

**FORM ADV PART 2A–FIRM BROCHURE**

**GOOD HARBOR FINANCIAL, LLC**

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**This Brochure provides information about the qualifications and business practices of Good Harbor Financial, LLC. If you have any questions about the contents of this Brochure, please contact us at 312.224.8150. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Good Harbor Financial and its registered representatives is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Good Harbor Financial is a registered investment adviser. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.**

## **Item 2. Material Changes**

This Brochure has been updated to reflect certain changes to Good Harbor Financial, LLC (“Good Harbor” or “Firm”) since its last Brochure update on March 5, 2020.

Since our 2020 annual update, the Firm updated its office address and other minor out-of-date information, which were updated throughout the document in an effort to present information clearly and concisely.

### **Full Brochure Availability**

Good Harbor’s full Brochure is available by contacting 312.224.8150 or by emailing [compliance@cedarcapital.com](mailto:compliance@cedarcapital.com).

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## **Item 4. Advisory Business**

### **Firm Description**

Good Harbor Financial, LLC (“Good Harbor” or “Firm”) is an SEC-registered investment adviser based in Chicago, Illinois. The Firm is organized as a Delaware limited liability company and has been providing investment advisory services since 2003. Good Harbor is 100% owned by Cedar Capital, LLC (“Cedar Capital”), which is 100% owned by Cedar Capital Investments Holdings, LLC (“Cedar Holdings”). Good Harbor is part of the Cedar group of companies (“Cedar Capital Group”) which includes Cedar Capital and affiliates of Cedar Capital and Good Harbor, and which offers access to a variety of investment products.

Good Harbor primarily uses proprietary tactical asset allocation investment processes and models to help guide investment decisions in an attempt to manage portfolio risk. Good Harbor also offers access to other investment mandates.

The Good Harbor investment strategies are offered as described below.

### **Separately Managed Accounts**

The Firm provides discretionary investment advisory services to separate account clients primarily through financial intermediaries, for example, broker-dealers and registered investment advisers often through wrap fee programs (see below). On a limited basis, the Firm also provides discretionary investment advisory services directly to individuals and institutions. Separate account clients select an investment strategy after consultation with Good Harbor or their primary advisor. Clients are permitted to impose reasonable restrictions if such restrictions are not materially different from a strategy’s investment objectives. Clients who impose investment restrictions should be aware that any restrictions placed on the account will affect the account’s performance which can result in underperformance relative to other client accounts invested in the same program.

### **Wrap Fee Programs**

Good Harbor provides investment strategies to accounts under wrap fee programs sponsored by other firms or “wrap sponsors.” The wrap sponsors, who are not affiliated with Good Harbor, recommend and assist clients in selecting an appropriate Good Harbor investment strategy, taking into account their financial situation and investment objectives. Good Harbor’s role is to manage the client’s account according to the strategy selected. In a wrap fee program, the wrap sponsor may provide investment advisory, execution and custodial services to clients in return for an all-inclusive or “wrap” fee paid to the sponsor. In one type of wrap fee arrangement, the client will only sign an agreement with the wrap sponsor. For these clients, Good Harbor receives a portion of the wrap fee for providing these strategies. In a dual contract arrangement, the client signs an agreement with both Good Harbor and the wrap sponsor. For these clients, the specific manner in which fees are calculated and paid to Good Harbor is established in a separate agreement between the Firm and the wrap sponsor. For some wrap sponsors, fees are calculated by Good Harbor and an invoice is sent to the wrap sponsor. For other wrap sponsors, fees are calculated by the wrap sponsor and remitted to Good Harbor.

### **Non-Wrap Fee Programs**

Good Harbor also manages client accounts which are not structured as wrap fee accounts. Non-wrap fee accounts will not pay an all-inclusive “wrap” fee. These clients generally pay for transaction costs on each trade executed in the account. Good Harbor does not manage wrap accounts differently than non-wrap accounts.

#### Model Portfolio Provider (also known as Unified Managed Account Programs)

Good Harbor provides investment strategies via a model-based solution to other investment advisors. As the model portfolio provider, Good Harbor designs, monitors and updates the portfolio. The investment advisors then implement the model portfolio for their clients and adjust the model portfolio as recommended by Good Harbor. Good Harbor does not have trading discretion for accounts in this structure.

For the purpose of clarity, firms that refer clients to Good Harbor, such as broker-dealers, registered investment advisers and wrap sponsors, will be referred to herein as “Financial Intermediaries.”

#### Registered Investment Companies

Good Harbor offers certain strategies via registered investment companies.

Good Harbor serves as the investment adviser to investment companies registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”) (together, the “Registered Funds”). Good Harbor manages the assets of the Registered Funds in accordance with investment objectives, policies and restrictions as set forth in each respective prospectus.

#### Sub-Advisers

For certain investment strategies, Good Harbor employs a Sub-Adviser. For such strategies, Good Harbor selects, monitors and oversees the performance of each Sub-Adviser.

