

# Gann<sup>o</sup> Square of 9 Capital Advisors



## Form ADV Part 2A – Firm Brochure

6136 Frisco Square Blvd.  
Suite 400  
Frisco, TX 75034-3211

(469) 200-6194

[www.gann9capital.com](http://www.gann9capital.com)

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This ADV Part 2A - Firm Brochure (“Brochure”) provides information about the qualifications and business practices of Gann<sup>o</sup> Square of 9 Capital Advisors, Inc. (“Gann<sup>o</sup>,” “Firm,” “we,” and “our”). As a client or prospective client (“Client”), a copy of this Brochure should have been provided during or shortly after the Gann<sup>o</sup> Exploratory Meeting. Please contact our office at (469) 200-6194 and/or at [christopher.tave@gann9capital.com](mailto:christopher.tave@gann9capital.com) to request a copy if one was not provided or if there are any questions regarding the contents of this Brochure.

The information contained within this Brochure has not been approved nor verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Gann<sup>o</sup> is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information regarding Gann<sup>o</sup>, CRD #308962, or any other person affiliated with the Firm who are investment adviser representatives can be found by accessing the SEC’s Investment Adviser Public Disclosure website at <https://www.adviserinfo.sec.gov/>.

## **Item 2 – Material Changes**

This item discloses any material changes to the Firm's Brochure since its last annual submission.

- There are no material changes to report. This will be the Firm's first submission of Form ADV Part 2A.

Gann° may, at any time, prepare updates to this Brochure. Should this occur, Gann° will deliver either an electronic or hard copy of the newly updated Brochure or provide a summary of the material changes within 120 days of the close of the Firm's fiscal year, which occurs on April 30.

Clients are encouraged to review this Brochure in its entirety and ask questions if anything presented is unclear.

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## **Item 4 – Advisory Business**

In compliance with the requirements of the Texas Business Organizations Code of the 86<sup>th</sup> Legislature, located in the Texas Statutes, §1 General Provisions, Title 2, Chapter 20, and Chapter 21, Gann° Square of 9 Capital Advisors, Inc. (“Gann°,” “Firm,” “we,” or “our”), was formed as a corporation in the State of Texas, April 24, 2020.

Gann° Square of 9 Capital Advisors, Inc., also operates under its State of Texas certified assumed name, Gann°.

This firm is 100% owned by Christopher L.G. Tave, whereby he serves as Founder, President, and Chief Compliance Officer.

Gann° offers the following Wealth Management Services:

1. Investment Management
2. Financial Planning
3. Speculative Advisory Services
  - a. Quantitative Maneuvering (Brownian Motion Analytics)
  - b. Modus Operandi Drift (Sine Wave Analytics)
4. Risk Management Consultations

### **Investment Management**

Gann° is continuously offering wealth core advice to each of its Clients to assist them in achieving their overall financial goals. One aspect of this offering is providing our Clients with individually tailored Modern Portfolio Theory (“MPT”) investment portfolios through the Firm’s Investment Advisory Service, namely Gann° Investment Advisory Service (“GIAS”).

Through our confidential Exploratory Meeting (discovery consultation), a Gann° investment adviser representative (“Gann°”) will uncover specifics regarding a Client’s risk/return objectives, circumstances, and preferences by defining the following risk profile components:

- time horizon
- risk tolerance
- liquidity needs
- investment history
- investment experience
- family dynamics
- sources of income

These factors will enable us to initially construct a personalized investment policy statement (IPS) that will outline for the Client an investment plan (MPT asset allocation) designed to assist the Client in achieving their overall investment objectives.

Gann°, at this stage, will assist the Client with the implementation of their personalized investment plan should they make the decision to do so, but are not obligated.

The Client always has the right to decide whether or not to act upon our recommendations.

If the Client decides to act upon our recommendations, they will always have the right to effect the transaction/s through Gann° or elsewhere.

Should the Client choose Gann° to act as their investment adviser to provide investment management services, we would then assist the Client in establishing an investment advisory account by enrolling them into the Firm's Wrap Fee Advisory Program ("WFAP") offered through GIAS. **Before the WFAP account can be arranged, the Client must review and sign the Firm's Investment Advisory Agreement.**

Upon signing this agreement, we will then assist the Client in setting up a WFAP-Schwab Alliance account through Charles Schwab & Co., Inc. ("Schwab"), an unaffiliated 3<sup>rd</sup> party, FINRA registered Broker-Dealer and member of SIPC. Schwab Advisor Services™ (formerly Schwab Institutional) is a division of Schwab Gann° utilizes which provides registered investment advisors custody, trading, and brokerage support services of Schwab. Gann° provides Clients with a full suite of Investment and Financial Planning services.

Schwab provides our Clients with online account access, safeguards of personal/financial information, trade execution, consolidated statements, tax forms, cash management, and ongoing billing support. Additional information regarding Schwab can be found on FINRA's searchable investment firm and investment adviser research tool at <https://brokercheck.finra.org/>.

