

# Disclosure Brochure

April 17, 2020



**GAVIN**

## **Gavin Management Group, Inc.**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Gavin Management Group, Inc. (hereinafter "GAVIN"). If you have any questions about the contents of this brochure, please contact Matthew Bacchiochi at (416) 861-1998. 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 Gavin Management Group, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Gavin Management Group, Inc. is an SEC registered investment adviser. Registration does not imply any level of skill or training.

**Item 2. Material Changes**

This Item discusses only the material changes that have occurred since GAVIN's last annual update filed May 24, 2019. GAVIN has updated Item 12 to reflect that it recommends that clients utilize the brokerage and clearing services of Pershing Advisor Services. The firm has no other changes to disclose in relation to this Item.

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## Item 4. Advisory Business

GAVIN provides financial planning, consulting, and investment management services. Prior to engaging GAVIN to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with GAVIN setting forth the terms and conditions under which GAVIN renders its services (collectively the “Agreement”).

GAVIN has been in business as an SEC registered investment adviser since June 28, 2006. GAVIN is principally owned by Tootstay, Inc.

GAVIN had \$139,924,772 of assets under management as of March 31, 2020, \$139,924,772 of which was managed on a discretionary basis.

This Disclosure Brochure describes the business of GAVIN. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of GAVIN's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on GAVIN's behalf and is subject to GAVIN's supervision or control.

### Financial Planning and Consulting Services

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GAVIN may provide its clients with a broad range of comprehensive financial planning and consulting services.

In performing its services, GAVIN 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 expressly authorized to rely on such information. GAVIN may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if GAVIN recommends its own services. The client is under no obligation to act upon any of the recommendations made by GAVIN under a financial planning or consulting engagement or to engage the services of any such recommended professional, including GAVIN itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of GAVIN's recommendations. Clients are advised that it remains their responsibility to promptly notify GAVIN if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising GAVIN's previous recommendations and/or services.

### Investment Management Services

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Clients can engage GAVIN to manage all or a portion of their assets on a discretionary basis and in limited circumstances clients can engage GAVIN to manage a portion of their assets on a non-discretionary basis.

GAVIN primarily allocates clients' investment management assets among individual stocks, alternative strategies (e.g. long/short funds, market neutral funds), equity and bond mutual funds and ETFs, and independent investment managers (“Independent Managers”) in accordance with the investment objectives

of the client. In addition, GAVIN also recommends that certain eligible clients invest in privately placed securities, which may include interests in pooled investment vehicles. GAVIN also provides advice about any type of investment held in clients' portfolios.

GAVIN also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, or other products that may not be held by the client's primary custodian. In so doing, GAVIN either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

GAVIN tailors its advisory services to the individual needs of clients. GAVIN consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. GAVIN ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify GAVIN if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon GAVIN's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in GAVIN's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

### **Use of Independent Managers**

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As mentioned above, GAVIN selects certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

GAVIN evaluates a variety of information about Independent Managers, which includes the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. GAVIN also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

GAVIN continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, the firm monitors the performance of those accounts being

managed by Independent Managers. GAVIN seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### **Management of Collective Investment Vehicle**

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GAVIN's affiliate serves as the general partner ("General Partner") of an affiliated private investment fund, GAVIN Special Opportunities Fund LP (the "Fund") which is managed by GAVIN. Interests in the *Fund* are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. The *Fund* currently relies on an exemption from registration under the Investment Company Act of 1940, as amended. Participation as an investor in the *Fund* is restricted to investors that are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended. The Fund seeks to provide Limited Partners with above average long-term risk-adjusted returns that are uncorrelated to equity markets by substantially all of its assets in Portfolio Investments which are managed by a carefully selected group of Portfolio Managers who invest in securities issued by U.S. and non-U.S. companies that are traded on U.S. and non-U.S. national securities exchanges.

