

Arkadios Wealth Advisors LLC  
IARD# 288863  
309 East Paces Ferry Road  
Suite 1000  
Atlanta, GA 30305  
(404) 445-0035

G.L. Smith and Associates  
Wealth Management  
200 Clinton Avenue  
Suite 707  
Huntsville, AL 35801  
(256) 539-4805

April 29, 2020

This Brochure provides information about the qualifications and business practices of Arkadios Wealth Advisors LLC d/b/a G.L. Smith and Associates Wealth Management (“GLS”). If you have any questions about the contents of this Brochure, please contact us at (404) 445-0035. 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.

Arkadios Wealth Advisors is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. This Brochure is intended, in part, to provide information which can be used to make a determination to hire or retain an Adviser.

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

## **Item 2 – Material Changes**

Since our initial Brochure dated January 2020, we have made the following changes to this Brochure:

Item 5 - Our Fee schedule for Advisory Managed Account Solutions Accounts (Crest Account) has been updated with lower ceiling rates.

Additional information about Arkadios Wealth is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website provides information about any persons affiliated with Arkadios Wealth who are registered, or are required to be registered, as investment adviser representatives of Arkadios Wealth.

### **Item 3 – Table of Contents**

Item 1 – Cover Page .....	i
Item 2 – Material Changes .....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	4
Item 6 – Performance-Based Fees and Side-By-Side Management .....	10
Item 7 – Types of Clients.....	10
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9 – Disciplinary Information .....	11
Item 10 – Other Financial Industry Activities and Affiliations .....	12
Item 11 – Code of Ethics .....	13
Item 12 – Brokerage Practices .....	13
Item 13 – Review of Accounts .....	15
Item 14 – Client Referrals and Other Compensation .....	15
Item 15 – Custody .....	15
Item 16 – Investment Discretion .....	15
Item 17 – Voting Client Securities.....	16
Item 18 – Financial Information.....	16
Privacy Policy .....	17

#### **Item 4 – Advisory Business**

Arkadios Wealth Advisors LLC d/b/a G.L. Smith and Associates Wealth Management (“GLS”) was established in 2017. Arkadios Holdings owns 100% of Arkadios Wealth Advisors LLC. David Millican owns 100% of Arkadios Holdings and is the Managing Member and CEO of Arkadios Wealth Advisors LLC.

GLS provides advisory services, giving continuous advice based on the client’s individual needs. Through personal discussions in which goals and objectives based upon the client’s personal objectives are established, the firm will develop a personal investment policy based upon an investment objective questionnaire and manage the portfolio according to the criteria.

GLS offers four strategies as part of its advisory services which may be offered through Advisory Managed Account Solutions or through Retirement Planning:

##### **I. Seasonal Equity Program**

The Seasonal Equity strategy is designed to reallocate investments based on yearly statistical patterns. We manage this program based on statistical tendencies in the market dating back to 1950. Based on the time of year and certain market indicators, portfolios in this program will be primarily invested in equities in the fall and winter. In the spring and summer, when the market is historically weak, portfolios will be reallocated out of equities and into corporate and high yield fixed income securities. Exceptions to this pattern could occur when there is a market event, such as a significant market correction.

##### **II. The Allocate Program**

The Allocate Program is built on a strategy where we seek long-term investment growth through diversification. The Allocate Program typically invests in a combination of equities and bonds, but the specific allocation will vary depending on the clients financial goals and risk tolerance of the client. Conservative clients may be fully invested in bonds. For Aggressive clients, the ratio of equity investing may change seasonally (similar to our Seasonal Equity Program). In addition to Conservative and Aggressive models, Growth, Moderate and Balanced Models are offered. Specific recommendations will be made based on the client’s personal financial objectives.

##### **III. Bond Management Program**

Through the Bond Management Program, GLS carefully monitors various financial markets. The strategy seeks to identify opportunities to invest in corporate bond funds; and monitors market indicators signaling a reversal which could result in a retreat into a short-term bond fund or money market. Through this strategy, GLS seeks high-yield debt instruments while attempting to reduce exposure in volatile markets.

##### **IV. Concentrated Equity Program**

The Concentrated Equity Program takes an active approach in the changing equity market, where, based on the perceived strengths and weaknesses in the market, GLS increases or reduces equity exposure. The allocation of assets could change daily based on changing market conditions.

#### **ADVISORY MANAGED ACCOUNT SOLUTIONS – Crest Accounts**

Most accounts are managed on a discretionary basis, meaning that the GLS investment adviser representative (“Advisor”) has discretion over what securities to buy and sell. However, clients may elect to have their account managed on a non-discretionary basis, meaning that the client must consent to each trade in the account. This trading discretion and any limitations on it will be set forth in the client agreement. The services provided are the same regardless of the account structure selected. Depending on the client’s investment objectives, the Advisor may manage and provide advice on mutual funds,

stocks, bonds, exchange traded funds (ETFs), LPs, options, and/or alternative investments. All of the account structures give the Advisor the ability to customize asset allocation, investment selection, and investment strategies to meet their financial situation and investment goals.