As of April 30, 2020, Gann° has the following AUM:

|  |               |
|--|---------------|
| <b>Discretionary</b>                       | <b>\$0.00</b> |
| <b>Non-Discretionary</b>                   | <b>\$0.00</b> |
| <b>Total Assest Under Management (AUM)</b> | <b>\$0.00</b> |

## Financial Planning

Financial Planning is available to Clients irrespective if a decision has been made in selecting Gann° as their investment agency. All financial planning sessions begin with the standard Gann° Exploratory Meeting. Upon determining a Client's Risk score and target asset allocation, the conversation is extended to address overall financial health (i.e., cash flows, asset values/protection, and retirement wealth accumulation/disbursement).

Gann° prepares financial plans by addressing 13 Wealth Management Issues characteristic of personal wealth planning, including the following:

- A. Investment Planning
- B. Banking & Credit Management
- C. Risk Management
- D. Insurance Planning
- E. Stock Option & Employee Benefits
- F. Executive Compensation
- G. Titling of Assets
- H. Retirement Planning
- I. Business Succession Planning
- J. Estate Planning
- K. Tax Planning
- L. Education Planning
- M. Charitable Giving

If a Client is interested in participating in the Firm's financial planning offerings, a follow-up meeting will be scheduled to review and discuss a Client's holdings, financial needs, and long/short term goals. Before the meeting, Clients will be asked to provide current copies of the following documents to allow for a more productive financial planning session:

- Wills
- Trust
- Insurance Policies
- Mortgage Statements
- Financial data (Tax Returns, W-2's, 1099's, K-1's, etc.)
- Employer Retirement plan
- Investment Statements
- Contracts
- Divorce decree
- Financial Statements

**Please note, the Firm's Financial Planning Agreement must be reviewed and signed by the Client before the beginning of the follow-up financial planning meeting.**

A comprehensive financial plan will require timely and accurate personal financial data. Gann° may, but is not obligated to verify the accuracy or validity of the personal financial data provided by the Client. For ongoing Financial Planning, the Client must keep us informed of any significant changes which may call for an update to the Financial Plan and/or Investment Policy Statement. Events such as changes in employment and/or marital status and unplanned windfall/withdrawals can impact circumstances and needs. Gann° needs to be aware of such events, so that we may make adjustments as necessary to keep the financial plan up to date and the Client on track toward reaching their discussed goals.

Furthermore, it may be deemed necessary that a Client provides Gann° adequate information as it relates to:

- Source of funds
- Income levels
- Asset titling
- Account ownership
- 3<sup>rd</sup> party agency authorizations

These details will assist Gann° in further determining the appropriateness of the Financial Plan and/or Investment Policy Statement.

Clients engaging in the Financial Planning service offered by Gann° will receive a written or an electronic report, providing a detailed financial plan designed to help the Client achieve their stated financial goals and personal objectives.

Gann° utilizes Envestnet MoneyGuide for Client-centered financial planning software that provides up-to-date solutions regarding a Client's financial circumstances. Clients are granted access to the MoneyGuide Client Portal & Aggregation tool upon completion of the financial planning session and at no extra cost.

The Client always has the right to decide whether or not to act upon our recommendations.

If the Client decides to act upon our recommendations, they will always have the right to effect the transaction/s through Gann° or elsewhere.

## **Speculative Advisory Services**

Gann° continuously evaluates the Capital Asset Pricing Model (CAPM) to assess what opportunities are available to include in all of its Investment Portfolios, particularly within its Proprietary Investment Management Allocation (PIMA) models. As dedicated capital asset advisors, Gann° offers Clients two distinct highly speculative proprietary investment strategies:

- A. Quantitative Maneuvering (Brownian Motion Analytics)
- B. Modus Operandi Drift (Sine Wave Analytics)

Our highly speculative investment models utilize both proprietary and non-proprietary algorithms (AG) to position investment strategies designed to be competitive with the typical benchmark indices (S&P 500 Index, Dow Jones Industrial Average, Russell 2000 Index, etc.). The data output derived from our algorithms certainly drive the investment decisions made in constructing our highly speculative investment models. Nonetheless, our PIMA portfolio managers apply oversight and judgment in interpreting the AG data set. Additional details on methodology is provided in Item 8.

Deep-seated, sensible research is the cornerstone of the Firm's investment philosophy. Forthwith, as we seek ways to continually enhance our investment strategies and processes, our PIMA portfolios may change their infrastructure from time to time to account for time and price alignments. This would be considered a normal aspect of our ongoing PIMA investment activities.

Our PIMA portfolios are recommended on a case by case basis. It is exclusive to Clients who have been a Gann° Client for a minimum of 2 consecutive years and have received an extensive Gann° KYC/Suitability Assessment, which should occur at most within 15 days of the implementation of the PIMA portfolio.

## **Risk Management Consultations**

Risk is a condition whereby the possibility of an adverse deviation from the desired outcome is imminent. Risk can be financial, non-financial, static, dynamic, fundamental, particular, pure, and speculative. As such, Gann°, after the completion of its Exploratory Meeting, will always make risk assessments and, if necessary, will make apposite recommendations to assist the Client in avoiding, transferring, sharing, or reducing their particular risk factor uncovered during the discovery consultation.

The Client always has the right to decide whether or not to act upon our recommendations.

If the Client decides to act upon our recommendations, they will always have the right to effect the transaction/s through Gann° or elsewhere.

## **Item 5 – Fees and Compensation**

Please note, unless a Client has received a copy of this Brochure at least 48 hours before signing any Gann° Agreement, services offered to the Client may be terminated by the Client within five (5) business days of signing a contract without incurring any advisory fees and without penalty.