To the extent certain of GAVIN's individual advisory clients qualify, they will be eligible to participate as limited partners of the *Fund*. The firm's investment management fee (described below in Item 5) will apply to any assets invested by clients in the *Fund*, but GAVIN will not charge other fees for management of such assets. Investment in the Private Fund involves a significant degree of risk. All relevant information, terms and conditions relative to the *Fund*, including the compensation received by GAVIN, suitability, risk factors, and potential conflicts of interest, are set forth in a Confidential Private Offering Memorandum (the "Memorandum"), Limited Partnership Agreement (the "Agreement"), and/or Subscription Agreement (together, the "Offering Documents"), which each investor is required to receive and/or execute prior to being accepted as an investor in the *Fund*. While the *Fund* is generally considered to be a client of GAVIN, "client(s)" may also refer to the investors in the *Fund*.

A conflict of interest exists as GAVIN has an incentive to recommend an investment in the *Fund* to promote the success of the *Fund*. GAVIN will devote its best efforts with respect to its management of both the *Fund* and its individual client accounts. Given the above discussion relative to the objectives, suitability, risk factors, and qualifications for participation in the *Fund*, GAVIN may give advice or take action with respect to the *Fund* that differs from that for individual client accounts. To the extent that a particular investment is suitable for both the *Fund* and certain individual client accounts, such investments will be allocated between the Private Fund and the individual client accounts in a manner which GAVIN determines is fair and equitable under the circumstances to all of its clients. GAVIN tailors its advisory services to the individual needs of clients. GAVIN consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. GAVIN ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

## Item 5. Fees and Compensation

GAVIN offers its services on a fee basis, which may include fixed fees, as well as fees based upon assets under management.

### Financial Planning and Consulting Fees

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GAVIN may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$5,000 to \$30,000 annually on a fixed fee basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages GAVIN for additional investment advisory services, GAVIN may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging GAVIN to provide financial planning and/or consulting services, the client is required to enter into a written agreement with GAVIN setting forth the terms and conditions of the engagement. Generally, GAVIN requires one-half of the financial planning and/or consulting fee (estimated fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

### Investment Management Fee

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GAVIN provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by GAVIN. GAVIN's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. GAVIN does not, however, receive any portion of these commissions, fees, and costs. GAVIN's annual fee is prorated and charged monthly, in arrears, based upon the market value of the assets being managed by GAVIN on the last day of the month. The annual fee varies (between 0.25% and 1.00%) depending upon the market value of the assets under management and the type of investment management services to be rendered.

GAVIN, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

### Fees Charged by Financial Institutions

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As further discussed in response to Item 12 (below), GAVIN recommends that clients utilize the brokerage and clearing services of Pershing Advisor Solutions ("*Pershing*") for investment management accounts.

GAVIN may only implement its investment management recommendations after the client has arranged for and furnished GAVIN with all information and authorization regarding accounts with appropriate financial

institutions. Financial institutions include, but are not limited to, *Pershing*, any other broker-dealer recommended by GAVIN, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the “*Financial Institutions*”).

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, fees charged by the Independent Managers, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), expenses associated with investments in the *Fund*, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to GAVIN’s fee.

GAVIN’s *Agreement* and the separate agreement with any *Financial Institutions* may authorize GAVIN and/or certain Independent Managers to debit the client’s account for the amount of GAVIN’s fee and to directly remit that management fee to GAVIN. Any *Financial Institutions* recommended by GAVIN have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to GAVIN.

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**Fees for Management During Partial Months of Service**

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For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between GAVIN and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. GAVIN’s fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to GAVIN’s right to terminate an account. Additions may be in cash or securities provided that GAVIN reserves the right to liquidate any transferred securities or decline to accept particular securities into a client’s account. Clients may withdraw account assets on notice to GAVIN, subject to the usual and customary securities settlement procedures. However, GAVIN designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. GAVIN may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge (although GAVIN does not receive any of these charges)) and/or tax ramifications.

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

GAVIN does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7. Types of Clients

GAVIN provides its services to individuals, trusts, estates, corporations, charitable organizations and business entities.