Advisory Managed Account Solutions accounts are offered through *Peak*, a wrap fee program and *Crest*, a non-wrap fee program. In a Crest account, clients pay an advisory fee plus additional transaction-based charges (see Item 5 for more information on fees). In a Peak account, the client pays a single fee that covers the advisory services and the execution of transactions. Clients that anticipate trading primarily in equities and ETFs are typically recommended to open a wrap fee account; clients that anticipate trading in mutual funds with little or no anticipated trading in equities and ETFs will be recommended to open a non-wrap fee account. More information regarding the services and fees of the Peak accounts are separately disclosed in the Peak Wrap Fee Brochure, which is available upon request.

Several other factors influence the selection of the account structure, including but not limited to:

- the client's preference for how charges will be paid, i.e., a wrap account vs. transaction charges per trade on certain or all securities
- account size
- anticipated trading frequency
- anticipated types of securities to be traded
- long term investment goals

Advisory services are tailored to the individual needs of each client. The Advisor will assist clients in connection with establishing and monitoring of investment objectives, risk tolerance, asset allocation goals and time horizon. Clients have the opportunity to place reasonable restrictions or constraints on the way their accounts are managed; however, such restrictions may cause the Advisor to deviate from a strategy or recommendations that the Advisor would have made if such restrictions or constraints were not in place. Thus, the account's performance could be lower than it otherwise would have been.

The services that GLS provides under some or all of these investment options may be available from other providers for lesser fees. In addition, clients can buy securities (e.g., mutual funds, exchange-traded funds, etc.) outside of GLS's investment programs without incurring fees through our program.

### ***Third-Party Asset Management Consulting Services***

GLS offers access to third-party asset managers who offer a wide range of asset classes and strategies through which our clients can invest. Our investment adviser representatives will typically recommend and assist the client in selecting these third-party managers, and will consult with the client regarding those services.

The third-party managers recommended by GLS will typically manage accounts using investment discretion, meaning that the client is not required to approve every proposed transaction. The client grants discretion to the third-party manager in a separate agreement between the client and the third-party manager. GLS may assist clients by recommending that assets be allocated among multiple managers, but GLS does not have discretion to select the manager or to allocate or re-allocate the client's assets.

Whenever a client selects the services of a third-party manager, the client will receive a disclosure brochure similar to this one describing the manager and the services it provides. The client may also receive a disclosure brochure or a brochure supplement describing each individual portfolio manager selected. Clients should read these disclosure brochures carefully before deciding whether to select a particular portfolio manager. The list of third-party managers recommended by GLS changes from time to time, at GLS's discretion.

### ***Financial Planning***

GLS offers advice in the form of a Financial Plan. Clients will receive a written plan, providing the client with a detailed financial plan designed to achieve their stated financial goals and objectives.

GLS will typically work with other professionals such as attorneys, Certified Public Accountants, trust officers, Mortgage Analysts etc., to offer financial and estate planning advice. GLS specializes in the areas of investment, financial, estate, risk management, retirement, and business continuation planning. The financial management process begins with an in-depth evaluation of the client's current financial goals and objectives. Once we have established the overall objectives, Advisor will focus on the client's specific goals. Services may include the following, as agreed upon with the client: retirement income planning; estate analysis; investment planning; fee-based asset management; estate conservation; long term care planning; life insurance/survivorship needs analysis; charitable giving; wealth succession planning.'

### ***Retirement Planning***

Establishing a sound fiduciary governance process is vital to good decision-making and to ensuring that prudent procedural steps are followed in making investment decisions. GLS will provide Retirement Plan consulting services to Plans and Plan Fiduciaries as described below. The appropriate Plan Fiduciary(ies) designated in the Plan documents (e.g., the Plan sponsor or named fiduciary) will (i) make the decision to retain our firm; (ii) agree to the scope of the services that we will provide; and (iii) make the ultimate decision as to accepting any of the recommendations that we may provide. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommended services for the Plan. Retirement Plan consulting services may be offered individually or as part of a comprehensive suite of services.

The Employee Retirement Income Security Act of 1974 ("ERISA") sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to Plan assets. GLS acts as a fiduciary under ERISA Section 3(21). As such, GLS works with clients to recommend the investment choices for a plan among which the plan participants may select. GLS does not have discretion over plan investments, and Retirement Plan clients will retain control of the plan's investments and will approve the fund lineup. GLS does not offer investment management services, as defined under ERISA section 3(38).

With respect to any account for which GLS meets the definition of a fiduciary under Department of Labor rules, GLS acknowledges that both GLS and its Related Persons are acting as fiduciaries. Additional disclosure may be found elsewhere in this Brochure or in the written agreement between GLS and Client.