#### Assets under Management

As of December 31, 2019, Good Harbor had \$230,404,322 in assets under management. Additionally, Good Harbor collects fees on \$47,794,985 for its non-discretionary model portfolio provider services.

## **Item 5. Fees and Compensation**

#### **Fee Billing**

Advisory fees are negotiable. Fees for investment management services are typically billed quarterly (in arrears or advance, as negotiated) based on the asset value of the portfolio as reflected in the electronic data transmitted by each custodian. These fees will be assessed pro rata in the event the investment advisory agreement is executed at any time other than the first day of a billing period. If an investment advisory agreement is terminated prior to a quarter-end, any unearned fees will be refunded to the client.

Good Harbor will send an invoice for the payment of the advisory fee, or, when given written authority, the Firm will deduct the fee directly from an account through the qualified custodian holding the funds and securities. The qualified custodian will deliver an account statement to the client at least quarterly. Good Harbor encourages clients to review the statement(s) received from the qualified custodian. If information within the statement(s) received from the qualified custodian is inaccurate, please call the number located on the cover page of this Brochure.

Advisory fees payable to the Firm do not include all fees a client will pay when the Firm purchases or sells securities for their accounts. These fees or expenses are paid directly by the client to third parties, whether a security is being purchased, sold, or held in a client account. The fees are paid to broker-dealers, custodians, or the mutual fund or other investment held by the client. The fees may include but are not limited to the following:

- Transaction fees,
- Exchange fees,
- Custodial fees

- Brokerage commissions,
- SEC fees,
- Deferred sales charges,
- Transfer taxes,
- Wire transfer and electronic fund processing fees, and
- Commissions or mark-ups/mark-downs on security transactions.

For certain of its strategies, Good Harbor seeks to achieve its investment objectives by purchasing exchange-traded funds (“ETFs”), which have embedded expenses. As a shareholder, clients bear these expenses through the net asset value of the ETF. Clients should consult the funds’ prospectuses for a complete description of all fees and expenses.

Clients should note that certain of Good Harbor’s separate account portfolios invest partially or exclusively in Registered Funds managed by the Firm. In addition to the Firm’s management fee, clients will indirectly bear the expenses of the applicable investment products. Such transactions give rise to a conflict of interest on Good Harbor’s part whereby Good Harbor has incentive to select such mutual funds over other similar investment products managed by non-affiliated investment advisers. The Firm manages such conflicts through disclosure and thorough oversight of client accounts.

### **Fee Schedule**

#### **Separately Managed Accounts**

The basic fee schedule for direct separate account clients is detailed below:

<b>Client’s Aggregate Assets</b>	<b>Annual Fee</b>
\$0.1 – \$1 million	1.0% - 1.5% of assets
\$1 – \$25 million	1.0% of assets
\$25 – \$50 million	0.90% of assets
\$50 – \$75 million	0.80% of assets
\$75 – \$100 million	0.70% of assets
Amount over \$100 million	0.60% of assets

For a Financial Intermediary, the basic fee schedule is set forth below:

<b>Financial Intermediary’s Aggregate Assets</b>	<b>Annual Fee</b>
\$0 – \$10 million	1.0% of total firm assets
\$10 – \$50 million	0.90% of total firm assets
\$50 – \$100 million	0.80% of total firm assets
\$100 – \$250 million	0.70% of total firm assets
\$250 – \$500 million	0.60% of total firm assets
Amount over \$500 million	0.50% of total firm assets

#### **Wrap Fee Programs**

For client accounts in wrap fee programs, Good Harbor receives a management fee which generally follows the Financial Intermediary fee schedule above and is dictated by an agreement between Good Harbor and the wrap sponsor or Good Harbor and the client. Refer to **Item 4. Advisory Business** for more information about different wrap sponsor arrangements.

Under a typical wrap fee program, clients are not charged a commission on trades executed through the wrap sponsor. However, as deemed appropriate by Good Harbor pursuant to its duty to seek best execution, Good Harbor will place model trades with brokers or dealers other than the wrap sponsor, known as step-out transactions. In such instances, brokers or dealers will impose commissions or mark-ups/mark-downs on those orders, which the client will bear in addition to the wrap fee. These commissions or mark-ups/mark-downs are netted into the price received for a security and will not be reflected as individual items on the client trade confirmation. Refer to **Item 12. Brokerage Practices** for more information about model and maintenance trades.

Specific information on the fees payable under a wrap-fee program will be provided by the applicable wrap sponsor. For information on the asset-based fees charged by the wrap sponsor, clients should consult with the wrap sponsor or refer to the wrap sponsor's Wrap Fee Program Brochure (also known as ADV Part 2A Appendix 1).

#### Non-Wrap Fee Programs

For client accounts in non-wrap fee programs, Good Harbor receives a management fee which generally follows the Financial Intermediary fee schedule above.