### Minimum Account Requirements

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

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

### Methods of Analysis

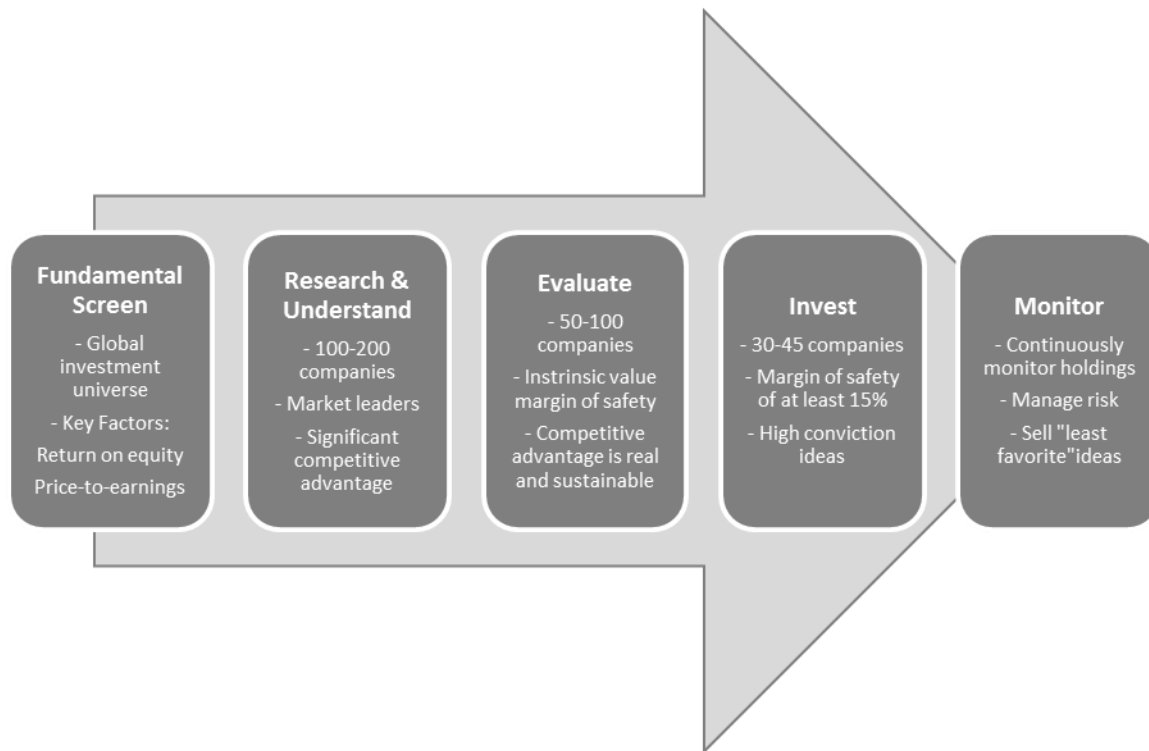
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GAVIN's primary method of analysis is fundamental. *Fundamental analysis* involves the fundamental financial condition and competitive position of a company. GAVIN will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

### Investment Strategies

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For individual stocks, GAVIN's security selection process involves purchasing high-quality companies at a discount to intrinsic values. GAVIN evaluates a company's return on investments, prospects for earnings and revenue growth, cash flow generation and conversion, and margin expansion. GAVIN has developed a five-step investment process for sourcing, evaluating, selecting, managing and exiting portfolio investments. GAVIN determines a company's intrinsic value using a proprietary, weighted-average method.



For evaluating third-party external managers, GAVIN assesses various risk-return metrics to gauge a fund's relative success. GAVIN is particularly focused on the manager's downside participation during weak markets and the manager's ability to outperform over long time periods (i.e. five years or more). GAVIN has a preference for managers that operate a concentrated portfolio and demonstrate a definitive and steadfast security selection process regardless of the macro environment. Accordingly, qualitative analysis resolves uncertainties related to People, Philosophy and Process. Finally, while a fund may meet the necessary criteria for approval, the security may not be a good complement for a client portfolio based on existing constituents or because of the individual investor characteristics. This leads to the portfolio construction methodology and asset allocation.