Under ERISA Section 3(21), GLS offers the following fiduciary services:

- Development of Investment Policy Statement;
- Recommendations for selecting and monitoring the Plan's investments;

- Investment performance measurement and analysis;
- Recommendations for allocating and rebalancing model asset allocation portfolios; and
- Individualized investment advice to plan participants

In addition, GLS, acting in a non-fiduciary capacity, will provide employee investment education; and assistance with the management of service providers.

As of December 31, 2019, Arkadios Wealth managed \$396,000,000 on a discretionary basis.

#### **Item 5 – Fees and Compensation**

The specific manner in which fees are charged by GLS is established in a client’s written agreement. Fees are based on the assets in the account per the fee schedule and are negotiable. The Management Fee compensates the Adviser and its representatives for the asset management services, investment advice and recommendations provided. The value of the assets will be based on information provided by the Custodian of the assets, the client or other third party, as applicable. Clients generally instruct GLS to debit the fee from one of the client’s accounts.

#### **ADVISORY MANAGED ACCOUNT SOLUTIONS – Crest Account**

The Crest account is potentially suitable for accounts in which the Investment Adviser Representative anticipates primarily investing in mutual funds, and/or for clients that do not wish to pay transaction charges for mutual fund trades. Crest accounts are custodied with National Financial Services, LLC (“NFS”), TD Ameritrade, Inc. (“TD Ameritrade”), or Fidelity Institutional Wealth Services (“Fidelity,” collectively, the “Custodians”).

The maximum annual fee for Crest Accounts is as follows:

<u>Account Balances</u>	<u>Annual Fee</u>
\$0 - \$250,000	2.45%
\$250,001 - \$500,000	1.95%
\$500,001 - \$1,000,000	1.45%
\$1,000,001+	1.20%

Clients will be charged the greater of the fee as indicated on their client agreement or the minimum fee of \$125 annually (\$10.42 monthly). In addition to the advisory fee, Crest accounts will be assessed transaction fees for trades other than mutual fund trades, such as equities, ETF’s or bonds. Mutual fund transaction fees will not be charged to the client. Transaction fees charged may be higher or lower than transaction charges or commissions charged by other broker-dealers. When appropriate, the Advisor will recommend the purchase or sale of non-mutual fund securities and the client will pay a transaction fee for those trades.

The Advisory Managed Account Solutions account is also offered in a wrap fee program (“Peak”). *The Peak account is more fully described in the Peak Wrap Fee Program Brochure, which may be obtained by calling our main office number listed on the front of this Brochure.* The Peak account is potentially suitable for accounts in which the Investment Adviser Representative anticipates primarily investing in stocks/ETFs, and/or for clients that do not wish to pay transaction charges for trades. Peak accounts are custodied with NFS.

Fees are billed monthly in advance or in arrears, and automatically deducted from the account pursuant to the advisory agreement and not billed separately to clients, unless specifically agreed to on the customer agreement.

If billed in advance, the first month's fee will be prorated according to the number of days remaining in the calendar month that the account is opened and will be billed in arrears; therefore, the initial fee will include the prorated amount due for the first month of service and fees in advance of the second month of service. Upon termination of an account, any prepaid, asset-based fees will be prorated according to the days the account was opened during the calendar month and rebated to the client.

If billed in arrears, the initial fee is due one year after the account is opened. Thereafter, the fee is based on the account asset value on the anniversary date of the time the account was opened. Termination of the contract will not affect any liabilities or obligations of the parties from transactions initiated before termination of this Agreement or a client's obligation to pay advisory fees in arrears (pro-rated through the date in which termination is effective).

Fees will not be adjusted or pro-rated for additions to or withdrawals from the account during the billing period. Clients must maintain or deposit sufficient funds in the account to cover payment of all fees authorized by the contract, and the firm, clearing firm, and/or Custodian will debit the account balances or redeem money market fund shares in the amount equal to the fee that is due. If there are not funds to cover the fees, then GLS can liquidate assets to cover fees.

Accounts were historically billed yearly in arrears based on a twelve-month billing period. The annual fee is calculated based on assets in the account on December 31<sup>st</sup> and divided by 12 to arrive at the monthly fee. The monthly fee is charged each month, and this amount does not change until the next December 31<sup>st</sup>. Accounts transferred from G.L. Smith & Associates will continue to be charged on a twelve-month billing period until a new investment advisory agreement is signed. Fees will be changed so that all clients are billed in advance on a monthly or quarterly basis. As a result, clients will be billed twice in one month when billing is converted. All affected clients will be notified before this change in billing.

### ***Third-Party Asset Management Consulting Services***

The specific manner in which fees are charged by the Firm is established in a client's written agreement and the third-party investment manager's billing practices. Fees are negotiable and are based on a percentage of assets under management and calculated at an annual rate, or as otherwise specified in the client agreement. A portion of the fee listed below covers GLS's advisory fee, and a portion is paid to the third-party asset manager for their portfolio management services.

