

Gouws Capital LLC

15720 Brixham Hill Ave
Suite 300
Charlotte, NC 28277

(704) 944-3233

www.GouwsCapital.com

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FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of Gouws Capital LLC. If you have any questions about the contents of this brochure, contact us at (704) 944-3233. 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 Gouws Capital LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Gouws Capital LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated February 6, 2020 we have no material changes to report.

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Item 4 Advisory Business

General Information

Gouws Capital LLC ("Gouws Capital") was formed in 2010, and provides portfolio management and general consulting services to its clients.

Fanie Gouws is the sole principal owner of Gouws Capital. Please see the **Brochure Supplements**, Exhibit A, for more information on Mr. Gouws and other individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

SERVICES PROVIDED

At the outset of each client relationship, Gouws Capital spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and reviewing options for the client. Based on its reviews, Gouws Capital generally develops with each client:

- a financial outline for the client based on the client's financial circumstances and goals, and the client's risk tolerance level (the "Profile"); and
- the client's investment objectives and guidelines.

The Profile is a reflection of the client's current financial picture and a look to the future goals of the client. It outlines the types of investments Gouws Capital will make on behalf of the client to meet those goals. The Profile is discussed regularly with each client, but is not necessarily a written document.

Where Gouws Capital provides general consulting services, Gouws Capital will work with the client to prepare an appropriate summary of the specific project(s) to the extent necessary or advisable under the circumstances.

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

Portfolio Management

To implement the client's Profile for investing, Gouws Capital will manage the client's investment portfolio(s) on a discretionary basis. As a discretionary investment adviser, Gouws Capital will have the authority to supervise and direct the portfolio without prior consultation with the client.

Notwithstanding the foregoing, clients may impose certain written restrictions on Gouws Capital in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of Gouws Capital.

Options Strategy

When consistent with the Profile of a client, Gouws Capital may utilize options strategies, with the goals of delivering increased total return, creating additional income, and hedging long positions in investments. We conduct in-depth research to identify investment opportunities in this area while monitoring portfolios on an ongoing basis. Nevertheless there is no certainty that the use of options will produce the desired results.

General Consulting

In addition to the foregoing services, Gouws Capital may provide general consulting services to individual clients or to other investment advisers. These services may be provided on a project basis, and may include, without limitation, minimal cash flow planning for certain events such as education expenses or retirement, estate planning analysis, income tax planning analysis and review of a client's insurance portfolio, as well as other matters specific to the client as and when requested by the client and agreed to by Gouws Capital. Such services may also be provided on a more continuous and regular basis. The scope and fees for consulting services will be negotiated with each client at the time of engagement for the applicable project.

Types of Investments

We offer advice on equity securities, fixed income securities, options contracts on securities, and ETFs.

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

Assets Under Management

As of August 23, 2021, we provide continuous management services for \$133,792,390 in client assets on a discretionary basis.

Item 5 Fees and Compensation

General Fee Information

Fees paid to Gouws Capital are exclusive of all custodial and transaction costs paid to the client's custodian, brokers or other third party consultants. Please see **Item 12 - Brokerage Practices** for additional information. Fees paid to Gouws Capital are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, Gouws Capital and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

Portfolio Management Fees

The annual fee schedule, based on a percentage of assets under management, is 1.00%.

The minimum portfolio value is generally set at \$250,000.. Gouws Capital may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where Gouws Capital deems it appropriate under the circumstances.

Portfolio management fees are generally payable quarterly, in advance. If management begins after the start of a quarter, fees will be prorated accordingly. With client authorization and unless other arrangements are made, fees are normally debited directly from client account(s).

Either Gouws Capital or the client may terminate their Investment Advisory Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to Gouws Capital from the client will be invoiced or deducted from the client's account prior to termination.

General Consulting Fees

When Gouws Capital provides general consulting services to individual clients or to other investment advisers, these services are generally separate from Gouws Capital's portfolio management services. Fees for general consulting are negotiated at the time of the engagement for such services, and are normally based on a fixed fee basis.

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

Item 6 Performance-Based Fees and Side-By-Side Management

Gouws Capital does not have any performance-based fee arrangements. "Side-by-Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Gouws Capital has no performance-based fee accounts, it has no side-by-side management.

Item 7 Types of Clients

Gouws Capital serves individuals, trusts, and estates. With some exceptions, the minimum portfolio value eligible for conventional investment advisory services is \$250,000. Under certain circumstances and in its sole discretion, Gouws Capital may negotiate such minimums.

