

# GENOVESE BURFORD & BROTHERS WEALTH AND RETIREMENT PLAN MANAGEMENT, LLC

**ADV Part 2A, Firm Brochure**  
**Dated: March 19, 2020**

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This brochure provides information about the qualifications and business practices of Genovese Burford & Brothers Wealth and Retirement Plan Management, LLC. If you have any questions about the contents of this brochure, please contact us at (916) 924-7527 or [angie@gbbwealth.com](mailto:angie@gbbwealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Genovese Burford & Brothers Wealth and Retirement Plan Management, LLC. If also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Genovese Burford & Brothers Wealth and Retirement Plan Management, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## **Item 2           Material Changes**

Since the last Annual Amendment filing on March 29, 2019, this Genovese Burford & Brothers Wealth and Retirement Plan Management, LLC (“GBB”) Part 2A Brochure has been amended as follows:

- At Item 1 to reflect GBB’s new principal office location
- At Items 4 and 5 to revise disclosure related to brokerage commissions and transaction fees
- At Item 4 to add disclosure language regarding limitations applicable to non-discretionary investment advisory engagements and to revise disclosure language regarding periods of portfolio inactivity
- At Item 5 to reflect revisions to GBB’s investment advisory and financial planning fees
- At Items 5 and 7 to revise minimum fee requirements for certain participant-directed retirement plan clients
- At Items 5, 10, and 12 to reflect revisions to certain Forgivable Loans
- At Item 10 to incorporate conflict of interest disclosure language regarding a promissory note issued by an unaffiliated bank
- At Item 8 to increase and enhance risk disclosure language related to the use of margin and risks associated with certain asset types that may be utilized in the management of client accounts

**ANY QUESTIONS:** GBB’s Chief Compliance Officer, Angie Butler, remains available to address any questions regarding this Part 2A, including the disclosure additions and enhancements below.

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#### **Item 4            Advisory Business**

- A. Genovese Burford & Brothers Wealth and Retirement Plan Management, LLC (“GBB”) is a limited liability company formed under the laws of the State of California on March 7, 2012. However, GBB has effectively been in business since 1990. GBB is wholly owned by Genovese Burford & Brothers Wealth & Retirement Plan Management, Inc. The primary shareholders of Genovese Burford & Brothers Wealth & Retirement Plan Management, Inc. are Michael T. Genovese, Kelly T. Brothers, and Alexander G. Brown.
- B. As discussed below, GBB offers to its clients the following services: investment advisory services, financial planning and consulting services, and retirement plan consulting services.

##### **INVESTMENT ADVISORY SERVICES**

The client can engage GBB to provide discretionary or non-discretionary investment advisory services. Before engaging GBB to provide investment advisory services, clients are required to enter into an agreement with GBB setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the fees that a client will incur.

GBB’s investment advisory services shall generally include financial planning and related consulting services, to the extent specifically requested by a client (*see* Limitations of Financial Planning below) In the event that the client requires extraordinary planning or consultation services GBB may determine to charge a client for such additional services pursuant to a stand-alone Financial Planning Agreement (to be determined in the sole discretion of GBB).

GBB provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will determine each client’s investment objectives. GBB will then allocate or recommend that the client allocate their portfolio consistent with the designated investment objectives. GBB primarily allocates or recommends that clients primarily allocate investment assets among cash, money market instruments, open-end mutual funds, and exchange traded funds (“ETFs”) consistent with the client’s designated investment objectives. Once allocated, GBB provides ongoing monitoring and review of account performance, asset allocation and the client’s investment objectives.

##### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, GBB may also provide financial planning or consulting services on a stand-alone separate fee basis (including investment and non-investment related matters, estate planning, insurance planning, etc.).

Before engaging GBB to provide stand-alone planning or consulting services, clients are required to enter into a separate agreement with GBB setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the portion of the fee that is due from the client before GBB commences services. If requested by the client, GBB may recommend the services of other professionals for implementation purposes including, as disclosed below on this Brochure, representatives of GBB in their separate individual capacities as registered representatives of Royal Alliance Associates and/or as licensed insurance agents. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all

implementation decisions and is free to accept or reject any recommendation from GBB. **Please Note:** If the client engages any professional, recommended or otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from the engaged professional. At all times, the engaged professional(s), and not GBB, shall be responsible for the quality and competency of the services provided. **Please Also Note:** It remains the client's responsibility to promptly notify GBB if there is ever any change in their financial situation or investment objectives for the purpose of reviewing or revising GBB's previous recommendations or services.