The typical asset allocation process divides the client's assets into different classes based on outdated concepts of safety and risk. Rather than approaching allocation from the traditional "Asset Class" perspective, GAVIN assigns capital by "Mandate" in order to recognize that safety and risk should be defined by valuation, not by an asset class. These Mandates may include but are not limited to Growth, Hedged Growth, Traditional Income and Alternative Income. This philosophy is consistent with GAVIN's objective-based investing discipline where the goal is to achieve the client's required rate of return in a consistent, low volatility manner, irrespective of benchmark rates of return. The risk characteristics of a benchmark rarely relate to those of an investor; correspondingly, neither should the returns. As GAVIN designs portfolios to achieve long-term investment objectives, limiting downside volatility promotes commitment to the long-term strategy. Portfolios that are comprised of securities that demonstrate low or

negative correlation with each other will reduce volatility. Over time, the prospect for achieving long-term financial goals is enhanced by a disciplined investment management practice applied to portfolios that feature appealing valuation metrics, uncorrelated holdings and a total return (growth and income) focus.

## **Risks of Loss**

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### *General Risk of Loss*

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

### *Market Risks*

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

### *Mutual Funds and ETFs, In General*

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

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

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

*Long/Short Funds*

A type of mutual fund that seeks to mimic some of the trading strategies typically employed by a hedge fund. Unlike most mutual funds, long/short funds use leverage, derivatives and short positions in an attempt to maximize total returns, regardless of market conditions. The amount of leverage used and the number of derivatives and short positions that long/short funds may contain are limited by law. These funds invest primarily in stocks. Most long/short funds feature higher liquidity than hedge funds, no lock-in period and lower fees. However, they still have higher fees and less liquidity than most mutual funds and usually require a minimum investment of more than \$1,000, although some do not.

*Options*

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

*Use of Independent Managers*

As stated above, GAVIN selects certain Independent Managers to manage a portion of its clients’ assets. In these situations, GAVIN continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers’ ability to successfully implement their investment strategies. In addition, GAVIN does not have the ability to supervise the Independent Managers on a day-to-day basis.

*Use of Private Collective Investment Vehicles*

Gavin recommends that certain clients invest in one or more privately placed collective investment vehicles, including the *Fund*. The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund’s private placement memorandum and/or other documents explaining such risks prior to investing.

## Item 9. Disciplinary Information

GAVIN is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. GAVIN does not have any required disclosures to this Item.

## Item 10. Other Financial Industry Activities and Affiliations

GAVIN is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. GAVIN has described such relationships and arrangements below.

### **Related Investment Adviser**

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An affiliate of GAVIN serves as the general partner of the *Fund* as described in more detail in Item 4 above.

### **Related Investment Counsel Portfolio Manager**

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GAVIN is under common control with GAVIN Private Counsel Inc. ("GAVINPC"), a registered investment counsel and portfolio manager with the Ontario Securities Commission. GAVINPC provides services to Canadian citizens or residents, some of which may also be clients of GAVIN. Certain *Supervised Persons* of GAVIN also serve in the same or similar capacity for GAVINPC.

## Item 11. Code of Ethics

GAVIN and persons associated with GAVIN ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with GAVIN's policies and procedures.

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

When GAVIN is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* 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*) a transaction in that security unless: the transaction has been completed; the transaction for the Access Person is completed as part of a batch trade (as defined below in Item 12) with clients; or a decision has been made not to engage in the transaction for the client.

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.

This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above. Clients and prospective clients may contact GAVIN to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

As discussed above, in Item 5, GAVIN recommends that clients utilize the brokerage and clearing services of *Pershing*.

Factors which GAVIN considers in recommending *Pershing* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Pershing* enables GAVIN to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Pershing* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by GAVIN's clients comply with GAVIN's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where GAVIN determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. GAVIN seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

GAVIN periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct GAVIN in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and GAVIN will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by GAVIN (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net

prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, GAVIN may decline a client's request to direct brokerage if, in GAVIN's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client will be effected independently, unless GAVIN decides to purchase or sell the same securities for several clients at approximately the same time. GAVIN may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among GAVIN's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among GAVIN's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that GAVIN determines to aggregate client orders for the purchase or sale of securities, including securities in which GAVIN's *Supervised Persons* may invest, GAVIN does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. GAVIN does not receive any additional compensation or remuneration as a result of the aggregation. In the event that GAVIN determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, GAVIN may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

