trade independently of each other and may pursue investment strategies that “compete” with each other for execution or that cause the Fund to participate in positions that offset each other (in which case the Fund would bear its pro rata share of commissions and fees without the potential for a trading profit).
- **Incentive Toward Riskier Strategies.** Most Underlying Advisers receive performance-based compensation calculated by reference to the investment performance of its corresponding Underlying Fund. Underlying Advisers compensated with performance fees may tend to incur more risk than those who receive fixed fees.
- **Limited Access to Information on Underlying Funds’ Investments.** Although Gordian Capital receives detailed information from each Underlying Fund regarding the Underlying Fund’s historical performance and investment strategy, Gordian Capital generally is not given access to real-time information regarding the actual investments made by the Underlying Funds. At any given time, Gordian Capital may not know the composition of the Underlying Funds’ portfolios with respect to the degree of hedged or directional positions, the extent of concentration risk or exposure to specific markets. In addition, Gordian Capital may not learn

of significant structural changes, such as personnel, manager withdrawals or capital growth, until after the fact.

- **Credit Markets.** Certain of the Underlying Funds may concentrate on the credit markets, attempting to take advantage of relative mispricings. The identification of attractive investment opportunities in disrupted credit markets is difficult and involves a significant degree of uncertainty. The credit markets are, in general, highly susceptible to interest-rate movements, government interference, economic news and investor sentiments. During periods of “credit squeezes” or “flights to quality,” the market for credit instruments other than U.S. Treasury bills can be substantially reduced. This poses the risk that leveraged credit instrument positions held by Underlying Funds that pursue credit related investment strategies may need to be sold at discounts to fair value of outstanding positions, resulting in additional margin calls as loan to value triggers are hit under prime brokerage and swap agreements. Such downward pressures on price and leverage could cause substantial or total losses for Underlying Funds implementing credit strategies. Moreover, even if such Underlying Funds do not implement leverage strategies, forced sales from those funds into illiquid markets due to investor withdrawals could result in substantial losses.
- **Small- and Mid-Cap Risks.** A portion of certain Underlying Funds’ assets may be invested in securities of small-cap and mid-cap issuers. Securities of small-cap and mid-cap issuers may present greater risks than large-cap issuers. For example, some small- and mid-cap issuers often have limited product lines, markets, or financial resources. They may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers. Transaction costs in securities of small- and mid-cap issuers may be higher than in those of large-cap issuers.
- **Risks Associated with Investments in Distressed Securities.** The Underlying Funds may invest in “below investment grade” securities and obligations of domestic and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Some of these securities may not be publicly traded, and it therefore may be difficult to obtain information as to the true condition of such issuers.
- **Investing in High Yield Securities.** Certain Underlying Funds may invest in high-yield securities. Such securities are generally not exchange traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. In addition, and Underlying Fund will invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High-yield securities face ongoing uncertainties

and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities.

- **Convertible Securities.** Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged.
- **Exchange Traded Funds.** Certain Underlying Funds may invest in exchange-traded funds ("ETFs"), which are a type of index fund bought and sold on a securities exchange. The risks of owning an exchange traded fund ("ETF") generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees that increase their costs. ETFs are also subject to other risks, including: (i) the risk that their prices may not correlate perfectly with changes in the underlying index; and (ii) the risk of possible trading halts due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, would make trading in the ETF inadvisable. An exchange-traded sector fund may also be adversely affected by the performance of that specific sector or group of industries on which it is based.
- **PIPES and Other Restricted Securities.** Certain Underlying Funds may invest, to a limited extent, in private investments in public equity ("PIPE") financings. In a PIPE transaction, an Underlying Fund typically purchases unregistered equity securities of a class of securities that is publicly traded and receives registration rights with respect to the unregistered securities that it purchases. The securities are not publicly tradable when the Underlying Fund purchases them, however, and they may never become publicly tradable.