#### **ERISA PLAN and 401(k) INDIVIDUAL ENGAGEMENTS:**

**Trustee Directed Plans.** GBB may be engaged to provide discretionary investment advisory services to ERISA retirement plans, whereby the Firm shall manage Plan assets consistent with the investment objective designated by the Plan trustees. In such engagements, GBB will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 ("ERISA"). GBB will generally provide services on an "assets under management" fee basis per the terms and conditions of an *Investment Advisory Agreement* between the Plan and the Firm.

**Participant Directed Retirement Plans.** GBB also provides retirement plan consulting/management services, pursuant to which it assists sponsors of self-directed retirement plans organized under ERISA. The terms and conditions of the engagement shall be set forth in a *Retirement Plan Consulting Agreement* between GBB and the plan sponsor. To the extent that the plan sponsor engages GBB in an ERISA Section 3(21) capacity, GBB will assist with the selection and/or monitoring of investment options (generally open-end mutual funds and exchange-traded funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. If the plan sponsor chooses to engage GBB in an ERISA Section 3(38) capacity, GBB may provide the same services as described above, but may also: create specific asset allocation models that GBB manages on a discretionary basis, which plan participants may choose in managing their individual retirement account; and/or modify the investment options made available to plan participants on a discretionary basis.

**Client Retirement Plan Assets.** If requested to do so, GBB shall provide investment advisory services relative to the client's 401(k) plan assets. In such event, GBB shall allocate (or recommend that the client allocate) the retirement account assets among the investment options available on the 401(k) platform. GBB's ability shall be limited to the allocation of the assets among the investment alternatives available through the plan. GBB will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify GBB of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account. ***See Retirement Rollovers*** below.

#### **MISCELLANEOUS**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent specifically requested by the client, GBB shall generally provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. GBB does not serve as a law firm or accounting firm, and no portion of its services should be construed as legal or accounting services. Accordingly, GBB does not prepare estate

planning documents or tax returns. To the extent requested by a client, GBB may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including representatives of GBB in their separate individual capacities as representatives Royal Alliance Associates (“Royal”), an SEC registered and FINRA member broker-dealer, and as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from GBB and/or its representatives.

**Please Note:** If the client engages any professional, recommended or otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from the engaged professional. At all times, the engaged professional(s), and not GBB, shall be responsible for the quality and competency of the services provided.

**Please Also Note-Conflict of Interest:** The recommendation by GBB’s representative that a client purchase a securities or insurance commission product through GBB’s representative in his/her separate and individual capacity as a registered representative of Royal and/or as an insurance agent, presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment or insurance products based on commissions to be received, rather than on a particular client’s need. No client is under any obligation to purchase any securities or insurance commission products through such a representative. Clients are reminded that they may purchase securities and insurance products recommended by GBB through other, non-affiliated broker-dealers and/or insurance agencies. **GBB’s Chief Compliance Officer, Angie Butler, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

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

**Please Note-Use of Mutual and Exchange Traded Funds:** Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by GBB independent of engaging GBB as an investment advisor. However, if a prospective client determines to do so, he/she will not receive GBB’s initial and ongoing investment advisory services.

**Cash Positions.** Depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), GBB may maintain cash and cash equivalent positions (such as money market funds, etc.) for defensive and liquidity purposes. Unless otherwise agreed in writing, cash positions up to a maximum of five percent (5%) of the market value of an account shall be included as part of assets under management for purposes of calculating GBB’s advisory fee. **ANY QUESTIONS:** GBB’s Chief Compliance Officer, Angie Butler, remains available to

address any questions that a client or prospective may have regarding the above fee billing practice.

**Broker-Dealers/Custodians.** As discussed below at Item 12, GBB generally recommends that Schwab, Fidelity and/or TD Ameritrade serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab, Fidelity and TD charge brokerage commissions and/or transaction fees for effecting certain securities transactions. In addition to GBB's investment management fee and applicable brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). The fees charged by Schwab, Fidelity and TD, as well as the charges imposed at the mutual fund and exchange traded fund level, are in addition to GBB's advisory fee referenced in Item 5 below.