The maximum annual fee for third-party asset management accounts is as follows:

<u>Account Balances</u>	<u>Annual Fee</u>
\$0 - \$250,000	2.75%
\$250,001 - \$500,000	2.25%
\$500,001 - \$1,000,000	1.75%
\$1,000,001+	1.50%

Clients will be charged the greater of the fee as indicated on their client agreement or the minimum fee of \$125 annually (10.42 monthly). The minimum account fee applies only to clients with assets custodied through NFS.



Fees are billed monthly in advance or yearly in arrears, and automatically deducted from the account pursuant to the advisory agreement and not billed separately to clients, unless specifically agreed to on the customer agreement.

If billed in advance, the first month's fee will be prorated according to the number of days remaining in the calendar month that the account is opened and will be billed in arrears; therefore, the initial fee will include the prorated amount due for the first month of service and fees in advance of the second month of service. Upon termination of an account, any prepaid, asset-based fees will be prorated according to the days the account was opened during the calendar month and rebated to the client.

If billed in arrears, the initial fee is due one year after the account is opened. Thereafter, the fee is based on the account asset value on the anniversary date of the time the account was opened. Termination of the contract will not affect any liabilities or obligations of the parties from transactions initiated before termination of this Agreement or a client's obligation to pay advisory fees in arrears (pro-rated through the date in which termination is effective).

Fees will not be adjusted or pro-rated for additions to or withdrawals from the account during the billing period. Clients must maintain or deposit sufficient funds in the account to cover payment of all fees authorized by the contract, and the firm, clearing firm, and/or Custodian will debit the account balances or redeem money market fund shares in the amount equal to the fee that is due. If there are not funds to cover the fees, then GLS can liquidate assets to cover fees.

A portion of the advisory fee will be paid to a third-party manager; such fees are outlined in each respective manager's Part 2A Brochure and advisory contract. Each client will receive a copy of such an advisory agreement which will disclose the fee. GLS has a potential conflict of interest in that its Advisors could be motivated to recommend management styles and managers that would result in higher fees to the Advisor and/or the firm. We will make all recommendations independent of such fee consideration. The Advisor's recommendations will be based solely on its obligation to consider first and foremost a client's objectives and needs.

On some occasions the money manager pays GLS a portion of the fees paid to them by the investor. When that occurs, those fees are credited towards the client's advisory fee. Clients introduced to a third-party money manager by GLS may receive a credit for the first year. Not all third-party money managers pay a referral fee, and such arrangement is not a condition of recommending a third-party money manager.

A client may terminate his relationship in accordance with the respective managers' disclosure documents. Pre-paid fees will be refunded in accordance with the respective manager's agreement and Disclosure Brochure.

### ***Financial Planning***

GLS charges a fixed agreed upon rate or an hourly rate for any agreed upon financial planning work. This rate will vary depending on the requested task; however, the client will be provided an estimate in advance.

Financial planning fees will be charged on an agreed upon fixed fee, ranging from \$1,000 to \$5,000, or an hourly basis, at \$300 per hour, depending on the nature and complexity of each client's circumstances. An estimate for the total hours will be determined at the start of the advisory relationship. Up to 50% of the estimated fee may be due upon signing the Financial Planning agreement, with the balance (based on actual hours) due upon presentation of the plan to the client. Typically, the financial plan will be presented to the client within 90 days of the contract date if all of the relevant information needed to prepare the financial plan has been promptly

provided by the client. The client may terminate its arrangement at any time, in writing, and will be refunded a portion of the fee based upon a pro-rated calculation related to the time and expense expended by the firm.

### ***Retirement Planning***

GLS will require each Plan Client to make a selection of services in writing as part of the Retirement Plan Advisory Agreement(s) (the "Plan Agreement"), which sets forth the rights and obligations of GLS and the Client. Fees for Retirement Plan Advisory Services are negotiated prior to the signing of the Plan Agreement. The Plan Agreement is then customized to state the negotiated fee, which, in general, is expressed as a percentage of total Plan assets, up to 1.25%.

In general, fees charged for investment advisory services are payable monthly in advance and are based upon the market value of the Plan assets on the last business day of the calendar month. Fees may be direct billed to the Client or to a third-party administrator ("TPA") or custodian at the Client's instruction. The initial fee will be prorated according to the number of days remaining in the calendar month. Upon termination of an account, any prepaid, asset-based fees will be prorated according to the days the account was opened during the calendar month and excess fees will be rebated to the client.