Gann° is compensated based upon the total AUM a Client commits to the Firm's WFAP. These assets are then assessed a tiered advisory fee based upon the following WFAP Fee Matrix:

| Assets Under Management (AUM) | Annualized Wrap Fee    | Quarterly Wrap Fee         |
|-------------------------------|------------------------|----------------------------|
| \$0 - \$249,999               | .60% (60 basis points) | .15% (15 basis points)     |
| \$250,000 - \$749,999         | .50% (50 basis points) | .1250% (12.5 basis points) |
| \$750,000 - \$1,999,999       | .40% (40 basis points) | .10% (10 basis points)     |
| \$2,000,000 and Above         | .30% (30 basis points) | .075% (7.5 basis points)   |

Fees will be assessed quarterly and in arrears (more details in the next section). Payment of fees will be taken directly from the WFAP-Schwab Alliance account(s). Fees will be deducted from the available cash within the noted account. If the cash balance is not sufficient to cover the advisory fee, the appropriate trades will be made to satisfy the balance owed.

Gann° may offer alternate billing if preferred. Please speak with a Gann° investment adviser representative for further details.

Gann° does not accept cash nor money orders.

### Wrap Fee Advisory Program (WFAP) - Fee Matrix

All Gann° investment portfolios are executed by Gann° through the WFAP-Schwab Alliance account (*Schwab Alliance is a version of the Schwab.com website customized specifically for Clients of registered investment advisors*). The annualized WFAP advisory fee is assessed and collected (debited) based upon the WFAP Fee Matrix (shown above), on a quarterly basis, in arrears, and on the market value of the Client's account on the last trading day of the previous quarter.

Unless stated otherwise by Schwab, the WFAP advisory fee will cover most transaction and custodial costs including:

- portfolio monitoring
- tax-loss harvesting
- account rebalancing
- mobile/web account access portals
- statement delivery
- custody of assets
- execution of trades
- clearing
- Client custodial support

Clients may be required to pay, in addition to the WFAP advisory fee, a proportionate share of any Exchange Traded Fund (ETF), or Mutual Fund internal fees and expenses. Fees and costs will reduce any amount of money made on the investment over time. Clients need to make sure they understand what fees and costs are being paid within their WFAP accounts.

WFAP advisory fees may be negotiable in unique cases. If changes to WFAP advisory fee occurs, it will not be effective until a new investment advisory agreement is signed noting the specific material/contractual change(s).



WFAP accounts initiated or terminated during any given month during a quarterly cycle will be charged a pro-rated fee based on the amount of time remaining within the billing period. WFAP accounts may be terminated with written notice.

Since fees are paid in arrears, no rebate will be needed upon the termination of the account.

Schwab, collects the WFAP advisory fees on behalf of Gann° under the terms of the signed investment advisory agreement between Client and Gann°.

## **Financial Planning**

Financial planning services offered by Gann° is a free service and available to the general public with no obligation to become an official Client of Gann°.

## **Speculative Advisory Services**

Gann° Proprietary Investment Management Allocation (PIMA) models require a minimum dollar value investment of USD 5,000,000 to participate in any of its highly speculative proprietary investment strategies.

Gann° does not charge an additional advisory fees beyond the Gann° WFAP fee matrix.

## **Risk Management Consultations**

Christopher Tave is a licensed insurance agent and is compensated by commission for the sale of any insurance products.

The practice of recommending and receiving a commission on an insurance product may present a conflict of interest.

Clients are not required to purchase any insurance products from Christopher Tave, Gann°, nor any of its investment adviser representatives that are licensed insurance agents.

## **Other Types of Fees and Expenses**

The fees of Gann°, if any, are exclusive of other related costs and expenses that may be incurred by the Client. Clients may incur certain charges imposed by Schwab or any other 3<sup>rd</sup> party custodial administrator as it pertains to:

- transfer fees/taxes
- wire transfer fees
- electronic transfer fund fees
- other miscellaneous custodial Client support fees

Mutual Funds and Exchange Traded Funds (ETF) charge internal management fees (commissions, management fees, and fund overhead), which are disclosed in the fund's prospectus. Such internal management fees are exclusive of and in addition to the WFAP advisory fee, and we will not receive any portion of these internal management fees.

*Item 12 of this brochure further describes the factors Gann° takes into account in selecting and recommending certain Broker-Dealers to transact investment transactions on behalf of our Client's in a manner that is just and reasonable based upon any fees and/or commissions.*

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

Gann° does not charge performance-based fees or other fees based on a share of capital gains or capital appreciation of the assets of a Client.

Additionally, Gann° does not provide side-by-side management. Side-by-Side management refers to the practice whereby an investment management company or portfolio manager, concurrently manages multiple products (i.e., mutual funds, hedge funds, and separately managed accounts (SMA's)).

## **Item 7 – Types of Clients**

Gann° generally provides Wealth Management Services to the following types of Clients:

- Individuals
- High Net-Worth Individuals and Families
- Foundations
- Trusts
- Small Businesses
- Defined Benefit / Defined Contribution Plans
- Non-Profit Qualified Plans
- Small-Employer Plans

There are no account minimums for any of the Firm's services unless specified otherwise.