Certain Underlying Funds also may invest in restricted securities that are subject to substantial holding periods or that are not traded in public markets. Restricted securities generally are difficult or impossible to sell at prices comparable to the market prices of similar securities that are publicly traded. Such restricted securities may not be eligible to be traded on a public market even if a public market for securities of the same class were to exist or develop. It is highly speculative as to whether and when an issuer will be able to register its securities so that they become eligible for trading in public markets.

- **Futures, Commodities, and Derivative Investments.** The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made

pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them.

- **Highly Volatile Markets.** The prices of financial instruments in which an Underlying Fund may invest can be highly volatile. Price movements of forward and other derivative contracts in which an Underlying Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Fund is subject to the risk of failure of any of the exchanges on which their positions trade or of its clearinghouses.
- **Use of Leverage and Financing.** Certain Underlying Funds may leverage their capital because the Underlying Adviser believes that the use of leverage may enable the Underlying Fund to achieve a higher rate of return. Accordingly, an Underlying Fund may pledge its securities in order to borrow additional funds for investment purposes. While leverage presents opportunities for increasing an Underlying Fund's total return, it has the effect of potentially increasing losses as well. Any event which adversely affects the value of an investment by an Underlying Fund would be magnified to the extent an Underlying Fund is leveraged. The cumulative effect of the use of leverage by an Underlying Fund in a market that moves adversely to an Underlying Fund's investments could result in a substantial loss to an Underlying Fund which would be greater than if an Underlying Fund were not leveraged.
- **Hedging Transactions.** The Underlying Advisers are not required to attempt to hedge portfolio positions in the Underlying Funds and, for various reasons, may determine not to do so. Furthermore, the Underlying Advisers may not anticipate a particular risk so as to hedge against it. While an Underlying Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for an Underlying Fund than if it had not engaged in any such hedging transactions. For a variety of reasons, the Underlying Adviser may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent an Underlying Fund from achieving the intended hedge or expose an Underlying Fund to risk of loss.
- **Derivatives and Hedging.** Certain Underlying Funds may invest and trade in a variety of derivative instruments, both to hedge an Underlying Fund's portfolio and for profit. Derivatives are financial instruments or arrangements in which the risk and return are related to changes in the value of other assets, reference rates or indices. An Underlying Fund's ability to profit or avoid risk through investment or trading in derivatives will depend on the Underlying Adviser's ability to anticipate changes in the underlying assets, reference rates or indices.

- **Short Selling.** Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to an Underlying Fund of buying those securities to cover the short position. There can be no assurance that an Underlying Fund will be able to maintain the ability to borrow securities sold short. In such cases, an Underlying Fund can be “bought in” (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position are available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.
- **Non-U.S. Securities.** Investments in securities of non-U.S. issuers pose a range of potential risks which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. issuers.
- **Emerging Markets.** In addition to the risks associated with investments outside of the United States, investments in emerging markets (i.e., the developing countries) may involve additional risks. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported. The issuers of some of non-U.S. securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. As a result, an Underlying Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations.
- **Counterparty Risk.** Some of the markets in which certain Underlying Funds may effect transactions are “over-the-counter” or “interdealer” markets. The participants in such

markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes an Underlying Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing an Underlying Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where an Underlying Fund has concentrated its transactions with a single or small group of counterparties.

- **Residential Mortgage-Backed Securities.** Certain Underlying Funds’ investment portfolios may also include residential mortgage-backed securities (“RMBS”). The loans underlying these securities have had in many cases higher default rates than those loans that meet government underwriting requirements.

It is likely that the servicers of RMBS transactions in which an Underlying Fund invests may find it necessary or desirable to foreclose on some, if not many, of the underlying loans. The foreclosure process is often lengthy and expensive. Borrowers may resist mortgage foreclosure actions by asserting numerous claims, counterclaims and defenses, including, without limitation, numerous lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong foreclosure actions and force lenders into a modification of the loans or a favorable buy-out of the borrowers’ positions.