In cases where Plan Clients have elected to appoint a GLS Advisor as "broker of record", Arkadios Capital will be compensated by general promotion, advertising, and distribution fees (12b-1 fees) in relation to Client purchases and sales of mutual fund shares. However, these 12b-1 fees will be taken into account when calculating the Plan Client advisory fee for service for a particular period and the typical fee reduced based on the 12b-1 fees received by Arkadios Capital. In some cases, the mutual funds the Firm could recommend offer a variety of share classes, including some that do not charge 12(b)-1 fees and are, therefore, less expensive. Typically, GLS does not recommend mutual funds that charge 12(b)-1 fees when other share classes are available. However, there are instances in which GLS would recommend a mutual fund that carries a 12(b)-1 fee, even when a lower-cost share class is available for the same fund. For example, a lower-cost class share may not be available to GLS due to investment minimums or recordkeeping platform restrictions. In other cases, retirement plan fund line-ups containing mutual funds charging 12(b)-1 fees are taken over by GLS from another firm, in which case the Firm may recommend the client holds the existing share class initially, instead of selling the fund and buying a lower-cost share, due to ERISA participant disclosure timing requirements.

### **GENERAL FEE INFORMATION**

The transaction charges have been established to compensate our firm for its services and reimburse us for expenses in executing transactions in the accounts. The transaction charges are negotiated with our Custodian and may be higher than transaction charges or commissions that a client might pay if the transactions were executed at another broker-dealer. Arkadios Capital and the Custodian each receive a portion of the transaction fees paid by clients. Although transaction charges may be identified as commissions on trade confirmations, the Investment Adviser Representative does not receive any portion of these charges. More details about these fees and charges are discussed in Item 12 of this Brochure and in the client advisory agreement.

Broker-Dealers (including Arkadios Capital) executing principal trades typically include a "mark-up", "mark-down", and/or spread in the net price at which transactions are executed. Arkadios Capital also receives a portion of the ticket fees paid on each transaction in your account including ticket fees. This presents a conflict of interest and provides an incentive to recommend transactions based on the compensation received. GLS does periodic reviews to ensure that trading activity is in line with the clients stated financial information and objectives. Clients have the option to purchase investment products recommended through other brokers or agents not affiliated with GLS. GLS and its Advisors do not receive

any portion of the ticket fees and advisory fees are not reduced to offset commissions, markups or markdowns.

Our Investment Adviser Representatives may trade on margin for client's accounts, which could result in a high portfolio turnover ratio and higher transaction charges in accounts with such charges. Additionally, the use of margin results in interest charges as well as all other fees and expenses associated with the security or account involved.

In addition to the advisory fees paid to GLS, clients can also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include securities brokerage commissions, markups and markdowns, transaction fees, custodial fees, fees charged by the Independent Managers, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses, 12b-1 fees), 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.

Some mutual funds pay 12b-1 service fees (normally 0.25% per year). The mutual funds the Firm could purchase or recommend offer a variety of share classes, including some that do not charge 12b-1 fees and are, therefore, less expensive. These fee arrangements will be disclosed upon request of a client and are available in the applicable fund's prospectus.

When accounts are held through NFS, Arkadios Capital, GLS's affiliated broker-dealer, receives these 12b-1 fees. The receipt of such fees represents a conflict of interest in that there is an incentive for Advisors to recommend funds with 12b-1 fees over funds that have no fees or lower fees. To mitigate this conflict of interest, Arkadios Capital will review the receipt of 12b-1 fees it receives quarterly and rebate such fees to the client's account.

When accounts are held at TD Ameritrade, Fidelity, or are managed through a third-party asset manager, neither Arkadios Capital nor GLS receives any portion of the 12b-1 fees charged. There are instances in which the GLS would recommend a mutual fund that carries a 12b-1 fee, even when a lower-cost share class is available for the same fund. For example, a lower-cost class share may not be available to GLS. Sometimes mutual funds charging 12b-1 fees are transferred into GLS, in which case the Firm may recommend the client holds the existing share class, instead of selling the fund and buying a lower-cost share, which could result in a tax liability. In addition, some mutual funds charge 12b-1 fees, but no transaction fees, while other share classes in the same fund family do not charge 12b-1 fees, but do charge transaction fees. Mutual funds charging 12b-1 fees will be recommended when the overall cost is seen as a benefit to the client if the anticipated transaction fees exceed the anticipated 12b-1 fees. When recommending a particular mutual fund share classes, the different available share classes are compared and reviewed along with the anticipated investment timeframe, potential tax consequences, future anticipated transactions and other costs to determine the best selection for the client at that time. GLS and Arkadios Capital does not rebate or offset advisory fees for 12b-1 fees that are not received by our firm.

Certain custodians, including NFS provides compensation to Arkadios Capital based on connection with cash held in the account. Arkadios Capital receives compensation from the Custodian based on the value

of credit balances in the accounts. If cash is swept into a money market fund or FDIC sweep account, Arkadios Capital receives compensation based on the value of assets in these funds as broker-dealer. Thus, because GLS has an incentive to recommend that client select a money market fund or FDIC sweep vehicle that pays more compensation to the affiliated broker-dealer than other funds, there is an inherent conflict of interest.

Clients can purchase securities through broker-dealers in initial public offerings, secondary offerings and special purpose acquisition company transactions. If Arkadios Capital acts as a member of the selling syndicate for such offerings, the firm will receive compensation equal to a portion of the gross spread (the difference between the price the client pays for the security and the price at which it purchased the securities). The advisory fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement.

