

**Item 1 – Cover Page**

**FORM ADV PART 2A-FIRM BROCHURE**

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This brochure provides information about the qualification and business practices of Gadsden, LLC. If you have any questions about the contents of this brochure, please contact Gadsden, LLC. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Gadsden, LLC is also available on the Internet at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

This brochure gives information about an investment adviser and its business for the use of clients and prospective clients. This information has not been approved or verified by any governmental authority. Registration of an investment adviser does not imply that the adviser possesses a certain level of skill or training.

## **Item 2 - Material Changes**

On July 28, 2010, the U.S. Securities and Exchange Commission published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by the SEC. This brochure is a new document prepared according to the SEC's latest requirements and rules and it includes certain new information that previous versions of SEC Form ADV Part II did not require. This is the firm's initial narrative brochure.

We will ensure that you receive a summary of any material changes to this and future brochures within 120 days of the close of our business' fiscal year at no charge.

You may request a copy of this brochure by contacting us at [jjudge@almanackip.com](mailto:jjudge@almanackip.com).

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## **Item 4 - Advisory Business**

### **General Description**

Gadsden, LLC ("Gadsden") is a limited liability company formed on August 19, 2017 in the State of Delaware. Gadsden is principally owned by Kevin Harper and James Judge.

The Advisor's core business is to offer investment management services to individual and institutional clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal (the "Core Allocation").

We manage these advisory accounts on a discretionary basis through our relationship with Charles Schwab, TD Ameritrade, Fidelity, Interactive Brokers, and Pershing. Depending on which custodian the client selects or is offered, the strategy received by the client may differ. The Advisor's Core Allocation emphasizes forming a fundamental understanding of the primary drivers of potential portfolio exposures and developing methods of combining these exposures (often index based) into a portfolio that is both risk and diversification conscious. Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is suitable to the client's circumstances.

Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Municipal securities
- United States governmental securities

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity needs and overall suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. At least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
2. Be reasonably available to consult with the client; and
3. Maintain client suitability information in each client's file.

#### **A. Investment Management Services**

Gadsden may manage all or a portion of its clients' assets on a discretionary, non-discretionary or advisory basis. Gadsden primarily recommends or allocates clients' investments management assets among exchange-traded funds ("ETFs"), mutual funds, individual debt and equity securities, alternative investment vehicles, and/or, derivatives and other securities or investments in accordance with the clients' individual investment objectives. Gadsden may recommend that certain clients invest in private placement securities, which may include, without limitation, debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. Gadsden may also provide advice about legacy positions or investments otherwise held in client portfolios.

Gadsden generally tailors its advisory services to the individual needs of clients. Gadsden consults with clients initially and on an ongoing basis to determine factors that may impact the clients' investment needs.

## **B. Sub-Advisory Investment Services**

Gadsden may provide investment management services on a discretionary basis to clients of various unrelated registered investment advisors and independent broker dealers under a sub-advisory asset management agreement where the registered investment advisor understands the risks connected with the investment strategy investments and the importance of considering these and other risks associated with an account to determine whether an account is appropriate for and consistent with the financial situation and investment objectives of each client. Gadsden does not receive client level information in the majority of these relationships and client information which passes through to Gadsden is not used. Gadsden is generally appointed to act as investment manager for the accounts of specific clients and assume responsibility for the investment and reinvestment of assets within the clients' accounts. These services should not be considered a complete investment program and Gadsden and its affiliates may offer a variety of investment advisory programs and certain of their other clients receive more comprehensive investment management services than those provided by the sub-advisory services.

## **C. Consulting Services**

Gadsden offers a range of consulting services including allocation research, risk analysis, benchmarking and manager assessment. These services are provided pursuant to specialized engagements individually negotiated with Gadsden's clients based upon their specific needs and objectives.

In performing its services, Gadsden is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is authorized to rely on such information. Gadsden may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Gadsden recommends its own services or the services of any of its Advisory Affiliates (as defined in Item 10). The client is under no obligation to act upon any of the recommendations made by Gadsden under a consulting engagement or to engage the services of any such recommended professional, including Gadsden itself. The client retains discretion over all such implementation decisions and is free to accept or reject any of Gadsden's recommendations. Clients are advised that it remains their responsibility to promptly notify Gadsden if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Gadsden's previous recommendations and/or services.