Under a typical non-wrap program, clients are charged a commission on trades executed at the qualified custodian. However, as deemed appropriate by Good Harbor pursuant to its duty to seek best execution, Good Harbor will place model trades with brokers or dealers other than the custodian, known as step-out transactions. In such instances, brokers or dealers will impose commissions or mark-ups/mark-downs on those orders, which the client will bear in addition to the custodian's commissions. These commissions or mark-ups/mark-downs are netted into the price received for a security and will not be reflected as individual items on the client trade confirmation. Refer to **Item 12. Brokerage Practices** for more information about model and maintenance trades.

#### Model Portfolio Provider

For model portfolio provider services, Good Harbor receives a management fee which generally follows the Financial Intermediary fee schedule above.

#### Registered Funds

The fees for the Registered Funds can be found in the respective Registered Fund's prospectus. These documents are available online at [www.ghf-funds.com](http://www.ghf-funds.com).

Good Harbor's fees are negotiable. Some clients pay more or less than others depending on certain factors, including, but not limited to, the type and size of the account and the agreement between the Firm and the Financial Intermediary.

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

#### Performance-Based Fees

Good Harbor does not charge fees based on performance or the net profits of the assets being managed.

#### Side-by-Side Management

Good Harbor simultaneously manages the portfolios of the Registered Funds and separate accounts, according to the same or similar investment strategy (i.e., side-by-side management). The simultaneous management of these different investment products creates certain conflicts of interest, as the fees for the management of certain types of products are higher than others. Nevertheless, when managing the assets of such accounts, Good Harbor seeks to treat all such accounts fairly and equitably over time.

Although Good Harbor seeks to treat all portfolios within an investment strategy fairly and equitably over time, such portfolios will not necessarily be managed the same at all times. Specifically, there is no requirement that Good Harbor use the same investment practices consistently across all portfolios. Good Harbor will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible portfolios, and a client's performance will not necessarily be reflective of the performance of a separate account, including a wrap account, managed using a similar strategy, due to a variety of factors including differences in cash flows and the timing of trading. As a result, although Good Harbor manages multiple portfolios with similar or identical investment objectives, and manages accounts with different objectives that trade in the same securities, the portfolio decisions relating to these accounts, and the performance resulting from such decisions, will differ from portfolio to portfolio.

Refer to **Item 12. Brokerage Practices** for more information on the Firm's trade aggregation, trade allocation and trade rotation policies and practices.

## **Item 7. Types of Clients**

Good Harbor offers investment advisory services to individuals, pension and profit-sharing plans, investment companies, state or municipal government entities, insurance companies, charitable organizations, registered investment companies, corporations and other business entities, model portfolio providers and Financial Intermediaries.

In general, Good Harbor requires a minimum account size of \$100,000 for direct separate account clients. Account minimums may be waived at the discretion of the Firm. The typical account minimum when referred by a Financial Intermediary is \$100,000. The Firm has the right to terminate an account if it falls below a minimum size which, in the Firm's sole opinion, is too small to effectively manage.

Details of minimum investment requirements for the Registered Funds can be found in the respective prospectus.

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

### **Methods of Analysis and Investment Strategies**

#### **Good Harbor Tactical Core® Strategies**

The primary objective of the Tactical Core Strategies is to outperform their respective indices by aligning capital with the equity markets during sustained rallies and by positioning defensively in weak equity market conditions. The Firm's philosophy is that disciplined, model-driven investment approaches generate enhanced risk-adjusted returns. Good Harbor's research establishes investment strategies with strong economic rationale. Through detailed analysis, Good Harbor quantifies and validates its strategies and seeks to identify stable and persistent economic and statistical relationships. The underlying premise of Tactical Core Strategies is that equity prices are driven by changes in investor equity risk premiums and that these premiums vary with time and the business cycle. Good Harbor believes that during periods of market stress and exuberance stock price variation is due almost exclusively to changing risk premiums rather than changing expected cash flows. By monitoring proxies for risk, Good Harbor seeks to identify times when equity exposure is more or less favorable and adjust the portfolio allocation accordingly. The Tactical Core Strategies are offered across various geographies and on both a levered and unlevered basis.

#### **Total Portfolio Solutions ("TPS")**

TPS offers diversified, multi-asset class exposure designed to participate in upside markets while preserving capital in down-trending markets. Model portfolio constituents include ETFs, equities, fixed



income, precious metals, private funds and MLPs. Each constituent is weighted in an attempt to achieve low volatility, capital preservation and long-term performance.

#### Registered Funds

As described in **Item 4. Advisory Business**, Good Harbor is the investment adviser to the Registered Funds. The objectives of the Registered Funds are substantially similar to those listed above. For a complete list of strategy descriptions, investment objectives, risks, disclosures and fee information, please view the prospectuses available online at [www.ghf-funds.com](http://www.ghf-funds.com).