**Portfolio Activity.** GBB has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, GBB will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when GBB determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by GBB will be profitable or equal any specific performance level(s).

**Non-Discretionary Services Limitations.** Clients that determine to engage GBB on a non-discretionary investment advisory basis must be willing to accept that GBB cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event that GBB would like to make a transaction for a client's account, and client is unavailable, GBB will be unable to effect the account transaction (as it would for its discretionary clients) without first obtaining the client's consent.

**Please Note: Fund Liquidity Constraints.** GBB may utilize mutual funds and/or exchange traded funds that provide for limited liquidity, generally on a quarterly basis. Thus, if we determined that the fund was no longer performing or if you ever determined to transfer your account, the Fund could not be sold or transferred immediately. Rather, sale or transfer would need to await the quarterly permitted sale date. Moreover, the eventual net asset value for the Fund could be substantially different (positive or negative) than the Fund value on the date that the sale was requested. There can be **no assurance** that any such strategy will prove profitable or successful. **In light of these enhanced risks/rewards, a client may direct GBB, in writing, not to employ any or all such strategies for the client's account. ANY QUESTIONS: GBB's Chief Compliance Officer, Angie Butler, remains available to address any questions that a client or prospective client may have regarding the above.**

**Client Obligations.** In performing its services, GBB shall not be required to verify any information received from the client or from the client's other professionals, and GBB is expressly authorized to rely on any information provided by the client. Each client is advised that it remains their responsibility to promptly notify GBB if there is ever any change in their financial situation or investment objectives for the purpose of GBB revising its previous recommendations or services.

**Please Note: Investment Risk.** 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 any specific performance level (including the investments or investment strategies recommended or undertaken by GBB).

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

- C. GBB shall provide investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will determine each client's investment objectives. GBB shall then allocate or recommend that the client allocate investment assets consistent with the designated investment objectives. The client may, at anytime, impose reasonable restrictions, in writing, on GBB's services.
- D. GBB does not participate in a wrap fee program.
- E. As of December 31, 2019, GBB had approximately \$2,103,662,796 in assets under management on a discretionary basis and approximately \$52,777,972 in assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **A. INVESTMENT ADVISORY SERVICES**

Clients can engage GBB to provide discretionary or non-discretionary investment advisory services for an asset based fee. GBB's negotiable annual investment advisory fee shall generally be based upon a percentage (%) of the market value and type of assets placed under GBB's management as follows:

<u>Market Value of Portfolio</u>	<u>Annual Fee %</u>
\$0 – \$1,000,000	1.00%
\$1,000,001 – \$2,000,000	0.85%
\$2,000,001 - \$3,000,000	0.75%
\$3,000,001 - \$5,000,000	0.65%
\$5,000,001 - \$10,000,000	0.50%
\$10,000,000 and over	0.35%

GBB, in its sole discretion, may charge a lesser investment management fee or enter into an alternative fee arrangement based upon certain criteria, including but not limited to a client's anticipated future earning capacity, expected additional assets to be placed under GBB's management, legacy fee arrangements, scope and type of overall services to be rendered, the dollar amount of assets to be managed, related accounts, account composition, and separate negotiations with client. ***See*** disclosure at Item 7 below.

**Please Note:** Certain clients may be subject to legacy fee arrangements or negotiated flat fees that differ from those reflected in the fee schedule above. GBB reviews such arrangements on an annual basis to determine whether impacted clients would benefit from transitioning to GBB's asset-based fee schedule shown above. If, in GBB's determination, any such client would incur lesser fees under the above asset-based fee schedule, GBB will notify the client for further discussion. **ANY QUESTIONS:** GBB's Chief Compliance

Officer, Angie Butler, remains available to address any questions that a client or prospective client may have regarding advisory fees.

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, GBB may provide financial planning or consulting services on a stand-alone fee basis, which may include but is not limited to advice concerning investment and non-investment matters, estate planning, and insurance planning. GBB's fee for an initial standalone financial planning and consulting engagement is \$5,000. For standalone financial planning and consulting clients seeking to update their previously provided GBB plan, GBB's fee is \$2,500. Fees for standalone financial planning and consulting services are due upon delivery of the financial plan by GBB.