## **D. Private Fund**

Gadsden's affiliate, Almanack Investment Partners, LLC ("AIP") serves as an investment adviser to a "Private Fund" which is an unregistered investment company organized as a limited liability corporation and sponsored by Almanack Investment Partners GP, LLC.

In providing advisory services to the Private Fund, AIP directs and manages the investment and reinvestment of the Private Fund's assets and provides reports to investors (through the

Private Funds' administrator). AIP manages the assets of the Private Fund in accordance with the terms of its governing documents.

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client that elects to invest in the Private Fund will be required to complete a Subscription Agreement, pursuant to which the client shall establish that the client is qualified to invest in the Private Fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

In the event that Gadsden references private investment funds owned by the client on any supplemental account reports prepared by Gadsden, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If the fund sponsor does not provide a post-purchase valuation, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date) or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the fund sponsor). If the valuation reflects the initial purchase price (and/or a value as of a previous date), then the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price. The client's advisory fee shall be based upon such reflected fund value(s).

## **Miscellaneous Disclosures**

**Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Gadsden recommends that a client roll over their retirement plan assets into an account to be managed by Gadsden, such a recommendation creates a conflict of interest if Gadsden will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by Gadsden. **Gadsden's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

**Use of Mutual Funds.** While Gadsden may recommend allocating investment assets to mutual funds that are not available directly to the public, Gadsden may also recommend that clients allocate investment assets to publically-available mutual funds that the client could obtain without engaging Gadsden as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds without engaging Gadsden as an investment adviser, the client or prospective client would not receive the benefit of Gadsden's initial and ongoing investment advisory services.

**Non-Discretionary Service Limitations.** Clients that determine to engage Gadsden on a non-discretionary investment advisory basis must be willing to accept that Gadsden cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that Gadsden would like to make a transaction for a client's account (including in the event

of an individual holding or general market correction), and the client is unavailable, Gadsden will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

**Independent Managers.** Gadsden may allocate a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets. Gadsden will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. The factors Gadsden considers in recommending Independent Manager(s) include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fee charged by the Independent Manager(s) is separate from, and in addition to, Gadsden's advisory fee as set forth in Item 5.

**Inverse/Enhanced Market Strategies.** Gadsden may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct Gadsden, in writing, not to employ any or all such strategies for his/her/their/its accounts.

**Disclosure Statement.** A copy of Gadsden's written disclosure statement as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

## **Item 5 - Fees and Compensation**

### **INVESTMENT ADVISORY SERVICES**

Our annual fees for Investment Advisory Services are based upon a percentage of assets under management and generally range from .25% to 2.0%. Please see individual advisor for their fee schedule.

A minimum of \$100,000 of assets under management is typically required for this service. This account size may be negotiable under certain circumstances. Gadsden may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although Gadsden has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the Investment Management Agreement (IMA) between the adviser and each client.



## CONSULTING

Gadsden provides investment consulting services for a fixed fee. These fees are negotiable, but generally may range from \$20,000 to \$250,000, depending on the level and scope of the services and the resources engaged.

## GENERAL

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. [As disclosed above, certain fees may be paid in advance of services provided.] Upon termination of any account, any prepaid, unearned fees will be promptly refunded. [In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.]

**Mutual Fund and ETF Fees:** All fees paid to Gadsden for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Wrap Fee Programs and Separately Managed Account Fees:** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

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

At present the Advisor is compensated utilizing asset based fees. It does not collect performance based fees. In the event the Advisor obtains performance based fees in the future, the Advisor agrees to keep complete records of all securities transactions, as required by SEC and/or state regulation.

## **Item 7 - Types of Clients**

**A. Private Wealth Management.** Clients shall generally include individuals, trusts, family offices, and business entities related to those clients. Gadsden generally requires a minimum investment asset level of \$1,000,000 for investment advisory services. Gadsden, in its sole discretion, may reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). Investments in the Portfolio are subject to the account minimums set for the in Portfolio's prospectus.