- **Asset-Backed Securities.** Certain Underlying Funds may invest in asset-backed securities other than RMBS that are backed by consumer debt (“ABS”). ABS represent interests in pools of consumer and most often are structured as pass-through securities such as shares or certificates of interest in a pool of debt obligations that have been repackaged by an intermediary, such as a bank or broker-dealer). Interest and principal payments ultimately depend on payment of the underlying loans by individuals, although the securities may be supported by letters of credit or other credit enhancements. The value of these securities also may change because of changes in the market’s perception of the creditworthiness of the servicing agent for the pool, the originator of the pool, or the financial institution providing the credit support or enhancement.
- **Commercial Mortgage-Backed Securities.** Certain Underlying Funds may invest in Commercial Mortgage-Backed Securities (“CMBS”) issued or guaranteed by the U.S. Government, its agencies or instrumentalities, or private issuers such as banks, insurance companies, and savings and loans. Some of these securities, such as Government National Mortgage Association certificates, are backed by the full faith and credit of the U.S. Treasury while others, such as Federal Home Loan Mortgage Corporation (“Freddie Mac”) certificates, are not.

These securities are often subject to more rapid repayment than their stated maturity dates would indicate as a result of principal prepayments on the underlying loans. This can result in significantly greater price and yield volatility than with traditional fixed-income securities. During periods of declining interest rates, prepayments can be expected to accelerate which will shorten these securities’ weighted average life and may lower their return. Conversely,



in a rising interest rate environment, a declining prepayment rate will extend the weighted average life of these securities which generally would cause their values to fluctuate more widely in response to changes in interest rates.

The value of these securities also may change because of changes in the market's perception of the creditworthiness of the federal agency or private institution that issued them. In addition, the CMBS market in general may be adversely affected by changes in governmental regulation or tax policies.

Most commercial mortgage loans underlying CMBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on any classes of the related CMBS are likely to be adversely affected.

- **Credit Default Swaps.** Certain Underlying Funds may invest in credit default swaps. A credit default swap is a contract between two parties which transfers the risk of loss if a company fails to pay principal or interest on time or files for bankruptcy. In essence, an institution which owns corporate debt instruments can purchase a limited form of default protection by entering into a credit default swap with another bank, broker-dealer or financial intermediary. Swap transactions dependent upon credit events are priced incorporating many variables including the pricing and volatility of the common stock, potential loss upon default and the shape of the U.S. Treasury Market curve, among other factors. As such, there are many factors upon which market participants may have divergent views. The Underlying Adviser may also enter into credit default swap transactions, even if the credit outlook is positive, if it believes that participants in the marketplace have incorrectly valued the components which determine the value of a swap.
- **Forward Trading.** Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by an Underlying Fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which the Underlying Adviser would otherwise recommend, to the possible detriment of an Underlying Fund. Market illiquidity or disruption could result in major losses to an Underlying Fund.
- **Other Trading Strategies.** Certain of the Underlying Funds may employ strategies for which no specific "risk factors" are provided. Nevertheless, such strategies should be considered to be speculative, volatile, and, in general, no less risky than other strategies more fully described herein.

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of GWA or the integrity of GWA's management. Neither GWA nor its management persons have been involved in any events required to be disclosed in this Item.

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

#### **Gordian Capital Management, LLC:**

As previously discussed in Item 4 above, Elliott Elbaz and Michael Phippen own and manage GCM. GCM is the General Partner and provides investment advisory services to GCS. In their capacity as Advisors of GWA, Messrs. Elbaz and Phippen may invest or recommend that advisory clients of GWA invest assets into the Fund managed by GCM. This practice poses a conflict of interest. As such, when advisory clients of GWA invest in the Fund managed by GCM, they are invested in a share class that does not charge a management fee; however, they may be charged the incentive allocation discussed in Items 5 and 6.

The offering of investment advice by GCM is entirely separate and distinct from Messrs. Elbaz and Phippen's business with GWA. Clients of GCM are not clients of GWA, and vice versa, in absence of a clear and written agreement to such effect.