Standalone financial planning and consulting clients who elect to engage GBB to provide investment advisory services may be eligible for a waiver or reduction of their standalone financial planning fee. The amount of this waiver or reduction is generally based on the anticipated first year investment advisory fee. Standalone financial planning and consulting clients who retain GBB for investment advisory services, with an anticipated first year investment advisory fee of \$5,000 or more will have their standalone financial planning and consulting fee waived in its entirety. For such clients with an anticipated first year investment advisory fee of less than \$5,000, GBB will reduce the standalone financial planning and consulting fee to \$3,000 for an initial plan and \$1,500 to update their previously provided GBB plan.

### **RETIREMENT PLAN INVESTMENT MANAGEMENT AND ADVISORY SERVICES**

We offer retirement plan advisory and management services at negotiated rates based upon a percentage of the plan assets and/or on fixed rates. The fee is negotiated in advance of services rendered and is disclosed in the executed written agreement that we sign with the retirement plan sponsor. Fees will be generally be calculated and billed quarterly in advance. In certain circumstances, the fees will be calculated and billed quarterly in arrears.

- B. Clients may elect to have GBB's investment advisory fees deducted from their custodial account. Both GBB's agreement and the custodial or clearing agreement may authorize the custodian to debit the account for GBB's investment advisory fee and forward the fee to GBB in compliance with regulatory procedures. In the limited event that GBB bills the client directly, payment is due upon receipt of GBB's invoice. For investment advisory clients, GBB shall debit fees or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter. For financial planning and consulting services, clients must pay a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, GBB shall generally recommend that Charles Schwab & Co., Inc. ("Schwab"), Fidelity Brokerage Services LLC ("Fidelity"), TD Ameritrade ("TD") or Pershing, the custodian utilized by Royal Alliance Associates, Inc. ("Royal") (collectively, the "*Custodians*"), serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as the *Custodians* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed



income securities transactions). In addition to GBB's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

- D. Generally, GBB's annual investment advisory fee shall be prorated and paid quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter. In certain circumstances client accounts will be set up to be paid and calculated quarterly in arrears based on the value of your account on the last day of the quarter.

GBB generally does not require a minimum annual investment advisory fee, but does have a minimum account size, which is set forth in Item 7 below. When engaged by a participant-directed retirement plan, GBB's minimum annual fee is \$5,000 for ERISA Section 3(38) services. GBB's minimum annual fee for ERISA Section 3(21) and non-fiduciary services is \$4,500, plus 0.50% of the assets of the plan. GBB may waive or reduce these minimum requirements at its sole discretion. GBB, in its sole discretion, may reduce or waive its minimum account size requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, legacy fee arrangements, familial relationship, dollar amount of assets to be managed, related accounts, account composition, negotiations with the client, etc.).

The *Investment Advisory Agreement* between GBB and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, GBB shall debit the account for the pro-rated portion of the unpaid advanced advisory fee based upon the number of days that services were provided during the billing quarter.

- E. **Commission Transactions.** In the event that the client desires, the client can engage certain of GBB's representatives, in their individual capacities as registered representatives of Royal Alliance Associates, Inc. ("Royal"), an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through *Royal*, *Royal* will charge brokerage commissions to effect securities transactions, a portion of which commissions *Royal* shall pay to GBB's representatives, as applicable. The brokerage commissions charged by *Royal* may be higher or lower than those charged by other broker-dealers. In addition, *Royal*, as well as GBB's representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment. However, GBB's representatives do not collect 12b-1 trailing commissions on assets held in investment advisory accounts managed by GBB, for which GBB also charges an investment advisory fee.

Royal has also provided financial assistance to certain of GBB's representatives, in their separate and individual capacities as a registered representatives of Royal, as part of a compensation package through the issuance of one or more forgivable loans ("Forgivable Loans"). The specific terms of the Forgivable Loans vary, and constitute additional economic benefits. Under the Forgivable Loans, loan repayments due and owing to Royal are offset by corresponding annual payments made by Royal to the loan recipient, so long as the loan recipient remains continuously affiliated with, or otherwise provides continuing and uninterrupted services, for Royal, and uses best efforts to maintain client assets and accounts with Royal. The Forgivable Loans therefore incentivize these loan recipients to

remain affiliated with Royal in a separate individual capacity as a registered representative and to recommend that clients use and/or maintain brokerage assets with Royal. Accordingly, the receipt of the Forgivable Loans presents a **conflict of interest**, because GBB's representatives are incentivized to recommend that clients utilize Royal for brokerage services in an effort to achieve loan forgiveness, rather than basing such recommendations on a client's particular needs. Clients are therefore reminded that they are not under any obligation to purchase securities commission products through Royal and/or GBB's representatives, and that they may purchase such securities commission products from other, non-affiliated broker-dealers and registered representatives.