**B. Investment Services.** The financial intermediaries utilizing this service generally include independent advisers, and break away brokers. As noted above, with respect to sub-advisory engagements, clients may also include registered investment companies.

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

The Advisor employs a combination of methods to analyze potential investments strategies and risk of loss. These include both quantitative and qualitative research techniques. Examples of quantitative techniques include, but are not limited to, risk factor analysis, historical simulation and risk contribution analysis. The Advisor also employs fundamental analysis techniques based on both primary, academic and third party research spanning global macroeconomic and security specific analysis.

The Advisor allocates investment management assets of its client accounts, on a discretionary basis, using its proprietary asset allocation program. Advisor's asset allocation strategy has been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Advisor's asset allocation program, with a non-exclusive safe harbor from the definition of an investment company.

The Advisor believes that its investment management fee is reasonable in relation to: (1) the advisory services provided under its client agreement; and (2) the fees charged by other investment advisers offering similar services/programs. However, Advisor's annual investment management fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Advisor's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level, if applicable (e.g., management fees and other fund expenses). **Please Note:** Advisor's investment program may involve above-average

portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

**Past performance is not indicative of future returns, which may vary. Future returns are not guaranteed, and a loss of principal may occur. Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.**

### **Potential Risks of Investing With Funds, Equities, Bonds, and Options:**

*Redemption Fee Risk.* A mutual fund redemption fee, also referred to as a "redemption fee," "market timing fee," or "short-term trading fee," is a charge by a mutual fund company to discourage investors from making a short-term purchases and sales of mutual fund shares. Clients may incur redemption fees in the event that a model update is implemented, as Gadsden and the Overlay Manager generally would not consider individual Client holding periods for existing Client portfolios. Redemption fees vary by mutual fund and are described in each mutual fund's prospectus. Imposition of redemption fees can have a material impact on the performance of Program accounts.

*Stock Market Risk.* Mutual funds that invest in equity securities are subject to stock market risk. Stock market risk is the possibility that stock prices overall will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and periods of falling prices. Investing in small or medium-sized companies involves greater risk than is customarily associated with more established companies. Stocks of such companies may be subject to more volatility in price than larger company securities.

*Foreign Securities Risk.* Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency conversion; and pricing factors affecting investment in the securities of foreign businesses or governments.

*Interest Rate Risk.* Bonds also experience market risk as a result of changes in interest rates. The general rule is that if interest rates rise, bond prices will fall and so will the mutual fund's share price. The reverse is also true: if interest rates fall, bond prices will generally rise.

A bond with a longer maturity (or a bond fund with a longer average maturity) will typically fluctuate more in price than a shorter-term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

*Credit Risk.* Bonds and bond mutual funds are also exposed to credit risk, which is the possibility that the issuer of a bond will default on its obligation to pay interest and/or principal. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Government, have limited credit risk, while securities issued or guaranteed by U.S. Government agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. Government may be subject to varying degrees of credit risk.

Corporate bonds rated BBB or above by Standard & Poor's are generally considered to carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Of course, bonds with lower credit ratings generally pay a higher level of income to investors.

*Liquidity Risk* Liquidity risk exists when a particular security is difficult to trade. A mutual fund's investment in illiquid securities may reduce the returns of the mutual fund because the mutual fund may not be able to sell the assets at the time desired for an acceptable price, or might not be able to sell the assets at all.

*Leveraged ETFs* An investment in Leveraged ETFs involves significant risk. Leveraged ETFs attempt to deliver a multiple on their stated index. This is typically done through the use of swap agreements and futures contracts by the ETF. These ETFs can have multiples up to 3x which means they are attempting to increase return by three times. It also means that, should the value of the portfolio decrease, the Leveraged ETF will have a more significant loss than had it not been leveraged. Therefore, these ETFs have similar risks to using any leverage in investing. Furthermore, the ETFs are generally held for a short amount of time (often buying and selling on the same day). There may be tax consequences with this practice. In addition, the Firm may invest in Inverse Leveraged ETFs, which combine the risks mentioned with both the Inverse ETFs and Leveraged ETFs. Therefore, while there can be a benefit in using Leveraged ETFs, these products are riskier than non-leveraged ETFs and will have the effect of exacerbating any losses.