#### Material Risks

**These strategies and investments involve risk of loss and clients must be prepared to bear the loss of their entire investment. The material risks set forth below are qualified in their entirety by the more detailed risk disclosure in the applicable Registered Fund offering documents.**

#### Investment Risks

*Allocation Risk:* The risk that if the strategy's determination for allocating assets among different asset classes does not work as intended, the strategy may not achieve its objective or may underperform other strategies with the same or similar investment strategy.

*Concentration Risk:* To the extent that the Firm's strategies are concentrated in or significantly exposed to a particular sector, the strategies will be susceptible to loss due to adverse occurrences affecting that sector. The strategies will be subject to the risk that economic, political or other conditions that have a negative effect on these sectors may adversely affect the strategies to a greater extent than if the strategies' assets were invested in a wider variety of sectors or industries.

*Correlation Risk:* Although the prices of equity securities and fixed-income securities, as well as other asset classes, often rise and fall at different times so that a fall in the price of one may be offset by a rise in the price of the other, in down markets the prices of these securities and asset classes can also fall in tandem. Because Tactical Core Strategies allocate investments between equities and fixed income securities, the strategies are subject to correlation risk.

*Credit Risk:* Issuers may not make interest or principal payments on securities, resulting in losses to a client. In addition, the credit quality of securities held by a client may be lowered if an issuer's financial condition changes, including the U.S. government.

*Currency Risk:* Investments in foreign currencies are subject to political and economic risks, civil conflicts and war and greater volatility. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, imposition of currency controls and economic or political developments in the U.S. or abroad. Changes in foreign economies and political climates are more likely to affect the Currency Strategy than a strategy that invests exclusively in dollar denominated securities of U.S. issuers.

*Diversification Risk:* A client's portfolio may be limited to only a few investments. The client's performance may be more sensitive to any single economic, business, political or regulatory occurrence than the value of a more diversified client portfolio.

*Emerging Market Risk:* Emerging market countries may have relatively unstable governments, weaker economies and less-developed legal systems with fewer security holder rights. Emerging market economies may be based on only a few industries and security issuers may be more susceptible to economic weakness and more likely to default. Emerging market securities also tend to be less liquid.

*Equity Securities Risk:* Equity securities are susceptible to general stock market fluctuations and to volatile increases and decreases in value. This may occur because of factors affecting securities markets generally, or the equity securities of a particular company, capitalization, region, or sector.

*ETF and Mutual Funds Risk:* ETFs and mutual funds are subject to investment advisory and other expenses, which will be indirectly paid by clients. As a result, the cost of the investment strategy will be higher than the cost of investing directly in ETFs or mutual funds. ETFs and mutual funds are subject to specific risks, depending on the nature of the fund.

*ETFs:* ETFs are professionally managed pooled vehicles that invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. ETFs' managers trade fund investments in accordance with fund investment objectives. While ETFs generally provide diversification, risks can be significantly increased for funds concentrated in a particular sector of the market, or that primarily invest in small cap or speculative companies, use leverage (i.e., borrow money) to a significant degree, or concentrate in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. During times of extreme market volatility, ETF pricing may lag versus the actual underlying asset values. This lag usually resolves itself in a short period of time (usually less than one day), however, there is no guarantee this relationship will always exist.

*Exchange-Traded Notes Risk:* Similar to ETFs and mutual funds, owning an ETN generally reflects the risks of owning the assets that comprise the underlying market benchmark or strategy that the ETN is designed to reflect. ETNs also are subject to issuer and fixed-income risk.

*Fixed Income Risk:* A client may invest in fixed income securities, directly or through ETFs. The credit quality rating of securities may be lowered if an issuer's financial condition deteriorates and issuers may default on their interest and/or principal payments. Typically, a rise in interest rates causes a decline in the value of fixed income securities.

*Foreign Investment Risk:* Foreign investing involves risks not typically associated with U.S. investments, including adverse fluctuations in foreign currency values, adverse political, social and economic developments, less liquidity, greater volatility, less developed or less efficient trading markets, political instability and differing auditing and legal standards.

*Geographic Concentration Risk:* A strategy may be particularly susceptible to economic, political, regulatory or other events or conditions affecting countries within the specific geographic regions in which the strategy invests.

*Investment in Investment Companies Risk:* Investing in other investment companies, including ETFs, subjects the Firm's strategies to those risks affecting the investment company, including the possibility that the value of the underlying securities held by the investment company could decrease. Moreover, the strategy will incur its pro rata share of the expenses of the underlying investment companies' expenses. As a result, the cost of investing in the strategy will be higher than the cost of investing directly in ETFs or other investment companies and also may be higher than other mutual funds that invest directly in securities.

*Leverage Risk:* Leverage may be used in investment and trading, generally through purchasing inherently leveraged instruments such as exchange-traded funds. The prices of leveraged instruments can be highly volatile, and investments in leveraged instruments may, under certain circumstances, result in losses that exceed the amounts invested. Borrowing magnifies the potential for losses and exposes the client to

interest expense on money borrowed. Leveraged ETFs and derivatives will amplify losses because they are designed to produce returns that are a multiple of the equity index to which they are linked.