Most GLS Investment Adviser Representatives are also registered broker-dealer representatives of Arkadios Capital. Arkadios Capital may share a portion of payments received in connection with an initial public offering, a secondary offering, and/or a private placement with these Advisors. Advisors also receive a portion of the compensation that GLS receives as a member of a selling syndicate. Thus, Advisors have an incentive to recommend purchases of sales in certain offerings because the Advisor will receive more compensation in connection with these securities than in connection with other types of securities. This creates a conflict of interest. Such fees are described in mutual fund prospectuses.

Although GLS believes its fees are reasonable in light of the services provided, clients should be aware that such fees may be more or less than the fees and commissions associated with investment advisory and brokerage services purchased separately. The comparison is dependent upon a number of factors, including the frequency of brokerage activity in the client's account, the size of the account under management, and any negotiated fee arrangements with respect to the account. An investor should consider these factors prior to opening an advisory account with GLS. Transaction fees charged may be higher than those otherwise available if the services were provided separately for a discrete fee or if an Investment Advisor were to select brokerage and negotiate commissions in the absence of the extra consulting service provided. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting, and brokerage services may not be available separately or may require multiple accounts, documentation, and fees. Fees in excess of 2% are higher than industry norms. Other investment advisors may offer programs that charge similar fees may not charge separately for brokerage and transaction costs. All fees described herein are subject to negotiation depending on a range of factors including, but not limited to, account size and overall range of services requested.

#### **ACCOUNT TERMINATION**

The client and/or the firm can initiate termination of the contract at any time by sending written notice to the contra party and will be deemed to be accepted the day that it is received by the contra party. A termination fee will apply if the account is terminated by the client after the first year of the advisory contract. The Client agrees to pay an early termination fee to cover the administrative costs of establishing the account. The fee termination fee will be a maximum of \$125. A termination fee will not be charged if this is an ERISA account; no services were rendered; or no trades were placed. For the purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract.

If the client instructs GLS to terminate their advisory contract and liquidate their account, GLS will proceed with liquidation of the account in an orderly and efficient manner. There will not be a charge by GLS for such redemption; however, certain mutual funds impose redemption fees as stated in each company's fund prospectus in certain circumstances. Clients must keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with the client's tax advisor. Factors that can affect the orderly and efficient manner would be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate client's investment advisory service and communicate the instructions to client's Advisor, termination orders received from clients are not market orders; it may take several business days under normal market conditions to process the client's request. During this time, the client's account is subject to market risk. GLS and its agent are not responsible for market fluctuations of the client's account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner.

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

GLS does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Some third-party investment managers may charge performance-based fees; their practices will be disclosed in the manager's Disclosure Brochure.

#### **Item 7 – Types of Clients**

GLS provides portfolio management services to individuals, corporations and business entities, pension and profit-sharing plans, charitable institutions, foundations, endowments, estates and trusts. The minimum account size is \$50,000. GLS has the discretion to waive the account minimum. For any third-party manager programs, minimums vary by manager and such information is disclosed in each respective brochure.

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

Our investment strategy begins with an understanding of a client's financial goals. Advisors use demographic and financial information provided by the client to assess the client's risk profile and investment objective(s) in determining an appropriate plan for the client's assets. Investment strategies ordinarily include long- or short-term purchases of stock portfolios, mutual funds and fixed income securities.

Investment recommendations are based on an analysis of the client's individual needs and are drawn from research and analysis. Security analysis methods typically include the following:

- **Fundamental analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors to determine if the company is underpriced or overpriced. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.
- **Technical analysis and charting:** We attempt to determine the trend of a security by studying past market data, including price and volume. This presents a potential risk, as the price of a security can change directions at any time and past performance is not a guarantee of future performance.

- Cyclical analysis: We attempt to identify the industry cycle of a company to determine whether the company is in a market introduction phase, growth phase or maturity phase. Generally projected revenues, growth potential and business risk may fluctuate based on the company's cycle stage.

Information for this analysis may be drawn from financial newspapers and magazines, research materials prepared by others, annual reports, corporate filings, prospectuses, company press releases and corporate ratings services.

It is important to note that investing in securities involves certain risks that clients must be prepared to bear. Though the goal of the firm is to find quality investments and proper allocation strategies, there is no guarantee that the goal will be met, and/or that the value of investor portfolios will not decline in value during any given time period. For any risks associated with Investment Company products, please refer to the prospectuses for additional details about these risks. Our investment approach constantly keeps the risk of loss in mind. These risks include, but are not limited to:

- Interest-rate Risk: Fluctuations in interest rates cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund can drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations could result in bankruptcy and/or a declining market value.