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

Methods of Analysis and Investment Strategies

In accordance with the Profile, Gouws Capital will primarily invest in individual stocks and bonds, but will also use ETFs, ETNs (Exchange Traded Notes), and Grantor Trusts. In both equity and fixed income categories, a few legacy positions in mutual funds and other instruments may be held, but will usually be phased out over time.

In selecting individual stocks for an account, Gouws Capital generally applies traditional fundamental analysis including, without limitation, the following factors;

- Financial strength ratios
- Price-to-earnings ratios
- Dividend yields, and
- Growth rate-to-price earnings ratios

ETFs are generally evaluated and selected based on a variety of factors, including, without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

Fixed income investments may be used as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. Gouws Capital will generally evaluate and select individual bonds or bond funds based on a number of factors including, without limitation, rating, yield and duration.

Options Strategy

As described in **Item 4 - Advisory Business**, from time to time and when appropriate for clients Gouws Capital may write covered calls and purchase put options to hedge long positions in the portfolio and to generate cash flow.

A covered call is a combination of owning shares of a stock and selling (or writing) call options against those shares. The seller of the call option receives an upfront cash premium while the buyer of the call option receives the right, but not the obligation, to purchase a fixed number of shares of the stock at the predetermined price. While the sale of a covered call generates cash flow, it does not eliminate the downside risk of stock ownership. Investing in stock options is generally considered to carry higher risk than just owning the shares of stock.

Purchasing put options is the opposite of writing covered calls. It gives the owner of the put option the right, but not the obligation, to sell a specified amount of an underlying security at a specific price within a certain time period. This strategy may provide downside protection in the portfolio.

In unique circumstances, Gouws Capital may use long call options as a substitute for an investment in the underlying security, and may also write calls as an offset to the cost of a long call position. Gouws Capital may similarly purchase long puts as a hedge and offset the cost of the puts, at least partially, by selling puts against the long put position.

Risk of Loss

While Gouws Capital seeks to diversify clients' investment portfolios across various asset classes in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

Management Risks. While Gouws Capital manages client investment portfolios based on Gouws Capital's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Gouws Capital allocates client

assets to individual securities and/or asset classes that are adversely affected by unanticipated market movements or events, and the risk that Gouws Capital's specific investment choices could underperform their relevant benchmarks.

Risks of Investments in ETFs, ETNs, and Grantor Trusts. As described above, Gouws Capital may invest client portfolios in ETFs, ETNs and Grantor Trusts, however, these investments are subject to risks associated with the markets in which they invest.

Equity Market Risks. Gouws Capital will invest portions of client assets directly into equity investments, primarily stocks. Funds that invest in stocks and other equity securities are subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

Fixed Income Risks. Gouws Capital may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

Foreign Securities Risks. Gouws Capital may invest portions of client assets into foreign securities or investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

Recommendation of Particular Types of Securities

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

Stocks: There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Bonds: Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

Exchange Traded Funds: Exchange traded funds ("ETF") are professionally managed collective investment portfolios that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates 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. The returns on ETFs can be reduced by the costs to manage the funds.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

Options Contracts: Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). The two types of options are calls and puts:

A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.

A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

Selling options is more complicated and can be even riskier.

The option trading risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options which do not have secondary markets on which to sell the options prior to expiration can only realize its value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.

- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The option trading risks pertaining to options sellers are:

- Options sold may be exercised at any time before expiration.
- Covered Call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continues to risk a loss due to a decline in the underlying stock.
- Writers of Naked Calls risk unlimited losses if the underlying stock rises.
- Writers of Naked Puts risk substantial losses if the underlying stock drops.
- Writers of naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.
- Writers of call options could lose more money than a short seller of that stock could on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options.
- Writers of stock options are obligated under the options that they sold even if a trading market is not available or that they are unable to perform a closing transaction.
- The value of the underlying stock may surge or decline unexpectedly, leading to automatic exercises.

Other option trading risks are:

- The complexity of some option strategies is a significant risk on its own.
- Option trading exchanges or markets and option contracts themselves are open to changes at all times.
- Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
- Risk of erroneous reporting of exercise value.
- If an options brokerage firm goes insolvent, investors trading through that firm may be affected.
- Internationally traded options have special risks due to timing across borders.

Risks that are not specific to options trading include market risk, sector risk and individual stock risk. Option trading risks are closely related to stock risks, as stock options are a derivative of stocks.

Item 9 Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Gouws Capital or the integrity of Gouws Capital's management. Gouws Capital has no legal or disciplinary events to report.