1. **Conflicts of Interest:** Based upon the above compensation arrangements, the recommendation that a client purchase a commission product from Royal presents **conflicts of interest**, as the receipt of commissions or other compensation may provide an incentive to recommend investment products based on commissions and other compensation to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from GBB's representatives. **GBB's Chief Compliance Officer, Angie Butler, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
2. **Please Note:** Clients may purchase investment products recommended by GBB through other, non-affiliated broker dealers or agents.
3. GBB does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products GBB recommends to its clients.
4. When GBB's representative sells an investment product on a commission basis, GBB does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, GBB's representative does not also receive commission compensation or additional 12b-1 fees for such advisory services. However, a client may engage GBB to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from GBB's representative on a separate commission basis.

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

Neither GBB nor any supervised person of GBB accepts performance-based fees.

## **Item 7            Types of Clients**

GBB's clients shall generally include individuals and high net worth individuals, trusts, estates and charitable organizations, pension and profit sharing plans, banking and thrift institutions, and other corporate entities. GBB generally requires a minimum account balance of \$500,000. When engaged by a participant-directed retirement plan, GBB's minimum annual fee is \$5,000 for ERISA Section 3(38) services. GBB's minimum annual fee for ERISA Section 3(21) and non-fiduciary services is \$4,500, plus 0.50% of the assets of the plan. GBB may waive or reduce these minimum requirements at its sole discretion.

based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, familial relationship, dollar amount of assets to be managed, related accounts, account composition, negotiations with the client, etc.). **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** GBB's Chief Compliance Officer, Angie Butler, remains available to address any questions that a client may have regarding its advisory fee schedule.

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

A. GBB may utilize the following methods of security analysis:

- **Fundamental** - We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

GBB may utilize the following investment strategies when implementing investment advice given to clients:

- **Long Term Purchases** (securities held at least a year)
- **Short Term Purchases** (securities sold within a year)
- **Covered Calls** (options strategy)
- **Other:** By its nature financial planning looks to the long term. After GBB makes sure that the client's short-term cash needs, emergency fund, and insurance coverage is satisfied, GBB designs investment strategies to help the client achieve his or her financial goals. Casualty insurance (e.g. homeowner's, auto, liability, etc.) is reviewed only at the client request, and would be provided by an outside casualty firm.

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. 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 (including the investments and/or investment strategies recommended or undertaken by GBB) will be profitable or equal any specific performance level(s). **Please Also Note:** Investing in securities involves risk of loss that clients should be prepared to bear.

B. GBB's methods of analysis and investment strategies do not present any significant or unusual risks.

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

GBB's primary investment strategies - Long Term Purchases and Short Term Purchases,—are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, GBB may also implement and/or recommend covered call writing. This strategy has a high level of inherent risk. (See discussion below).

**Covered Call Writing.** Covered call writing is the sale of in-, at-, or out-of- the money call option against a long security position held in a client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

**Use of Margin.** GBB does not generally recommend the use of margin loans or securities based loans as an investment strategy, in which the client would leverage borrowed assets as collateral for the purchase of additional securities. However, GBB may assist a client in establishing a margin account with the client's broker-dealer/custodian or their affiliated banks (each, a "Lender") to access margin or securities based loans for financial planning and cash flow management purposes. For example, the client may determine to borrow money on margin to pay bills or other expenses such as financing the purchase, construction, or maintenance of a real estate project. Unlike a traditional real estate-backed loan, a margin loan has the potential benefit of: enabling borrowers to access to funds in a shorter period of time, providing greater repayment flexibility, and may also result in the borrower receiving certain tax benefits. Clients interested in learning more about the potential tax benefits of borrowing money on margin should consult with an accountant or tax advisor.