*Call Risk.* Many fixed income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund would reinvest the proceeds of the payoff at current interest rates, which would likely be lower than those paid on the security that was called.

*Objective/Style Risk.* All of the mutual funds are subject, in varying degrees, to objective/style risk, which is the possibility that returns from a specific type of security in which a mutual fund invests will trail the returns of the overall market.

*U.S. Government Agency Securities Risk.* Securities issued by U.S. Government agencies or government-sponsored entities may not be guaranteed by the U.S. Treasury. If a government sponsored entity is unable to meet its obligations, the securities of the entity will be adversely impacted.

*Options Strategies.* The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Registrant shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. Please Note: Although the intent of the options-related transactions that may be implemented by the Registrant is to hedge against principal risk, certain of the options-related

strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

## **Item 9 - Disciplinary Information**

The Advisor and its Principals have not been involved in legal or disciplinary events related to past or present investment clients.

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

**Affiliated Private Fund.** The Advisor is under common control with Almanack Investment Partners, LLC, which serves as an investment advisor to an affiliated private fund, and Almanack Investment Partners GP, LLC, which serves as a general partner to an affiliated private fund. The Fund operates under what is known as the Section 3(c)(1) exemption which requires that all of the eligible investors be "accredited investors" as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended. The terms and conditions for participation in the Private Fund, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund's offering and constituent documents. Gadsden's clients are under no obligation to consider or make an investment in the Private Fund.

The recommendation that a client become an investor in the Private Fund could present a potential conflict of interest. No client is under any obligation to become an investor in the any fund sponsored by Gadsden or any of its affiliates. Gadsden's Chief Compliance Officer remains available to address any questions regarding this potential conflict of interest.

**Referral Agreements.** Gadsden may receive payments from one or more advisers or private fund managers in exchange for making referrals in conformity with Rule 206(4)-3 of the Investment Advisers Act of 1940 as applicable, and any corresponding state securities law requirements. At the time of the solicitation, Gadsden shall disclose the nature of its relationship with the adviser or private fund manager and provide the referred individual or entity with a copy of: a) the adviser's or private fund manager's ADV-Part 2 Brochure or the private fund offering or disclosure document where an exempt private fund manager is being referred and there is no ADV-2 Brochure available to provide; and b) the Solicitor Disclosure Statement describing the solicitation arrangement including the compensation paid from the adviser or private fund manager to Gadsden.

**Conflict of Interest:** The recommendation by the Advisor that a client or prospect use the services of an affiliated entity of Gadsden presents a conflict of interest, as the receipt of

compensation by the Advisor or its Associated Representatives may provide an incentive to recommend the services of an affiliated entity of Gadsden, rather than on a particular client's need. No client or prospective client of the Advisor is under any obligation to use the services of an affiliated entity of Gadsden. Gadsden's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

**Conflict of Interest.** The recommendation that a client purchase a commission product from an affiliated registered representative presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Gadsden's representatives. Clients are reminded that they may purchase securities products recommended by Gadsden through other, non-affiliated registered representatives. Gadsden's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

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

The Principals of the Advisor have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

The Advisor, its affiliates and related persons may trade in the same securities traded for clients. This may cause a conflict of interest, since both client and the related persons of Advisor may be selling (or buying) the same financial product at the same time. To address this potential conflict of interest, Advisor agrees, to the extent within its control, not to favor itself to the client's financial detriment. The Advisor keeps complete records of all such securities transactions, as required by SEC and/or state regulation.

The Advisor monitors the personal securities transactions of all access persons. In addition, the Advisor has adopted a written Code of Ethics in compliance with SEC Rule 204A-1. This Code is based on the principle that the officers, directors, and employees (or persons having similar status or function) of Advisor have a fiduciary duty to place the interests of the clients ahead of their own interests. The Code applies to all access persons and focuses principally on monitoring and reporting of personal transactions in securities. Access persons must avoid activities, interests and relationships that might interfere with making decisions in the best interests of clients.