#### **Capulent, LLC:**

GWA is not registered as a broker-dealer, however certain of its management and supervised persons are registered representatives of a broker-dealer. Advisors Elliott Elbaz, Michael Phippen and Scott Peters are registered representatives of Capulent, LLC ("Capulent"), a registered broker-dealer.

In their capacity as registered representatives of Capulent, the representatives enter into selling agreements with independent managers and/or issuers of private securities (acting as placement agent) and may receive transaction based compensation for referring investors or clients under these selling agreements. In instances where GWA advisory clients are referred under these selling agreements and transaction based compensation is received, the following will occur:

- The amount of selling compensation will be disclosed to the client.
- The fact that the recommendation is being made through Capulent will be disclosed to the client.

- The amount of assets invested under the selling agreement will not be included in the client's AUM with GWA and thus excluded from the amount on which advisory fees are charged. (The fee received from the selling agreement generally will not be materially different than the advisory fee charged to the client if invested in another product offered through GWA thus mitigating the potential conflict around recommending a manager who pays a referral fee.)

### **Insurance Agencies:**

Certain Advisors may have a relationship with Mr. Matt McKenzie of Thomas Brady & Associates and/or Mr. John DeDominic of TCS Insurance Agency Inc. Mr. McKenzie is a licensed life insurance agent with insurance agency Thomas Brady & Associates and Mr. DeDominic is a licensed life insurance agent with insurance agency TCS Insurance Agency Inc. Certain Advisors may have an arrangement in place with Mr. McKenzie and/or Mr. DeDominic where they may refer advisory clients of GWA to Mr. McKenzie and/or Mr. DeDominic for life insurance business. These Advisors would receive compensation in the form of a referral fee from Mr. McKenzie and/or Mr. DeDominic for referring the life insurance clients. As this represents a conflict of interest, Advisors will be obligated by their fiduciary responsibility to always act in the best interest of the client.

### **General Information on Conflicts Resulting From These Arrangements**

We recognize that receipt of additional compensation by the Firm and its employees creates a conflict of interest that may impair the objectivity of our Firm and these individuals when making advisory recommendations. As such, we endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser. Specific steps to address these conflicts include:

- disclosure to clients of the existence of conflicts of interest (including the potential for our Firm and employees to earn compensation in addition to our Firm's advisory fees);
- collection of information relevant in completing an advisory client's IPS by which the client's portfolio is managed;
- conducting regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances; and
- implementing a code of ethics that governs Firm and employee ethical obligations.

It is important to note that you are not obligated to purchase recommended investment products from our employees or affiliated entities.

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

We have adopted a Code of Ethics to govern our ethical obligations regarding personal securities transactions pursuant to Rule 204A-1 under the Advisors Act. A copy of the Code will be provided to advisory clients or a perspective client upon request.

Our Code of Ethics addresses conflicts that could occur with our employees around making decisions in the best interest of advisory clients and implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our Firm, individuals and entities associated with our Firm are permitted to trade in their personal securities accounts in securities that are identical to or different from those recommended to our clients. Our Code of Ethics seeks to govern issues that may arise from such activity. As such, none of our “Access Persons” may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) 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 our clients.

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

With respect to personal or Firm accounts, our Code of Ethics covers the following to mitigate conflicts around trading activity: (i) disclosure of holdings; (ii) pre-clearance of securities transactions; (iii) short-term trading; (iv) new issues securities; (v) private placements; and (vi) private fund investments and distributions. The Code of Ethics requires quarterly reporting, employee verification, and receipt of reporting from broker-dealers.

As discussed in Item 10 above, we have a number of arrangements by which we may have a financial interest in making specific recommendations. Please see the disclosures made around these arrangements and the conflicts of interest they present.

If issues arise with regard to an Advisor’s fiduciary obligation and/or violations of our Code of Ethics, it will be escalated to the Firm’s Compliance Department.