*Leveraged ETF Risk:* Leveraged ETFs will amplify gains and losses. Most leveraged ETFs “reset” daily. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance of their underlying index or benchmark during the same period of time.

*Market Risk:* Overall equity and fixed income securities market risks affect the value of a client’s portfolio. Factors such as domestic economic growth and market conditions, interest rate levels and political events affect the securities markets.

*Small and Medium Capitalization Stock Risk:* A client may invest directly or through ETFs in companies of any size capitalization. The price of small or medium capitalization company stocks may be subject to more abrupt or erratic market movements than larger, more established companies or the market averages in general.

*Structured Note Risk:* Structured notes involve tracking risk, issuer default risk and may involve leverage risk.

*Turnover Risk:* A higher portfolio turnover will result in higher transactional and brokerage costs and may result in higher taxes when a client’s investments are held in a taxable account.

*U.S. Government Securities Risk:* Although U.S. Government securities are considered among the safest investments, they are not guaranteed against price movements due to changing interest rates. Obligations issued by some U.S. Government agencies are backed by the U.S. Treasury, while others are backed solely by the ability of the agency to borrow from the U.S. Treasury or by the agency’s own resources.

*Strategy Risks* – *The ability of Good Harbor to meet a client’s investment objective is directly related to Good Harbor’s proprietary investment process. The business of investing in securities is highly competitive and the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. Good Harbor’s reliance on its strategy and judgments about the attractiveness, value and potential appreciation of particular securities may prove to be incorrect and may not produce the desired results.*

*Fundamental Analysis:* The success of its strategies depends in large part on Good Harbor’s ability to accurately assess the fundamental value of securities. An accurate assessment of fundamental value depends on a complex analysis of a number of financial and legal factors. No assurance can be given that Good Harbor can assess the nature and magnitude of all material factors having a bearing on the value of securities.

*Investment Techniques:* In implementing its investment strategies, Good Harbor may utilize techniques such as borrowing to increase equity exposure and investing and trading in options, forward contracts, swaps and other derivative instruments. Although employing these techniques expands opportunities for gain, it also substantially increases the risks of volatility and loss.

*Cyclical Analysis:* Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

*Reliance on Management:* The success of Good Harbor’s investment strategies depends to a great extent on the investment skills of Good Harbor, the sub-adviser (if applicable) and its principals and key personnel. Performance could be adversely affected if, due to illness or other factors, their services were not available for any significant period of time.

## **Item 9. Disciplinary Information**

Neither the Firm nor any employees have reportable disciplinary information.

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

Good Harbor is 100% owned by Cedar Capital, LLC (“Cedar Capital”), which is 100% owned by Cedar Holdings. Good Harbor is part of the Cedar Capital Group. Cedar Capital Group offers access to a variety of investment products through its partners.

Good Harbor is not currently required to register with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator or commodity trading advisor with respect to its investment products.

The Firm also serves as investment manager to Registered Funds. In certain cases, the Firm purchases Registered Funds which are managed by the Firm for discretionary separate accounts. In such cases, clients will indirectly incur the fund level expenses of the underlying Registered Funds, as well as directly incurring Good Harbor’s advisory fee. To the extent the underlying Registered Funds are managed by Good Harbor, Good Harbor will receive additional fees.

To the extent permitted by the Investment Advisers Act of 1940 (“Advisers Act”), the Investment Company Act, Employee Retirement Income Security Act of 1974, and other law, as applicable, Good Harbor may give advice, take action or refrain from acting in limiting purchases, selling existing investments, or otherwise restricting or limiting the exercise of rights, including voting rights, in the performance of its duties for certain client accounts that may differ from such advice or action, or the timing or nature of such advice or action, for other client accounts including, for example, for clients subject to one or more regulatory frameworks.

As noted above, Good Harbor is a subsidiary of Cedar Capital, and Cedar Capital is a subsidiary of Cedar Holdings. As a result, Good Harbor is under common control with Cedar Capital who provides advisory services to individual and institutional clients.

To the extent permitted by applicable law, Good Harbor delegates some or all of its responsibilities to its affiliates. Specifically, Cedar Capital provides the Firm with account administration, operations, client service, sales and marketing, risk management and compliance services.

Given the interrelationships among Good Harbor and its related persons and the changing nature of Good Harbor’s related persons’ businesses and affiliations, there may be other or different potential conflicts of interest that arise in the future or that are not covered by this discussion. Additional information regarding potential conflicts of interest arising from Good Harbor’s relationships and activities with its related persons is provided under Item 11.