Advisor holds to the following principles:

- All personal securities transactions will be conducted in such a manner as to be consistent with the Code of Ethics and to avoid any actual or potential conflict of interest or any abuse of an access person's position of trust and responsibility.
- Access persons may not, for example, use their knowledge of portfolio transactions to

profit by the market effect of such transactions.

- Independence in the investment decision-making process is paramount.

The Chief Compliance Officer of the Advisor carries out all compliance-related mandates as set forth by the Code of Ethics. A copy of the firm's Code of Ethics is available upon request by all clients and prospective clients.

## **Item 12 - Brokerage Practices**

The Advisor does not select brokers based upon whether Gadsden will receive client referrals from a broker dealer or third party. Gadsden may recommend a broker to its clients, but the ultimate selection of any broker remains with the client. When recommending a broker Gadsden considers a number of factors including cost, best execution, price, reputation, access to various markets, reporting, and security of client funds. Gadsden does not engage in directed brokerage.

In the event that the client requests that Gadsden recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Gadsden to use a specific broker-dealer/custodian), Gadsden generally recommends that investment management accounts be maintained at Schwab, Fidelity, Interactive Brokers, Pershing, and/or TD. Prior to engaging Gadsden to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Gadsden setting forth the terms and conditions under which Gadsden shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker- dealer/custodian.

## **Item 13 - Review of Accounts**

Account performance is reviewed daily by the Principals and at the discretion of the client. Account review is a routine firm function, but it can be triggered or intensified by unexpected performance, shifting market conditions, or changing client preferences or circumstances.

Clients receive monthly account statements. In addition to these written or formal methods, the Advisor communicates with clients frequently by email, telephone, and in person.

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

If a client is introduced to Gadsden by either an unaffiliated or an affiliated solicitor, Gadsden may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Gadsden's investment

management fee, and shall not result in any additional charge to the client. If the client is introduced to Gadsden by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Gadsden's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Gadsden and the solicitor, including the compensation to be received by the solicitor from Gadsden.

## **Item 15 - Custody**

Gadsden Private Wealth Management clients' assets are held in custody by unaffiliated broker/dealers and Gadsden has the ability to have its advisory fee for each client debited by the custodian on a monthly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker dealer/custodian and/or program sponsor for the client accounts. Gadsden may also provide a written periodic report summarizing account activity and performance.

To the extent that Gadsden provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Gadsden with the account statements received from the account custodian. The account custodian does not verify the accuracy of Gadsden's advisory fee calculation.

Assets of clients who have invested in the model portfolios are held in custody by unaffiliated broker/dealers. Clients should receive at least quarterly statements from the broker/dealer that holds and maintains the client's assets. Gadsden urges you to carefully review such statements and compare such official custodial records to the account statements provided to you by your financial intermediary. The financial intermediary performance reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

All Private Fund assets, other than interests in the Underlying Funds, are held in custody by unaffiliated broker/dealers or banks.

Investors in the Private Funds do not receive statements from the custodian of the activity within the Private Funds. Instead, the third party administrator to the Private Funds distributes periodic performance and net asset value statements to each investor, and the Private Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to the investors.

## **Item 16- Investment Discretion**

The client can determine to engage the Advisor to provide investment advisory services on a discretionary basis. Prior to the Advisor assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Advisor as the client's attorney and agent in fact, granting the Advisor full



authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Advisor on a discretionary basis may, at anytime, impose restrictions, in writing, on the Advisor's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Advisor's use of margin, etc.).

#### **Item 17 - Voting Client Securities**

The Advisor does not vote proxies on behalf of its Clients. A copy of the Advisor's proxy voting policy is available upon request. Clients will receive all proxies directly from their respective prime brokers. Clients may contact the Advisor with questions regarding such solicitations and they will be directed to the appropriate party at their prime broker.

#### **Item 18 - Financial Information**

The Advisor is not required to include a balance sheet for our most recent fiscal year end because we do not require or solicit more than \$1,200 in fees per client, six months or more in advance. In this Item, we are required to disclose that the Advisor has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. Additionally, the Advisor has not been the subject of a bankruptcy petition during the past ten years.