The terms and conditions of each loan are contained in a separate agreement between the client and the Lender selected by the client, which terms and conditions may vary from client to client. Borrowing funds on margin is not suitable for all clients and is subject to certain risks, including but not limited to: increased market risk, increased risk of loss, especially in the event of a significant downturn; liquidity risk; the potential obligation to post collateral or repay the loan if the Lender determines that the value of collateralized securities is no longer sufficient to support the value of the loan; the risk that the Lender may liquidate the client's securities to satisfy its demand for additional collateral or repayment / the risk that the Lender may terminate the loan at any time. Before agreeing to participate in an margin loan or securities based loan program, clients should carefully review the applicable loan agreement and all risk disclosures provided by the Lender including the initial margin and maintenance requirements for the specific program in

which the client enrolls, and the procedures for issuing “margin calls” and liquidating securities and other assets in the client’s accounts.

- C. GBB recommends asset allocations based on a particular client’s economic situation, liquidity needs, risk tolerance, proposed investment period, need for diversification, reliance upon current income, and present and anticipated tax situation. GBB also considers historical yields, potential appreciation and marketability before making investment recommendations. GBB recommends and manages many types of assets, including: exchange-listed securities, open and closed end investment companies, corporate debt, ETFs, US government securities, and other public and private securities or investments.

Risks associated with these asset types include:

1. **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.
2. **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 may be caused by external factors independent of the fund’s specific investments as well as due to the fund’s specific investments. Additionally, each security’s price will fluctuate based on market movement and emotion, which may, or may not be due to the security’s operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
3. **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
4. **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
5. **Financial Risk:** Excessive borrowing to finance a business’ operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
6. **Market Risk (Systematic Risk):** Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of your portfolio will fluctuate, there is a risk that you will lose money.
7. **Unsystematic Risk:** Unsystematic risk is the company-specific or industry-specific risk in a portfolio. The combination of systematic (market risk) and unsystematic risk is defined as the portfolio risk that the investor bears. While the investor can do little to reduce systematic risk, he or she can affect unsystematic risk. Unsystematic risk may be significantly reduced through diversification. However, even a portfolio of well-diversified assets cannot escape all risk.

8. **Credit Risk:** Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value, and thus, impact performance. Credit risk is greater for fixed income securities with ratings below investment grade (BB or below by Standard & Poor's Rating Group or Ba or below by Moody's Investors Service, Inc.). Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.
9. **Income Risk:** Income risk is the risk that falling interest rates will cause the investment's income to decline.
10. **Call Risk:** Call risk is the risk that during periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.
11. **Purchasing Power Risk:** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply. Rising inflation means that if you have \$1,000 and inflation rises 5 percent in a year, your \$1,000 has lost 5 percent of its value, as it cannot buy what it could buy a year previous.
12. **Political Risks:** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
13. **Regulatory Risk:** Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
14. **Risks Related to Investment Term:** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not what we believe it is truly worth. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value.

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

Shares of mutual funds are distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per-share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with

intraday changes in the market value of the fund's holdings. The trading prices of a mutual fund's shares can differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

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

## **Item 9           Disciplinary Information**

GBB has not been the subject of any reportable disciplinary actions.

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

- A. Neither GBB, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, except as stated below in Item 10.C.
- B. Neither GBB, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Broker-Dealer.** As disclosed above in Item 5.E, certain of GBB's representatives are registered representatives of *Royal*, a FINRA member broker-dealer. Clients can choose to engage certain of GBB's representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.

**Conflicts of Interest.** As discussed in Items 5.E. above and 12.A below, certain of GBB's representatives have received forgivable and repayable loans (the "Forgivable Loans"). Under the Forgivable Loans, loan repayments due and owing to Royal are offset by corresponding annual payments made by Royal to the loan recipient, so long as the loan recipient remains continuously affiliated with, or otherwise provides continuing and uninterrupted services, for Royal, and uses best efforts to maintain client assets and accounts with Royal. The Forgivable Loans therefore incentivize these loan recipients to remain affiliated with Royal in a separate individual capacity as a registered representative and to recommend that clients use and/or maintain brokerage assets with Royal. Accordingly, the receipt of the Forgivable Loans presents a **conflict of interest**, because GBB's representatives are incentivized to recommend that clients utilize Royal for brokerage services in an effort to achieve loan forgiveness, rather than basing such recommendations on a client's particular needs. Clients are therefore reminded that they are not under any obligation to purchase securities commission products through Royal

and/or GBB's representatives, and that they may purchase such securities commission products from other, non-affiliated broker-dealers and registered representatives.