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

### Summary of Code of Ethics

Good Harbor strives to comply with applicable laws and regulations governing the Firm's practices. Therefore, the Code of Ethics (the "Code") includes guidelines for professional standards of conduct for all Good Harbor employees. The Firm's goal is to protect client interests at all times and to demonstrate a commitment to the fiduciary duties of honesty, good faith and fair dealing. All employees are expected to strictly adhere to these guidelines. The Code prohibits any "short swing" or market timing activities as they relate to the Registered Funds advised by the Firm. The Code requires that employees and their family members disclose personal accounts, submit reports of personal account holdings and transactions on a periodic basis and disclose certain gifts and business entertainment. Employees are also required to report any violations of the Code. The Firm maintains and enforces written policies and procedures reasonably designed to prevent the misuse or dissemination of material, non-public information by all employees. The Code is available upon request. You may obtain a copy of the Code by calling 312.224.8150.

### Personal Trading Practices

Employees may buy or sell the same securities that are recommended by the Firm or securities in which clients are invested. Conflicts of interest exist in such cases because an employee would have the ability to trade ahead and potentially receive more favorable prices. To mitigate this conflict of interest, the Firm maintains a personal trading policy which includes a restricted list that restricts employees from trading in certain securities traded or contemplated by the Cedar Capital Group.

### Other Conflicts of Interest

Good Harbor is not required to devote its full time or any material portion of time to any particular investment activity it is currently involved in, and may in the future become involved in other business ventures, including other investment strategies and funds whose investment objectives, strategies and policies are the same or similar. These other ventures will compete for the Firm's time and attention and might create additional conflicts of interest, as described below.

Good Harbor has an incentive to favor one or more of its clients with regard to the allocation of investment opportunities. The fee structure of the Registered Funds creates an incentive for Good Harbor to solicit purchases of the Registered Funds over other product types. The Firm will act in a fair and reasonable manner in allocating suitable investment opportunities among clients and funds; however, no assurance can be given that (i) a client or fund participates in all investment opportunities in which other clients or funds participate, (ii) particular investment opportunities allocated to clients or funds will not outperform investment opportunities allocated to other clients or funds, or (iii) equality of treatment between clients and funds will otherwise be assured. The client's financial professional will help the client determine what investment vehicles are appropriate for the client given their investment objectives, risk tolerance, financial circumstances and other criteria.

As noted in Item 10, Cedar Capital and certain of its affiliates are investment advisers registered with the SEC. Cedar Capital solicits potential clients for affiliated investment advisers, including Good Harbor. Furthermore, Cedar Capital provides administrative support services to affiliated investment advisers' registered investment companies. Given the relationship between Cedar Capital and Good Harbor, Good Harbor is incentivized to resolve any conflicts that arise between the client and Cedar Capital in Good Harbor's favor. Refer to Item 12. Brokerage Practices and the Firm's Code of Ethics for a full discussion of how the Firm mitigates these risks.

The Firm may recommend securities to clients (or may buy or sell securities in discretionary client accounts) in which the Firm or its affiliates have a financial interest. For example, as previously noted, Good Harbor may purchase or sell affiliated mutual funds in client accounts which will provide a benefit to the Firm. In such cases, in addition to the advisory fees the Firm receives for these accounts, the Firm will also receive management fees from the mutual funds. Such transactions may give rise to a conflict of interest on Good Harbor's part whereby Good Harbor may have incentive to select such investment products over other similar investment products managed by non-affiliated investment advisers. The Firm manages such conflicts through enhanced client disclosure and thorough oversight of client accounts.

## **Item 12. Brokerage Practices**

### Brokerage for Client Referrals

Good Harbor does not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### Soft Dollars

As of the date of this Brochure, Good Harbor does not utilize soft dollars or pay excess commissions for research or other services provided by a broker-dealer. To the extent Good Harbor utilizes soft dollars in the future, it is anticipated that Good Harbor would do so in reliance on the safe harbor under Section 28(e) of the Securities Exchange Act of 1934, as amended. "Soft dollars" refers to the receipt by an investment adviser of products and services that brokers provide, without making any separate cash payments for such products or services, based on the volume of commission revenues generated from securities transactions placed with those brokers on behalf of the adviser's clients. The products and services available from brokers include both internally generated items (such as research reports prepared by the broker's employees) and items acquired by the broker from third parties (such as quotation equipment).

### Selecting Broker-Dealers

Clients may instruct Good Harbor to use one or more particular brokers for the transactions in their accounts. If clients choose to direct Good Harbor to use a particular broker, they should understand that this might prevent the Firm from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on their behalf. This practice may also prevent the Firm from obtaining favorable net price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses, execution, clearance and settlement capabilities that they will obtain through their broker are adequately favorable in comparison to those that we would otherwise obtain for them.

### Best Execution

In placing orders to purchase and sell securities, the Firm considers a number of factors, not solely the ability to receive the lowest price, in selecting appropriate broker-dealers. The Firm considers, among other factors, financial condition, reputation, level of trading expertise and capability, infrastructure, alternative trading options resulting from technology developments and market changes, and commission rates charged. In seeking best execution, Good Harbor is responsible for developing, evaluating and changing, when necessary, order execution practices. Good Harbor employs third party firms to assist the Firm in seeking best execution and will add or removes firms at its discretion.