## **Item 12 – Brokerage Practices**

### **Advisory Client Services:**

We generally recommend that advisory clients establish brokerage accounts with Schwab Advisor Services division of Charles Schwab & Co., Inc. (“Schwab”) (referred to as “custodial broker”) to maintain custody of their assets and to effect trades for their accounts. We make this recommendation for custodial purposes only and do not recommend brokers on a transaction basis.

Although we make recommendations to Schwab, it is the advisory client's decision on where to custody assets. We are not affiliated with Schwab and have no financial interest in recommending clients to them.

Recommendations to a custodial broker will take into account a number of factors, including transaction fees, custodial fees charged by the custodial broker for holding securities for the client, commission rates, interest charges on debit balances and interest credits on credit balances, quality of execution, and record-keeping and reporting capabilities. Our goal is to minimize the total cost for all brokerage services paid by the client. However, it may be the case that a recommended custodial broker charges a higher fee for a particular type of service, such as commission rates, than can be obtained from another broker. It may also be the case that the total costs of all services provided by the recommended broker may be higher than can be obtained at another broker. GWA may determine in good faith that such total costs are reasonable in relation to the value of brokerage and research services provided by such broker, viewed in terms of GWA's overall responsibilities to the client.

The custodial broker provides GWA with access to their institutional trading and custody services, which are typically not available to retail investors of the custodial broker. In certain instances these services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at the custodial broker. The custodial broker's services may include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

The custodial broker may also make available to GWA other products and services that benefit GWA but may not benefit its clients' accounts. These benefits may include national, regional or GWA-specific educational events organized and/or sponsored by the custodial broker. Other potential benefits may include occasional business entertainment of personnel of GWA by the custodial broker's personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist GWA in managing and administering clients' accounts. These include software and other technology (and related technological training) 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 GWA's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of GWA's accounts, including accounts not maintained at the custodial broker. The custodial broker may also make available to GWA other services intended to help GWA manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, the custodial broker may make available, arrange and/or pay vendors for these types of services rendered to GWA by independent third parties. The custodial broker may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to GWA.

While, as a fiduciary, GWA endeavors to act in its clients' best interests, GWA's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to GWA of the availability of some of the foregoing products and services and other arrangements and not solely on

the nature, cost or quality of custody and brokerage services provided by the custodial broker, which may create a potential conflict of interest.

We do not receive client referrals from broker-dealers for recommending clients, thus we do not have any incentive to select or recommend a broker-dealer based on the Firm's interest in receiving client referrals.

GWA does not routinely recommend, request or require that a client direct the Firm to execute transactions through a specific broker-dealer and the Firm does not have directed brokerage arrangements.

From time to time, receives certain benefits from the independent managers that our clients invest (or may potentially invest with) with based on our recommendation. Such benefits include invitations to attend Limited Partnership conferences or industry conferences to learn about investments and general markets sponsored by the independent managers on a complimentary basis. Benefits include the independent manager(s) paying for items such as airfare, hotel rooms and meals during the conferences. Because benefits like these could result in a conflict of interest, the Firm mitigates this conflict by having a procedure for allocating to and redeeming from third party managers. These decisions are made following our investment committee process. We have an internal process regarding when a manager is recommended, retained or redeemed. All such decisions must follow these procedures regardless of compensation structure or conflicts. Additionally, travel and events (or other benefits received) that are paid for by managers or other third parties must be reviewed by the CCO for determination of appropriateness.

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or aggregate these orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among the accounts involved.

In the event that GWA determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors.

### **Item 13 – Review of Accounts**

Advisory client accounts and the Fund managed by GCM are reviewed by the supervisors of the Firm on an ongoing basis to assess trading activity and ensure that the portfolios are being managed consistent with the stated investment objectives (outlined in the IPS for advisory clients and Constituent Documents for GCS). This review is a collective process by the advisors and supervisors. Elliott Elbaz and Michael Phippen have the supervisory responsibility of ensuring reviews are conducted.

These reviews are conducted informally on a regular basis and formally with the client on a time schedule agreed upon between us and the client, but no less than annually.