#### **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 a client's evaluation of GLS or the integrity of GLS's management persons. Arkadios Wealth and its management persons have no criminal or civil actions; administrative proceedings before the SEC, other federal agency, state regulatory agency, or foreign financial regulatory authority; or self-regulatory organization proceedings within the last 10 years that require disclosure.

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

Arkadios Capital is affiliated with GLS through common control and is a registered broker-dealer. Most individuals associated with GLS as an Investment Adviser Representative are also registered as a Registered Representative. When applicable, these individuals recommend broker-dealer transactions for advisory clients. All related compensation is separate from advisory services. This arrangement poses a conflict of interest to the extent that there is a financial incentive to recommend securities and other insurance products that result in commissions, brokerage fees or other payments. GLS is dedicated to acting in our clients' best interests based on fiduciary principles. Clients are under no obligation to purchase any recommended brokerage products or insurance products.

On average individual Advisors and the principals of GLS that are dually registered spend up to 50% of their time on other such activities. If a trade error were to occur, it may result in profit or loss to the firm. The firm has controls in place to limit such trade errors. Investment Advisers will not participate in any profits resulting from such errors.

Clients may purchase securities through broker-dealers in initial public offerings, secondary offerings and special purpose acquisition company transactions. If Arkadios Capital acts as a member of the selling syndicate for such offerings, the firm will receive compensation equal to a portion of the gross spread (the difference between the price the client pays for the security and the price at which it purchased the securities). The advisory fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement.

When Arkadios Capital is a member of the selling syndicate, Advisors, acting as a Registered Representative of Arkadios Capital, receive compensation from the sale of an initial public offering (IPO). Such compensation will not offset advisory fees. This poses a conflict of interest for those individuals as they have a financial incentive to recommend IPO purchases. However, GLS and its personnel are constrained by fiduciary principles to act in the client's best interest and will only recommend IPO's when they are believed to be suitable.

Certain Advisors are separately licensed as insurance agents/brokers for various independent insurance companies. In their capacities as registered representatives or as independent insurance agents, clients will be charged separately from their advisory services. GLS clients are not obligated to purchase any recommended insurance products.

GLS is affiliated through common ownership with ACG Investment Management, LLC, a Registered Investment Adviser and manager of the OGao Fund, LLC. A potential conflict of interest could occur if an Advisor of GLS were to recommend an investment in the OGao Fund, LLC instead of other investments available through GLS. As a fiduciary any recommendation must be in the best interest of the client and all recommendations to invest in the Fund will be reviewed with this in mind.

ACG Wealth, Inc., a Registered Investment Adviser, is affiliated with GLS through common ownership under Arkadios Holdings Inc.

Item 12 includes additional details regarding brokerage practices and related disclosures.

### **Item 11 – Code of Ethics**

GLS has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at GLS must acknowledge the terms of the Code of Ethics annually, or as amended.

Advisors of GLS may buy or sell securities that are recommended to clients. GLS's employees and persons associated with GLS are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of GLS and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for GLS's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of GLS will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of GLS's clients. In addition, the Code restricts trading in close proximity to client trading activity. When practical, employee trades are aggregated with client trades. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between GLS and its clients.

Certain affiliated accounts trade in the same securities with client accounts on an aggregated basis when consistent with GLS's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. GLS will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

A copy of the firm's Code of Ethics may be requested by contacting the Compliance Department at our main number.

### **Item 12 – Brokerage Practices**

GLS recommends the brokerage and custodial services of TD Ameritrade or Fidelity (the "Custodian") to hold your Advisory Managed Account Solutions account. For Retirement Planning clients, GLS recommends Mid Atlantic Capital Group. When selecting a Custodian to recommend, factors include the Advisor's historical relationship with the Custodian; quality of overall execution services provided; promptness and accuracy of reports on execution; ability and willingness to correct errors; ability to access various market centers; the Custodian's facilities and technology; commission or transaction charged to clients; access to additional tools and services (including services that support Record Keepers and Third-Party Administrators); and execution and operational capabilities of the broker-dealer. Custodians are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed. Each Custodian has its own unique schedule of fees.



GLS receives certain services and products, such as fundamental research reports, technical and portfolio analyses, pricing services, economic forecasting and general market information, historical database information and computer software (i.e. soft dollars) that assists GLS's representatives in their investment management process, from our Custodian. The Custodian may also sponsor and make available to GLS other products and services that benefit GLS but may not benefit all clients' accounts. Additional benefits from the Custodians include educational events, conferences or meetings relating to the programs or brokerage services generally. Other potential benefits may include occasional business entertainment of personnel of GLS by the Custodian, including meals, invitations to sporting events, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services offered by the Custodian assist GLS 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 (including order allocation or aggregation), provide research, pricing information and other market data, facilitate payment of GLS'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 a substantial number of client accounts, including accounts not maintained at the Custodian. The Custodian may also make available to GLS other services intended to help GLS manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications, conferences, roundtables and webinars on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. The receipt of such services creates a conflict of interest. GLS addresses this conflict of interest by periodically assessing the best execution capabilities of the broker-dealers we use.