### Model vs Maintenance Trades

Good Harbor typically performs two types of trades for its clients. One type of trade is called a "model" trade and is the purchase or sale of securities for most or all of its portfolios in one or more investment strategies. By its nature, a model trade will affect many client accounts at once. Model trades are

sometimes “stepped-out” and traded away from the client’s wrap sponsor or custodian for best execution purposes (described below). The second type of trade is referred to as a “maintenance” trade. Maintenance trading reflects individual activity in a client’s account such as initial investment positioning, rebalancing due to additions or withdrawals of cash or securities, account liquidations, or other account-specific transactions such as client-directed tax transactions. Maintenance trades are typically executed at the client’s wrap sponsor or custodian but may be “stepped-out” when occurring in conjunction with a model trade.

#### Trade Aggregation/Allocation and Trade Rotation

Good Harbor will direct model trades for client accounts to the client's custodian as well as to other broker-dealers. As deemed appropriate in accordance with the Firm's Best Execution policy, Good Harbor may combine multiple orders for shares of the same securities purchased for client accounts in which the Firm has discretion into a single “block” order which is stepped-out and placed with an executing broker (usually not the account’s custodial platform). The Firm will then allocate a portion of the shares to participating accounts in a fair and equitable manner. Good Harbor employs third parties to assist with trade aggregation and allocation practices. Trade aggregation is performed to ensure, to the extent possible, that clients receive optimal execution and consistent results across the Firm’s client base. The distribution of the shares purchased is typically proportionate to the size of the account, and is not based on account performance or the amount or structure of management fees. Subject to the Firm’s discretion regarding factual and market conditions, when orders are combined, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by the Firm or persons associated with the Firm may participate in aggregated orders; however, they will not be given preferential treatment. Good Harbor has adopted trade aggregation and allocation policies and procedures designed to ensure accounts are treated fairly when orders are aggregated for execution.

For some custodians, Good Harbor generally deems it to be in the best interest of the client for model trades for such accounts to be executed only with such custodian, consistent with the Firm's Best Execution policy due to factors such as additional step-in fees charged. In the event a single aggregated order cannot be affected across all custodial platforms, a trade rotation policy shall be implemented to ensure fairness of execution. The trade rotation policy sequences each client that was not aggregated into the aggregated order onto a rotating list defining the timing of order releases. For purposes of speed, all clients who share a particular broker are assumed to be a single aggregated order on the trade rotation schedule. The execution of trades is rotated among the clients on the trade rotation. If a trade for a particular rotation is not completed during the trading day, any remaining portion of the trade will be completed on the following day(s) before any trade in the same security may be initiated for the next rotation. The trade rotation policy is implemented by assigning each broker a random number and executing transactions based on the output of the randomization.

For maintenance trades, Good Harbor will generally execute these trades directly at the client’s wrap sponsor or custodian for best execution purposes.

A separate independently rotating list is maintained for those platforms for which Good Harbor does not have trade discretion. The communication of the current portfolio allocation is rotated among the platforms on this list. After these platforms have been provided the latest portfolio allocation, the schedule is moved up in order, and the next platform is put first on the list for the next rebalance.

Good Harbor’s discretionary accounts and accounts to which the Firm provides model portfolio services will trade the same securities at the same time. In these circumstances, Good Harbor will effect trading on the behalf of its clients and deliver model providers portfolio updates in a manner which it believes to be fair and equitable. Due to the nature of the trade rotation process, trading for Good Harbor’s

discretionary accounts will likely be conducted at the same time as trading being conducted by model sponsors or accounts where the firm is not granted trading discretion. As a result, Good Harbor's discretionary accounts will receive different prices than its non-discretionary accounts which can result in underperformance or overperformance relative to other client accounts invested in the same program.

#### Trade Errors

The Firm has adopted trade error policies and procedures. Trade errors will be resolved in accordance with the standards set forth in a client's governing documents.

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

#### Review of Client Accounts

Client accounts will be reviewed on an ongoing basis by Cedar Capital's operations team. Matters reviewed include securities held, adherence to investment restrictions and performance. In addition, the compliance team will periodically review client accounts for adherence to investment strategies and whether or not the Firm is honoring investment restrictions. The Financial Intermediary is responsible for communicating any changes in financial condition of a client to Good Harbor. While Good Harbor retains fiduciary duty over the client accounts, Good Harbor relies on information provided by the Financial Intermediaries.

For the Registered Funds, Good Harbor along with third-party service providers that provide compliance, administration, and accounting support actively monitor the Registered Funds for compliance restrictions. The Registered Funds' administrator will perform back-end or "post-trade" compliance monitoring.

#### Client Reporting

Good Harbor provides quarterly performance reports to direct clients. In addition, all clients should receive from the qualified custodian a monthly or quarterly report containing schedules of investments and transactions during the period.