**River City Bank.** GBB has contracted with River City Bank on the issuance of a convertible promissory note, payable by GBB to River City Bank. In accordance with the terms of the note, GBB pays to River City Bank the greater of a specified interest rate or a portion of GBB's monetized cash flow. The terms of the note also contain certain prohibitions on referring clients to third parties. For example, River City Bank is prohibited from referring clients to third parties whose services are competitive to those of [Registrant]. Similarly, the terms of the note prohibit GBB from referring clients to third parties whose services are competitive to those of River City Bank. **Conflict of Interest:** The above arrangement presents conflicts of interest in that River City Bank is incentivized to refer clients to GBB, due to River City Bank's financial interest in GBB. Such referral could be made on the basis of attempting to maximize River City Bank's compensation under the promissory note or on the basis of ensuring that GBB's cash flow are sufficient to meet GBB's payment obligations under the promissory note. **Please Note:** As described above, and in accordance with the terms of the above-referenced promissory note, in the event a client requires services that are offered by River City Bank, GBB is only able to refer clients to River City Bank for such services. Similarly, in the event a client requires services that are offered by GBB, River City Bank is only able to refer clients to GBB.

**ANY QUESTIONS: [Registrant]'s Chief Compliance Officer, Angie Butler, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflicts of interest presented by such arrangement.**

- D. GBB does not recommend or select other investment advisors for its clients.

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

- A. GBB maintains an investment policy relative to personal securities transactions. This investment policy is part of GBB's overall Code of Ethics, which serves to establish a standard of business conduct for all of GBB's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, GBB also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by GBB or any person associated with GBB.

- B. Neither GBB nor any related person of GBB recommends, buys, or sells for client accounts, securities in which GBB or any related person of GBB has a material financial interest.
- C. GBB and/or representatives of GBB *may* buy or sell securities that are also recommended to clients. This practice may create a situation where GBB and/or representatives of GBB are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if GBB did not have adequate policies in



place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed before those of GBB’s clients) and other potentially abusive practices.

GBB has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of GBB’s “Access Persons.” GBB’s securities transaction policy requires that Access Person of GBB must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Furthermore, Access Persons must provide the Chief Compliance Officer with a quarterly transaction report, detail all trades in the Access Person’s account during the previous quarter; and on an annual basis, each Access Person must provide the Chief Compliance Officer with a written report of the Access Person’s current securities holdings.

- D. GBB and/or representatives of GBB *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where GBB and/or representatives of GBB are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11C, GBB has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of GBB’s Access Persons.

## **Item 12            Brokerage Practices**

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

Factors that GBB considers in recommending the *Custodians* (or another broker-dealer/custodian, investment platform and/or mutual fund sponsor) include historical relationship with GBB, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by GBB's clients shall comply with GBB's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where GBB determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although GBB will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, GBB's investment management fee. GBB's best price execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Non-Soft Dollar Research and Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, GBB can receive economic benefits, support services and/or products from the *Custodians* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, mutual fund sponsor, or vendor) without cost (and/or at a discount) certain of which assist GBB to better monitor and service client accounts maintained at such institutions. Included within the benefits and support services that can be obtained by GBB (or one or more of its representatives) can be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, financial assistance, loans, marketing support, computer hardware and/or software and/or other products used by GBB in furtherance of its investment advisory business operations.

Certain of the above support services and/or products assist GBB in managing and administering client accounts. Others do not directly provide such assistance, but rather assist GBB to manage and further develop its business enterprise.

GBB's clients do not pay more for investment transactions effected and/or assets maintained at the *Custodians* as a result of this arrangement. There is no corresponding commitment made by GBB to the *Custodians* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements.