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

### **Method of Analysis**

Gann° may utilize one or more of the following methods of analysis when providing investment advice to Clients:

- Fundamental Analysis
- Cyclical Analysis
- Economic Analysis
- Quantitative Analysis
- Technical Analysis

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. It involves analyzing its financial statements and health, its management and competitive advantages, and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives: to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions and to calculate its credit risk. This strategy would generally encourage equity purchases in stocks that are undervalued or priced below their perceived value.

The risk assumed is that the market will fail to reach expectations of perceived value.

Cyclical analysis assumes that markets react in cyclical patterns, which once identified, can be leveraged to provide performance. Cyclical analysis of economic cycles is used to determine how these cycles affect the returns of an investment, an asset class, or an individual company's profits. Cyclical analysis is a time-based assessment that incorporates past and present performance to determine future value. Cyclical risks exist because the broad economy has been shown to move in cycles, from periods of peak performance followed by a downturn, then a trough of low activity.

The risks of this strategy are:

- the markets do not always repeat cyclical patterns
- as investors begin to implement this strategy, it changes the very cycles of which they are attempting to exploit.

Economic analysis is used to determine the economic environment over a specified time horizon. This involves following and updating historical economic data such as U.S. gross domestic product and consumer price index as well as monitoring key economic drivers such as employment, inflation, and money supply for all the world's major economies.

The risk assumed is that Supply and Demand curves will shift due to extenuating circumstances.

Quantitative analysis involves using quantitative tools to determine value or opportunities embedded with a particular capital asset. Some examples are:

- Central Tendency Measures
- Chebyshev's Inequality Models
- Bayes' Formula
- Binomial Distribution Models
- Central Limit Theorem
- Linear Regression
- Heteroskedasticity Models

The risk assumed in using quantitative analysis involves what's called Model Risk. Trusting the results of a fundamentally flawed or misused model can cause significant losses compared to typical Modern Portfolio Theory based investment portfolios.

Specific to Gann° and its Proprietary Investment Management Allocation (PIMA) models, all aspects of Quantitative analysis is considered and utilized dependent upon discrete and continuous random variables. In some instances, the following Chaos Theory models are reviewed to uncover favorable market conditions.

- William Delbert Gann \*Square of 9 Methodology
- Brownian Motion Analytics
- Sine Wave Analysis

William Delbert Gann Square of 9 Methodology, is a method which squares<sup>2</sup> price and time. The Square of 9 principal is a coiled sequence of numbers that starts with a value of "1" in the center of a given chart. The number increases by "1" as the analysis moves away from the center in a clockwise rotation.

William Gann explained in many of his historical white papers that each cell in the Square of 9 represents a point of vibration in any particular random system. The model further suggests the importance of time and price alignments to forecast prices.

Key numbers of importance are as follows:

- 0° or 360° (Cell# 2, 11, 28, 53, ...)
- 45° (Cell# 3, 13, 31, 57, 91, ...)
- 90° (Cell# 4, 15, 34, 61, 96, ...)
- 180° (Cell# 6, 19, 40, 69, ...)

Another key concept is the use of the Cardinal and Ordinal cross and how the number sets fall within these noted patterns.

Also, the arrangement of a circle encompassing the four corners of the Square of 9 diagram identifies the perspective of angles, relative to planetary movements measured by degrees° to help in recognizing looming support and resistance levels as the price of a capital asset moves in time.

Nonetheless, forecasting capital market trends using the Square of 9 method can be quite rewarding yet, is a deeply involved process that can take months or years to construct and analyze.

Brownian motion analytics, also known as the Weiner Process, is a real value continuous-time stochastic process of various physical phenomena in which some quantity is constantly undergoing small, random fluctuations. It was named after 19<sup>th</sup> Century botanist Robert Brown FRSE FRS FLS MWS epic 1827 observation of these unusual particle fluctuations. In the realm of capital asset analysis, this model is utilized to determine, within a given medium, that there is no preferred direction of random variables (price), absent of time, will oscillate. However, over some time, the particles will spread evenly throughout the medium.

Gann° uses proprietary software to assist in determining Brownian motion capital asset favorable opportunities. The risk inherent within this mode of analysis encompasses the challenge of viewing the dispersion table within its appropriate time interval.

Sine Wave analysis is a technical indicator based upon a trigonometric function of an angle caused by a combination of price and time, which suggests when a market is trending or consolidating. This leading indicator is dependent upon a function of time, yet its benefit is the identification of the beginning and end of a particular trend.

The indicator consists of 2 lines: a Sine Wave and a Lead Wave. When the price is trending, the lines do not cross and typically run parallel and distant from each other. Crossovers between these 2 lines might indicate a turning point and could potentially be a Buy or Sell signal in the right conditions.

Strong considerations of amplitude, frequency, and phasing must be taken under advisement when determining effectiveness of Buy or Sell signals.

Overall, Gann° uses Technical analysis since it is a method of evaluating capital assets by relying on the assumption that market data (price and time) can help predict future market trends. Technical analysis assumes that behavioral finance influences capital asset price movements, which can enable predictability of when prices of a capital asset will rise and fall.

## Investment Strategies

Gann° believes a smart investor is an educated investor. As a Firm, we always want to provide our Clients with resources regarding the best way to understand and protect their investments. Clients are encouraged to visit the SEC's opinion on informed investing by visiting their website: *Beginners' Guide to Asset Allocation, Diversification, and Rebalancing*.