Transaction fees paid are one of, but not the only, criteria in recommending a Custodian. Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where GLS 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 and the fees for those services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. GLS seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

TD Ameritrade has a referral program whereby they may refer clients looking for an investment adviser to Arkadios Wealth. This provides an incentive to refer clients to TD Ameritrade based on the financial interest in receiving client referrals. However, the referral arrangement is not contingent on directing business to TD Ameritrade and this is not criteria for recommending TD Ameritrade in practice.

GLS does not recommend broker-dealers for client transactions in connection with third-party investment managers.

To the extent that GLS is acting as a Fiduciary with respect to Qualified Accounts subject to ERISA, GLS will seek to avoid or remedy any situation where its receipt of compensation from Fidelity for Support Services would be a prohibited transaction under ERISA. For purposes of the foregoing, "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended and the applicable "ERISA-mirror provisions" of Sections 4975 of the Internal Revenue Code of 1986, as amended; "Fiduciary" shall be defined as that term is defined under ERISA; and "Qualified Accounts" shall mean accounts that constitute

a retirement plan (including a 401(k) plan) or other employee benefit plan subject to ERISA, an account for a tax-qualified retirement plan (including a Keogh plan), or an individual retirement account under the Internal Revenue Code.

Clients can benefit when we aggregate trades to obtain volume discounts on execution costs. Trade aggregation refers to the practice of combining orders for execution. When consistent with our duty to obtain best execution, we will aggregate multiple client transactions into a single order in order to obtain the best price for our clients.

#### **Item 13 – Review of Accounts**

Account reviews are conducted by the Advisor at least annually. Factors that are considered during such reviews include, but are not limited to the following: investment objectives, targeted allocation, current allocation, suitability, performance, monthly distributions, concentrated positions, diversification, and outside holdings. Examples of situations that may impact an account include the following: performance that is not in line with the client's "downside risk tolerance," change in investment objective, the client makes a significant addition of capital or withdrawal of capital from the account, rebalancing of the portfolio if current allocation and targeted allocation are not consistent, concentrated position that could lead to volatility, etc.

Clients agree to inform GLS in writing of any material changes to their financial circumstances that might affect the manner in which their assets should be invested. Clients may contact us during normal business hours to consult with an Advisor concerning the management of their account(s).

Item 15 contains information regarding the custody reports provided.

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

In some instances, GLS compensates third-party solicitors for client referrals. The solicitor's agreements entered into by GLS comply with Rule 206(4)-3 under the Investment Advisers Act of 1940. Compensation will be based on a percent of referred clients' account value managed by GLS. Such fees are paid pursuant to a written agreement between GLS and the solicitor. A client who is solicited will receive an additional disclosure document specifically describing the arrangement and the compensation paid to the solicitor. Solicitor's fees will be based on GLS's normal fee schedule; clients will not be charged any additional fees or expenses because of the referral.

GLS receives referral fees from third-party managers it recommends to clients. Our advisory fee charged to clients are reduced by the amount of any referral fee we receive on behalf of that client.

#### **Item 15 – Custody**

Clients will receive statements at least quarterly from the Custodian that holds and maintains their investment assets. Clients are urged to carefully review such statements and compare the official custodial records to any account statements that GLS or its representatives may provide. GLS statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

GLS usually receives discretionary authority in writing from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, such

discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, GLS observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to GLS in writing.

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

As a matter of firm policy and practice, GLS does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. GLS will provide advice to clients regarding the clients' voting of proxies if requested. Clients will receive their proxies or other solicitations directly from the Custodian or transfer agent.

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

Registered Investment Advisers are required to provide clients with certain financial information or disclosures about GLS's financial condition. GLS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of any bankruptcy proceeding.

## Privacy Policy

GLS collects non-public information about you from the following sources:

- Information we receive from you on account applications or other forms
- Information about your transactions with GLS or others
- Information we receive from a consumer-reporting agency

We do not disclose any non-public personal information about you to anyone, except as permitted by law. We maintain physical, electronic and procedural safeguards in compliance with federal standards to protect your information. If you decide to close your account(s) or you become an inactive customer, we will adhere to the privacy policies and practices as described in this notice.

Advisors of GLS are typically also Registered Representatives of Arkadios Capital. GLS will disclose customer information to and receive customer information from Arkadios Capital for the purposes of offering additional products and services to you as well as to effect, administer, service and enforce your requested transactions and maintain and service your accounts. Arkadios Capital may also continue to use personal information they receive from us to perform services on our behalf, to respond to communications from you, as you authorize or request, or, if you are their customer, to offer you their products or services. To the extent that you are entitled to other protections under applicable laws and these laws apply, we will comply with them when we share personal information about you.

GLS restricts access to your personal account information to only those employees who need to know that information to provide products or services to you. For more information on our Privacy Policy, please contact the Compliance Department at (404) 445-0035.