**Forgivable Loans-Conflict of Interest**

As discussed above, several of GBB's representatives are registered representatives of Royal. Certain of these representatives have received forgivable and repayable loans (the "Forgivable Loans"). Under the Forgivable Loans, loan repayments due and owing to Royal are offset by corresponding annual payments made by Royal to the loan recipient, so long as the loan recipient remains continuously affiliated with, or otherwise provides continuing and uninterrupted services, for Royal, and uses best efforts to maintain client assets and accounts with Royal. The Forgivable Loans therefore incentivize these loan recipients to remain affiliated with Royal in a separate individual capacity as a registered representative and to recommend that clients use and/or maintain brokerage assets with Royal. Accordingly, the receipt of the Forgivable Loans presents a conflict of interest, because GBB's representatives are incentivized to recommend that clients utilize Royal for brokerage services in an effort to achieve loan forgiveness, rather than basing such recommendations on a client's particular needs. Clients are therefore reminded that they are not under any obligation to purchase securities commission products through Royal and/or GBB's representatives, and that they may purchase such securities commission products from other, non-affiliated broker-dealers and registered representatives.

**ANY QUESTIONS: GBB's Chief Compliance Officer, Angie Butler, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by such arrangements.**

2. GBB no longer receives referrals from broker-dealers.

3. GBB does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and GBB will not seek better execution services or prices from other broker-dealers or be able to “batch” the client’s transactions for execution through other broker-dealers with orders for other accounts managed by GBB. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs GBB to effect securities transactions for the client’s accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through GBB. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

- B. To the extent that GBB provides investment advisory services to its clients, the transactions for each client account generally will be effected independently, unless GBB decides to purchase or sell the same securities for several clients at approximately the same time. GBB may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among GBB’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. GBB shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13      Review of Accounts**

- A. For those clients to whom GBB provides investment supervisory services, account reviews are conducted on an ongoing basis by GBB’s Principal. All investment supervisory clients are advised that it remains their responsibility to advise GBB of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with GBB on an annual basis.
- B. GBB may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. GBB may also provide a written periodic report summarizing account activity and performance.

## Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, GBB (and/or a GBB representative) can receive economic benefits from the *Custodians*. GBB (and/or a GBB representative), without cost (and/or at a discount), may receive support services and/or products from the *Custodians* (which can include, among other benefits described at Item 12, direct financial assistance from the *Custodians* to obtain certain services or products).

GBB's clients do not pay more for investment transactions effected and/or assets maintained at the *Custodians* as a result of this arrangement. There is no corresponding commitment made by GBB to the *Custodians* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**ANY QUESTIONS: GBB's Chief Compliance Officer, Angie Butler, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by such arrangements.**

- B. GBB does not maintain any active solicitor arrangements. However, GBB does continue to pay ongoing referral fee compensation to a legacy solicitor for prior introductions to current firm clients.

## Item 15 Custody

GBB shall have the ability to have its advisory fee for each client debited by the custodian. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. GBB may also provide a written periodic report summarizing account activity and performance.

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

GBB provides other services on behalf of its clients that require disclosure at ADV Part 1, Item 9. In particular, certain clients have signed asset transfer authorizations that permit the qualified custodian to rely upon instructions from GBB to transfer client funds to "third parties." In accordance with the guidance provided in the SEC Staff's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise CPA examination.

## Item 16 Investment Discretion

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

effect investment transactions involving the assets in the client's name found in the discretionary account.

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

## **Item 17          Voting Client Securities**

- A. Unless the client directs otherwise in writing, *GBB* is responsible for voting client proxies. *GBB* uses the services of Institutional Shareholder Services, Inc. to assist with proxy decision-making, vote execution, reporting and screening. However, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits. *GBB* shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. *GBB* shall monitor corporate actions of individual issuers and investment companies consistent with *GBB*'s fiduciary duty to vote proxies in the best interests of its clients. Although the factors which *GBB* will consider when determining how it will vote differ on a case by case basis, they may, but are not limited to, include a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, *GBB* may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), *GBB* may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. *GBB* shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how *GBB* voted on any specific proxy issue is also available upon written request. Requests should be made by contacting *GBB*'s Chief Compliance Officer, Angie Butler.
- B. For those clients that do not provide us with the discretion to vote their proxies, clients will receive their proxies or other solicitations directly from their custodian. Clients may contact GBB to discuss any questions they may have with a particular solicitation.

## **Item 18          Financial Information**

- A. GBB does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. GBB is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. GBB has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: GBB's Chief Compliance Officer, Angie Butler, remains available to address any questions regarding this Part 2A.**