Advisory clients receive month-end account statements showing activity and month end positions, and a year-end tax statement detailing the previous year's taxable activity. This information will be prepared and sent to clients by the custodial broker-dealer. Clients may also choose to have online access to their accounts to view daily information.

Quarterly management reports, compiled by a third party data aggregator, will also be made

available to clients. These reports are comprehensive and provide a review of all assets and performance information for the advisory client's whole portfolio as well as each independent manager held in the client's portfolio.

All third party aggregators must be pre-approved by the Firm.

GCM provides reports to Fund Investors at least quarterly, including a description of any new investments in the Fund's account. Fund investors will also receive quarterly account statements from the Fund's Administrator.

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

We do not receive any economic benefit, directly or indirectly from any third party for advice rendered to clients. Please reference Items 4 and 10 for disclosure of other types of compensation arrangements.

### **Item 15 – Custody**

GWA does not have custody of client funds or securities, except for authorized fee withdrawals. All client funds and securities will be held with a custodial broker-dealer and each client will have online access and will receive a monthly account statement directly from the custodian.

As discussed in Item 4, we do withdraw advisory fees directly from client accounts and as such, we comply with the following guidelines:

- The custodian will send monthly statements to the Firm's clients, which will reflect all disbursements for the account, including the amount of the advisory fees.
- GWA will receive written authorization from its clients permitting the payment of fees directly from their accounts held by the custodian. This written authorization will be provided in the advisory account agreement signed by each client.

As Manager and General Partner of GCS, GCM is deemed to have custody of the cash and securities held by GCS. In compliance with SEC Rule 206(4)-2(b)(4)(i), the Fund sends an audited financial statement, audited by a registered Public Company Accounting Oversight Board ("PCAOB") accountant, to each Fund Investor within 120 days of the Fund's fiscal year end. By ensuing these steps are followed, the annual surprise examination requirement is satisfied.

## **Item 16 – Investment Discretion**

### **Advisory Client Services:**

We provide discretionary and non-discretionary services to our advisory clients. For discretionary accounts, we may place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Advisory clients give us discretionary authority when they sign a discretionary agreement with our Firm, and may limit this authority by giving us written instructions. Advisory clients may also change/amend such limitations by once again providing us with written instructions.

### **Pooled Investment Vehicles:**

The Constituent Documents generally authorize GCM to invest and trade the Fund's assets in a broad range of investments, to be selected at GCM's sole discretion, with no specific limitations as to type, amount, concentration, or leverage. Further, GCM may enter into any type of investment transaction and employ any investment methodology or strategy it deems appropriate.

Pursuant to the Fund's Constituent Documents, each Investor designates GCM as its attorney-in-fact to execute, certify, acknowledge, file, record and swear to all instruments, agreements and documents necessary or advisable to carrying out the Fund's business and affairs, including execution of the Fund's limited partnership agreement. An Investor's execution of a Fund's subscription agreement constitutes its execution of the Fund's limited partnership agreement.

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

GWA does not accept authority to vote client securities. Advisors shall not vote or advise the client on voting proxies for securities held in client's accounts. Therefore, the client maintains exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to client's investment assets. Advisors and/or the clients shall instruct the client's qualified custodian to forward to client copies of all proxies and shareholder communications relating to the client's investment assets. Clients will receive their voting proxies or other solicitations directly from the custodian.



For accounts managed by independent managers the proxy voting is dictated by the independent manager (and outlined in their ADV - either the independent manager will vote or proxies will be sent to the client to vote).

If a client has questions on any particular proxy or solicitation, they can contact their advisor.

The Fund does not trade in equity or equity-based securities that would involve the voting of shares held in the portfolio. Accordingly, GCM does not have any authority to and does not vote proxies on its behalf.

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

As an advisory firm who has discretionary authority and custody, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. We have no circumstances that meet this disclosure requirement.

We do not require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement with this disclosure Brochure.

GWA has not been the subject of a bankruptcy petition at any time during the past ten years.