<https://www.investor.gov/additional-resources/general-resources/publications-research/info-sheets/beginners-guide-asset>.

This investor publication serves as the foundation of our overall investment philosophy as it relates to asset allocation and the three (3) specific capital assets used to build a Client's diversified investment portfolio. Those three (3) capital assets are stocks, bonds, and cash. The SEC says the following regarding these capital assets:

- **Stocks:** Stocks have historically had the greatest risk and highest returns among the three major asset categories. As an asset category, stocks are a portfolio's "heavy hitter," offering the greatest potential for growth. Stocks hit home runs, but also strikeout. The volatility of stocks makes them a very risky investment in the short term. Large company stocks as a group, for example, have lost money on average about one out of every three years. And sometimes the losses have been quite dramatic. But investors that have been willing to ride out the volatile returns of stocks over long periods of time generally have been rewarded with strong positive returns.
- **Bonds:** Bonds are generally less volatile than stocks but offer more modest returns. As a result, an investor approaching a financial goal might increase his or her bond holdings relative to his or her stock holdings because the reduced risk of holding more bonds would be attractive to the investor despite their lower potential for growth. You should keep in mind that certain categories of bonds offer high returns similar to stocks. But these bonds, known as high-yield or junk bonds, also carry higher risk.
- **Cash:** Cash and cash equivalents - such as savings deposits, certificates of deposit, treasury bills, money market deposit accounts, and money market funds - are the safest investments, but offer the lowest return of the three major asset categories. The chances of losing money on an investment in this asset category are generally extremely low. The federal government guarantees many investments in cash equivalents. Investment losses in non-guaranteed cash equivalents do occur, but infrequently. The principal concern for investors investing in cash equivalents is inflation risk. This is the risk that inflation will outpace and erode investment returns over time.

Concerning the right mix of these asset classes, the SEC makes the following statement from this same manifest:

- **The Magic of Diversification:** The practice of spreading money among different investments to reduce risk is known as diversification. By picking the right group of investments, you may be able to limit your losses and reduce the fluctuations of investment returns without sacrificing too much potential gain. One way to diversify is to allocate your investments among different kinds of assets. Historically, stocks, bonds, and cash have not moved up and down at the same time. Factors that may cause one asset class to perform poorly may improve returns for another asset class. People invest in various asset classes in the hope that if one is losing money, the others make up for those losses. You'll also be better diversified if you spread your investments within each asset class. That means holding a number of different stocks or bonds, and investing in different industry sectors, such as consumer goods, health care, and technology. That way, if one sector is doing poorly, you may offset it with other holdings in sectors that are doing well.

Gann° generally uses diversification to optimize the risk and potential return of a portfolio. More specifically, we may utilize multiple asset classes, investment styles, market capitalizations, sectors, and regions to provide diversification. Note, however, that diversification alone does not assure a profit nor protects against losses.

The Firm's general investment strategy is to seek a total return proportionate with the risk profile (level of risk) the Client decides to accept. We assist each Client in developing an investment strategy which is reflective of the Client's general financial situation, investment objectives, liquidity needs, time horizon, return objective, risk tolerance, and any special considerations and/or restrictions the Client chooses to place on the management of their WFAP account(s). Based on this information, we determine the strategic or tactical asset allocation ("asset allocation") followed by the standard capital asset mix (stocks, bonds, and cash) that comprise each Client's portfolio. Ultimately, an investment blueprint is designed that is unique to each Gann° Client.

Gann° offers several different asset allocations for managing a Client's GAIS account. Based on the Client's personal situation, we will recommend managing the Client's accounts in accordance with one or multiple asset allocation strategies ranging from an Ultra Conservative asset allocation to an Ultra Aggressive asset allocation. Client portfolios with similar investment objectives and asset allocation goals as other Gann° Clients may own the same or different capital assets depending upon preferences.

Each portfolio will maintain an agreed upon target asset allocation, which will be reviewed and changed as needed based upon anomalous market conditions. Regarding these extraordinary events, Gann° will take appropriate actions to bring the actual allocation within an acceptable range of the target allocation with the Client's authorization. We refer to this process as rebalancing. The rebalancing process offers a systematic process of resetting the capital asset class, which strayed away from its beginning target allocation.

Gann° uses Exchange Traded Funds (ETFs) and may use Mutual Funds in all of its GAIS models to fulfill specific asset class requirements for a Client's strategic/tactical asset allocation. We cannot guarantee that the use of ETFs or Mutual Funds will prove more profitable or successful than holding individual stocks or bonds.

An ETF is a type of investment company (an open-end fund or unit investment trust) containing a basket of stocks or bonds that usually tracks a specific index or sector. An ETF is similar to an index fund in that it will primarily invest in securities of companies included in a selected market index or fall into a particular sector. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock and bond mutual funds, the prices of the underlying capital asset and the overall market may affect ETF prices. Similarly, factors affecting a particular industry may affect ETF prices that track a specific sector. **An investment in an ETF could lose money over short term or long term investment strategies.**

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income it generates. The price that investors pay for mutual fund shares is the funds per share net asset value (NAV) plus any shareholder fees that the fund imposes. **An investment in a mutual fund could lose money over short term or long term investment strategies.**

Before entering into the Firm's WFAP-*Schwab Alliance* account, each Client should carefully consider:

- Investing in capital assets involves risk of loss;
- Capital markets experience varying degrees of volatility;
- Capital assets will fluctuate and at any time be worth more or less than the amount invested;
- Clients should only commit assets that are long-term in nature.