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

The Firm does not receive any compensation from any third party in connection with providing investment advice.

Third-party solicitors, for example, affiliated or unaffiliated broker/dealers and investment advisers, who are directly responsible for bringing a client to the Firm, receive compensation from Good Harbor for client referrals. Under these arrangements, the client will not pay higher advisory fees than the normal/typical advisory fees. Such arrangements will comply with the requirements set forth under the Investment Advisers Act of 1940 and/or applicable law, including a written agreement between the Firm and the solicitor. Third-party solicitors must provide a copy of the Firm's Brochure and a separate solicitor's disclosure statement regarding the relationship between the solicitor and the Firm to the prospective client at the time of the solicitation or referral. The prospective client will be requested to acknowledge this arrangement prior to acceptance of the account for advisory services.

A conflict of interest exists for the arrangements where a Financial Intermediary is incentivized by a referral fee. Referral fees paid to a third-party solicitor are contingent upon a client engaging Good Harbor to provide investment management services.

Good Harbor and its affiliates utilize third-party distribution firms that receive compensation for referring investors to investment strategies and products managed by Good Harbor and its affiliates. The compensation, which is borne by Good Harbor or its affiliates, is typically a percentage of the advisory



fees received by the Firm. As a matter of practice, any fees paid to the Firm by clients referred by these third party distribution firms are not increased as a result of any referral.

The Registered Funds also pay various fees to broker-dealers and other financial intermediaries that provide distribution services related to such funds.

## **Item 15. Custody**

Good Harbor does not act as a custodian for client assets. For some separate account clients, Good Harbor directly debits client accounts for the payment of advisory fees but does not take physical custody of any client funds and/or securities. Funds and securities will be held with a bank, broker-dealer or other independent, qualified custodian. Clients receive account statements monthly from the independent, qualified custodian holding their funds and securities. The account statements from the custodian will indicate the amount of advisory fees deducted from the account each billing period. Clients should carefully review account statements for accuracy.

In the case of the Registered Funds advised by Good Harbor, arrangements have been made with qualified custodians as disclosed in the relevant offering documents.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact Good Harbor at 312.224.8150.

## **Item 16. Investment Discretion**

Good Harbor provides investment advisory services on both a discretionary and non-discretionary basis to clients.

For its discretionary clients, Good Harbor enters into an investment advisory agreement or other agreement that sets forth the scope of the Firm's discretion. In the case of a Financial Intermediary, Good Harbor will enter into an agreement with the Financial Intermediary that outlines Good Harbor's discretionary authority.

Good Harbor has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, and the broker-dealer utilized to execute the transactions. Clients may request reasonable investment limitations and restrictions and Good Harbor may choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions must be presented to Good Harbor in writing. With respect to certain accounts, such as the Registered Funds, Good Harbor's authority to trade securities is also limited by certain securities, tax, and other laws that may, for example, require diversification of investments and impose other limitations. Please refer to **Item 4. Advisory Business** in this Brochure for more information on the Firm's discretionary management services.

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

### Statement of Policy

Proxy voting is an important right of shareholders and reasonable care must be undertaken to ensure that such rights are properly and timely exercised. When Good Harbor has discretion to vote the proxies of its clients, it will vote those proxies in the best interest of its clients and in accordance with these policies and procedures. Good Harbor has selected an unaffiliated third-party proxy research and voting service

(“Proxy Voting Service”), to assist in the electronic record keeping and management of the proxy process with respect to client securities.

Good Harbor has been delegated the authority to vote proxies for the Registered Funds.

#### Proxy Voting Procedures

The Proxy Voting Service notifies Good Harbor of annual meetings and ballots, and provides the ability to manage, track, reconcile and report proxy voting through electronic delivery of ballots, online voting and record keeping. The Chief Compliance Officer oversees the process to ensure all proxies are being properly voted and appropriate records are being retained.

All proxies received are sent to the respective Portfolio Manager. The Portfolio Manager reviews the information and votes according to the guidelines set forth below.

#### Voting Guidelines

Good Harbor has adopted proxy voting policies and procedures (the “Proxy Voting Policy”) to make every effort to ensure that proxies are voted in the best interest of clients and according to the value of the investment.

The Proxy Voting Policy addresses how the Firm will vote proxies with regard to specific matters, such as voting rights, mergers or acquisitions, the election of board members and other issues. The Proxy Voting Policy also directs Good Harbor to consider certain factors with regard to specific proxy proposals to assist the Firm in voting securities properly. The Firm may also vote a proxy contrary to the Proxy Voting Policies if the Firm determines that a conflict of interest exists or that such action would be in the clients’ best interest.

You may obtain a copy of Good Harbor’s Proxy Voting Policy and information about how Good Harbor voted a client’s proxies by calling 312.224.8150.

### **Item 18. Financial Information**

There is no information applicable to this item.