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

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**Software and Support Provided by Financial Institutions**

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GAVIN receives without cost from *Pershing* administrative support, computer software, and related systems support (together "Support") that allow GAVIN to better monitor client accounts maintained at *Pershing* and otherwise conduct its business. GAVIN receives the Support without cost because the firm renders investment management services to clients that maintain assets at *Pershing*. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits GAVIN, but not its clients directly. Clients should be aware that GAVIN's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits may influence the firm's choice of broker-dealer over another that does not furnish similar software, systems support or services. In fulfilling its duties to its clients, GAVIN endeavors at all times to put the interests of its clients first and has determined that the recommendation of *Pershing* is in the best interest of clients and satisfies the firm's duty to seek best execution.

Specifically, GAVIN receives the following benefits from *Pershing*: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

## **Item 13. Review of Accounts**

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**Account Reviews**

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For those clients to whom GAVIN provides investment management services, GAVIN monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom GAVIN provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of GAVIN's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with GAVIN and to keep GAVIN informed of any changes thereto. GAVIN contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

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**Account Statements and Reports**

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Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. GAVIN also provides performance statements at the end of each calendar quarter. Portfolio analysis memos for client accounts and related diagnostic reports are delivered to clients periodically or upon request.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

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In the event a client is introduced to GAVIN by either an unaffiliated or an affiliated solicitor, the firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from GAVIN's investment management fee and does not result in any additional charge to the client. If the client is introduced to the firm by an unaffiliated solicitor, the solicitor is required to provide the client with GAVIN's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of GAVIN is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the firm's written brochure(s) at the time of the solicitation.

### Other Economic Benefits

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GAVIN receives economic benefits from *Pershing*. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

## Item 15. Custody

GAVIN's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize GAVIN through such *Financial Institution* to debit the client's account for the amount of GAVIN's fee and to directly remit that management fee to GAVIN in accordance with applicable custody rules.

The *Financial Institutions* recommended by GAVIN have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to GAVIN. Clients should carefully review the statements sent directly by the *Financial Institutions*.

### Surprise Independent Examination

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As GAVIN is deemed to have custody over clients' cash, bank accounts or securities (for reasons other than those discussed above), GAVIN is required to engage an independent accounting firm to perform a surprise annual examination of those assets and accounts over which it maintains custody. Specifically, GAVIN is deemed to have custody as a result of its provision of bill pay services and its access to client's online accounts. Any related opinions issued by an independent accounting firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website. GAVIN does not have direct access to client funds as they are maintained with an independent qualified custodian.

**Private Fund**

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GAVIN acts as investment adviser to *Fund* and due to GAVIN's affiliation with the general partner and managing member of the *Fund*, the firm is deemed to have custody of client assets. As such, GAVIN engages an independent public accountant registered with, and subject to regulatory inspection by, the Public Accounting Oversight Board (PCAOB) to conduct an annual audit of the *Fund*. The firm distributes the audited financials to each investor within 180 days of the *Fund's* fiscal year-end. GAVIN does not have direct access to client funds. The *Fund* is administered by a third-party administrator and maintained with an independent qualified custodian.

**Standing Letters of Authorization**

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GAVIN also has custody due to clients giving the Firm limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the steps in the SEC's no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

**Item 16. Investment Discretion**

GAVIN is given the authority to exercise discretion on behalf of clients. GAVIN is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. GAVIN is given this authority through a power-of-attorney included in the agreement between GAVIN and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). GAVIN takes discretion over the following activities: the securities to

be purchased or sold; the amount of securities to be purchased or sold; when transactions are made; and the Independent Managers to be hired or fired.

## **Item 17. Voting Client Securities**

GAVIN is required to disclose if it accepts authority to vote client securities. GAVIN does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions* and may contact GAVIN with any questions by calling the number on the cover of this Disclosure Brochure.

## **Item 18. Financial Information**

GAVIN is not required to disclose any financial information pursuant to this Item due to the following:

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

**GAVIN**

Prepared by:



**MARKETCOUNSEL®**  
*The Adviser's Advisor®*