We do not guarantee that any investment strategy will meet its investment objective or that an account will not suffer any losses.

## **Risk of Loss**

**Clients need to be aware that investing in capital assets involves risk of loss of the principal.**

Every method of analysis has its own inherent risks. To perform an accurate market analysis, Gann° must have access to current/new market information. Gann° has no control over the dissemination rate of market information; therefore, unbeknownst to Gann°, certain analysis may be compiled with outdated market information, severely limiting the value of discreet analysis.

Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal to any specific performance level. Gann° does not represent, warrant, or imply that its services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines.

Notwithstanding the Firm's method of analysis or investment strategy, the assets within the Client's investment portfolio are subject to the risk of devaluation or loss. The Client should be aware that many different events can affect the value of the Client's assets or portfolio including, but not limited to, changes in the financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports, and natural disasters.

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-Rate Risk:** Fluctuations in interest rates may 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 may 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 will be worth more today than a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Prepayment Risk:** The returns on the collateral for the deal can change dramatically at times if the debtors prepay the loans earlier than scheduled.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return. This primarily relates to fixed income securities.
- **Business Risk:** This risk is associated with a particular industry or a particular company within an industry.
- **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.

While the information provided is a summary of the events that may affect a Client's investment returns, this list is not exhaustive.

Although the methods of analysis and investment strategies utilized by Gann° does not present any significant or unusual risks, all investment programs have certain risks that are borne by the investor.

Our investment approach constantly keeps the risk of loss in mind. Clients should understand that there are inherent risks associated with investing.



## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose any legal or disciplinary events that are material to a Client's evaluation of a Firm's investment advisory business and the integrity of their Affiliates.

Affiliates include:

- officers, partners or directors;
- employees and representatives;
- persons directly or indirectly controlling a registered investment adviser as "control" is defined in the Investment Advisers Act of 1940, as amended.

Gann°, nor any of its Affiliates have been involved in legal or disciplinary events related to past or present investment Clients.

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

Neither Gann° nor its investment adviser representatives are registered as, or have pending applications to become, a Broker-Dealer or a representative of a Broker-Dealer.

Additionally, neither Gann° nor its investment adviser representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

Various associates of Gann° are also licensed to sell insurance in the state of Texas and other states. In providing wealth management and investment advisory services, the investment adviser representatives of Gann° may recommend the purchase of products under circumstances where he/she would be entitled to receive a commission or other compensation in the transaction.

However, the Client will be notified in advance if there is any form of commission received.

Under no circumstances will the Client pay both a commission to the investment adviser representatives of Gann° and an advisory fee to Gann° on the same pool of assets.

Custodial services are provided by Schwab. Gann° is not affiliated with Schwab.

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

Gann°, as a fiduciary, has a duty of utmost good faith to act solely in the best interest of our Clients. Our Clients entrust us with their investable assets, which in turn places a high standard on our conduct and integrity.

Our fiduciary duty is the core principle underlying our Code of Ethics and Personal Trading Policy.

The Firm's Code of Ethics applies to all of its Affiliates. Our Code of Ethics is comprehensive and is distributed to each Affiliate at the time of hire, and annually thereafter. Gann° further reinforces the Firm's Code of Ethics with annual training and on-going monitoring of Affiliate activities.



Our Code of Ethics describes the fiduciary duties that all of our Affiliates have to place the interests of the Gann° Client first. The Code of Ethics also requires that all employees comply with all federal securities laws applicable to Gann°, including prohibiting trading in securities while they are in possession of material non-public information about these securities.

The Firm's Code of Ethics also includes prohibitions on acquiring securities in an initial public offering. It requires our Affiliates to secure prior approval before purchasing securities in a private placement and requires compliance with the Internal Policy on Stock Trading described below.

Affiliates must also submit to our Chief Compliance Officer annual reports of their personal securities holdings, and quarterly reports of transactions in Covered Securities for their personal accounts or any account in which they have a direct or indirect beneficial interest.

Covered security means any stock, bond, future, investment contract, or any other instrument that is considered a "security" under the Investment Advisory Act of 1940, including without limitation:

- Stocks, bonds, futures, and investment contracts
- Options or securities, or indexes and currencies
- Limited partnership interests
- Foreign unit trusts and foreign mutual funds
- Private investment funds, hedge funds, and investment clubs
- Exchange-Traded Funds (ETFs)

Each Affiliate of Gann° must sign an acknowledgment that they have read and understand the Firm's Code of Ethics.

A Client may request a complete copy of our Code of Ethics by contacting Christopher Tave, at the address, telephone number or email on the cover page of this ADV Part 2A Brochure.

Since a Gann° Client may have significant positions in numerous financial securities that may be purchased by any retail investor, we maintain a strict investment policy regarding personal securities transactions.

Concerning the purchase and sale of securities, Gann° requires that our personnel never knowingly purchase or sell securities, directly or indirectly, for themselves, in any way, or at a time that could be detrimental to any Client.

There are times when the Firm's Affiliates may buy or sell capital assets that Gann° also recommends to Clients. Such transactions are executed in accordance with the Firm's Code of Ethics.

Gann° requires its Affiliates (including members of their immediate family) to submit an initial list of capital assets owned to our Chief Compliance Officer.

Affiliates (including members of their immediate family) are required to have all trades of covered securities pre-cleared by the Chief Compliance Officer in advance of completing any transaction.

The Chief Compliance Officer reviews the Affiliates' duplicate brokerage statements each quarter for compliance with the Firm's policies related to securities trading.

## Item 12 – Brokerage Practices

Gann° is not a custodian, nor is there an affiliate of Gann° that is a custodian. As such, a Client must establish their WFAP account with a Gann° qualified custodian, Broker-Dealer, bank, or trust company.

Gann° seeks to recommend a qualified custodian that will hold a Client's assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. In making this decision, Gann° considers a wide range of factors, including but not limited to:

- Capability to execute, clear, and settle trades or to facilitate such services
- Capability to facilitate timely transfers and payments to and from WFAP accounts
- Availability of investment advisory tools that assist Gann° in making investment decisions
- Competitiveness of custodial price and willingness to negotiate these prices
- Reputation, financial strength, stability, and quality of custodial services
- Quality and availability of Client services support

Therefore, Gann° recommends that our Clients open a WFAP-*Schwab Alliance* account with Schwab, a FINRA registered Broker-Dealer and member of SIPC. We have selected Schwab as the custodian of our Clients assets due to their financial stability, reputation, ability to support our Clients custodial needs, scope of investments options, and discounted or \$0 commission structure. Gann° is not affiliated with Schwab. While we recommend that a Client use Schwab, the Client will decide whether to do so or not.

If the decision is made to move forward with a Gann° investment recommendation, the Client will open their WFAP-*Schwab Alliance* account with Schwab by entering into an account agreement directly made with them. If a Client chooses not to open a Schwab Alliance account, Gann° would not be able to directly manage the Client's investable assets through our Wrap Fee Advisory Program (WFAP).

### Your Custody and Brokerage Costs

Schwab generally does not charge our Clients separately for custody services but is compensated by charging fees on trades that it executes or that settle into the WFAP-*Schwab Alliance* account. Schwab can charge a flat dollar amount as a mutual fund "trade fee," "prime broker", or "trade away" fee for each trade that we have executed by Schwab.

### Products and Services Available to Us from Schwab

Schwab Advisor Services™ (formerly Schwab Institutional) is a division of Schwab which provides registered investment advisors custody, trading, and brokerage support services of Schwab. Their services are generally available to Gann° on an unsolicited basis and at no charge to us.

Schwab Advisor Services™ include access to a broad range of investment products that they make available to us but may not directly benefit a Clients account. Some of these tools assist us in managing and administering our Client's accounts. They include investment research provided by Schwab and other 3<sup>rd</sup> party research firms.

In addition to investment research, Schwab also makes available software and other technology that:

- provide access to Client account data
- facilitate trade execution and allocate aggregated trade orders for multiple Client accounts
- provide pricing and other market data
- facilitate payment of our fees from our Clients' accounts
- assist with record keeping and Client account reporting.

Schwab also offers other services intended to help us manage and further develop our business open architecture design. These services include:

- technology
- compliance
- business consulting
- publications on practice management
- access to insurance providers

Schwab may provide some of these services through Schwab Advisor Services™. In other cases, it will arrange for a 3<sup>rd</sup> party vendor to provide these various services to us. Schwab may also discount/waive its fees for some of these services. They may also pay all or a part of a 3<sup>rd</sup> party's fees.

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. Also, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or having a certain amount of assets in custody. Nonetheless, with all of the services and products Schwab provides, there could still be a potential conflict of interest.

However, we believe that our selection of Schwab as custodian of our Client's assets is in the best interests of our Clients. It is primarily supported by the scope, quality, and price of Schwab's services in aggregate and not Schwab's services that benefit only us.

### **Trade Aggregation**

The aggregation or blocking of Client transactions allows Gann° to execute trades fairly and equitably. Our policy is to aggregate Client transactions where possible. In these instances, Clients participating in aggregated transactions will receive an average share price (on a round-lot, pro-rata basis, if the order is conducted over multiple days).

Gann° does not receive referrals from our Schwab, nor are Client referrals considered a factor in our custodian selection.

## **Item 13 – Review of Accounts**

Gann° regularly reviews and evaluates a Clients WFAP account for compliance with each of their investment objectives, preferences, and restrictions. We analyze return rates and the strategic/tactical asset allocation of capital assets to determine the effectiveness of our investment recommendations. Such reviews are conducted by the Chief Compliance Officer of Gann° and shall occur at least once per calendar year.

Non-periodic reviews may be triggered by unusual market fluctuation, economic, or political events, or changes in the Client's financial status. Clients are advised to notify Gann° promptly if there are any material changes in their financial situation, investment objectives, or if they wish to place restrictions on their WFAP accounts.

Clients may receive confirmations of purchases and sales in their WFAP accounts. Clients will receive, at least quarterly, statements containing account information such as account value, transactions, and other relevant information. Confirmations and statements are prepared and delivered by Schwab.

All financial plans are reviewed upon financial plan creation and plan delivery. There is only one level of review for financial plans, and that is the review conducted when creating the financial plan.

Financial Plans are received upon completion during the follow-up Financial Planning meeting.

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

With the partnership agreement we have with Schwab, Gann° receives a non-economic benefit from them in the form of support, products, and services provided to Gann° and other registered investment advisors whose Clients maintain their accounts with Schwab. The potential conflicts of interest that may surface regarding the products and services provided are described in further detail above in Item 12.

Additionally, the availability of these products and services are not based on us, giving any particular investment advice, such as buying specific capital assets for our Clients.

Furthermore, we do not pay any 3<sup>rd</sup> party vendor for prospective Client referrals, nor is there a fee-sharing arrangement reflective of any solicitor engagement.

## **Item 15 – Custody**

Gann° nor any of its Affiliates have or maintain custody of any of the Firm's Wrap Fee Advisory Program (WFAP) accounts. WFAP assets are held away from the Firm and secured through Schwab, the qualified custodian of all Gann° WFAP accounts.

In keeping with this policy, Gann°:

- Restricts the Firm or any Employee from serving as a trustee or having a general power of attorney over a Client's account.
- Prohibits any Affiliate from having the authority to directly withdraw assets or cash from a WFAP account. Although Gann° may be deemed to have "constructive custody" of a Client's holdings since we may request the withdrawal of advisory fees from an account, we will do so through the engagement of a qualified custodian with prior written authorization only.
- Does not accept or forward Client assets or stock certificates erroneously delivered directly to our Firm.
- Will not authorize an Affiliate to know a Client's account access if such access would allow physical control over the Client's account.

Schwab, will provide the Client with account transaction confirmations and statements, including all debits, credits, and the WFAP advisory fee for that period.

Statements are available for Clients within their Schwab Alliance online account access. Additionally, statements will be available directly from Schwab at least quarterly at <https://www.schwab.com>. Statements should always be carefully reviewed and assessed for any discrepancies.

If a Client receives a report from Gann° that includes investment performance details, it is recommended a Client carefully review and compare their account statements with any performance report provided by Gann°.

## **Item 16 – Investment Discretion**

Gann° receives discretionary authority from the Client through the Gann° Investment Advisory Agreement, at the beginning of the advisory relationship between Gann° and its Clients.

The Gann° Investment Advisory Agreement sets forth the investment objectives and constraints listed within the Client's Investor Profile. Per the terms of the agreement, the Client gives Gann° the authority to determine, without obtaining specific Client consent, the following through the Wrap Fee Advisory Program (WFAP):

- which capital assets are to be bought and sold
- the amount of capital assets to be bought or sold
- commission rates to be paid, if any
- the Broker-Dealer to be used

Although not required by the agreement, the Gann° investment adviser representative generally discusses all transactions with the Client in advance.

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

As a matter of firm policy, Gann° does not vote proxies on behalf of the Client. Although our Firm provides investment advisory services, a Client maintains exclusive responsibility for:

- directing how proxies solicited by issuers of securities beneficially owned by the Client shall be voted
- making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, or other events pertaining to the Client's investment assets.

Clients are responsible for instructing Gann° to forward to them, copies of all proxies, and shareholder communications relating to their investment holdings.

Gann° may provide Clients with consulting assistance regarding proxy issues if we are notified in advance.

## **Item 18 – Financial Information**

Gann° has no financial circumstances to report that would preclude the Firm from meeting contractual and fiduciary commitments to Clients.

Furthermore, Gann° has not been the subject of any claim, bankruptcy, or other financially related proceedings.

## **Item 19 – Requirements for State-Registered Advisers**

Gann° is solely owned by Christopher L.G. Tave. He is also the Chief Compliance Officer and serves as the Firm's investment adviser representative.

Education and business background for each investment adviser representative of Gann° can be found on the Firm's Form ADV Part 2B Brochure supplement.

Other business activities for each investment adviser representative of Gann° can be found on Form ADV Part 2B Brochure supplement.

Gann° does not charge performance-based fees or other fees based on a share of capital gains or capital appreciation of the assets of a Client.

Neither Gann° nor any of its Affiliates have been found liable in any arbitration claim alleging damages in excess of \$2,500 involving investment or investment-related business or activity, fraud, false statements or omissions, theft, embezzlement or other wrongful taking of property, bribery, forgery counterfeiting or extortion or dishonest, unfair or unethical practices.

Neither Gann° nor any of its Affiliates have been found liable in any civil, self- regulatory organization, or administrative proceeding involving investment or investment-related business or activity, fraud, false statements or omissions, theft embezzlement or other wrongful taking of property bribery, forgery, counterfeiting, or extortion; or dishonest, unfair or unethical practices.

Neither Gann° nor any of its Affiliates have a relationship or arrangement with any issuer of securities.

### **Privacy Notice to Clients**

Gann° does not disclose nonpublic personal information about a Client or former Client except as permitted by law. We restrict access to nonpublic personal information about our Clients to Affiliates who need to know specific information to provide products or services to our Clients and alert them to new, enhanced, or improved products or services we provide.

Gann° maintains physical, electronic, and procedural safeguards that comply with federal standards to secure our Client's nonpublic personal information.