Item 10 Other Financial Industry Activities and Affiliations

Neither Gouws Capital nor its Management Persons have any other financial industry activities or affiliations to report.

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

Code of Ethics and Personal Trading

Gouws Capital has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. Gouws Capital's Code has several goals. First, the Code is designed to assist Gouws Capital in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, Gouws Capital owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with Gouws Capital (managers, officers and employees) to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for Gouws Capital's associated persons. Under the Code's Professional Standards, Gouws Capital expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, Gouws Capital associated persons are not to take inappropriate advantage of their positions in relation to Gouws Capital clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time, Gouws Capital's associated persons may invest in the same securities recommended to clients. Under its Code, Gouws Capital has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

Participation or Interest in Client Transactions

Consistent with the foregoing, Gouws Capital maintains policies regarding participation in initial public offerings ("IPOs") and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If a Gouws Capital associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer.

Finally, if associated persons trade with client accounts (i.e., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with Gouws Capital's written policy.

Item 12 Brokerage Practices

Best Execution and Benefits of Brokerage Selection

When given discretion to select the brokerage firm that will execute orders in client accounts, Gouws Capital seeks "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, Gouws Capital may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of Gouws Capital's clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

Gouws Capital recommends that clients establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, as the qualified custodian to maintain custody of clients' assets. Gouws Capital may also effect trades for client accounts at Schwab, or may in some instances, consistent with Gouws Capital's duty of best execution and specific agreement with each client, elect to execute trades elsewhere. Although Gouws Capital may recommend that clients establish accounts at Schwab, it is ultimately the client's decision to custody assets with Schwab. Gouws Capital is independently owned and operated and is not affiliated with Schwab.

Schwab Advisor Services provides Gouws Capital with access to its institutional trading, custody, reporting and related services, which are typically not available to Schwab retail investors. Schwab also makes available various support services. Some of those services help Gouws Capital manage or administer our clients' accounts while others help Gouws Capital manage and grow our business. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them. These services are not soft dollar arrangements, but are part of the institutional platform offered by Schwab. Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Gouws Capital client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab Advisor Services also makes available to Gouws Capital other products and services that benefit Gouws Capital but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Gouws Capital accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist Gouws Capital in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of Gouws Capital's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help Gouws Capital manage and further develop its business enterprise. These services may include: (i) technology, compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Gouws Capital. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Gouws Capital. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of Gouws Capital personnel. In evaluating whether to recommend that clients custody their assets at Schwab, Gouws Capital may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Directed Brokerage

Clients may direct Gouws Capital to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

The arrangement that Gouws Capital has with Schwab is designed to maximize efficiency and to be cost effective. By directing brokerage arrangements, the client acknowledges that these economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers can in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

By directing Gouws Capital to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with Gouws Capital that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

Aggregated Trade Policy

Gouws Capital may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This method permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. It allows Gouws Capital to execute trades in a timely, equitable manner, and may reduce overall costs to clients.

Gouws Capital will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients, and is consistent with the terms of Gouws Capital's Investment Advisory Agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all Gouws Capital's transactions in a given security on a given business day. Transaction costs for participating accounts will be assessed at the custodian's commission rate applicable to each account; therefore, transaction costs may vary among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical.

Gouws Capital will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will generally be allocated pro-rata, based on the Allocation Statement, or randomly in certain circumstances. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of Gouws Capital. Gouws Capital's books and records will separately reflect, for each client account included in a block

trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement, and Gouws Capital will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

Item 13 Review of Accounts

Managed portfolios are reviewed at least quarterly, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by Gouws Capital. These factors generally include but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions. Fanie Gouws, Gouws Capital's Managing Member, reviews all accounts.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, Gouws Capital provides at least an annual report for each managed portfolio. This written report normally includes a summary of portfolio holdings and performance results. Additional reports are available at the request of the client.

Item 14 Client Referrals and Other Compensation

As noted above, Gouws Capital receives an economic benefit from Schwab in the form of support products and services it makes available to Gouws Capital and other independent investment advisors who maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described in **Item 12 - Brokerage Practices**. The availability of Schwab's products and services to Gouws Capital is based solely on our participation in the programs and not in the provision of any particular investment advice. Neither Schwab nor any other party is paid to refer clients to Gouws Capital.

Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

We will also provide statements to you reflecting the amount of the advisory fee deducted from your account. You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, contact us immediately at the telephone number on the cover page of this brochure.

Standing Letter of Authorization

Our firm, or persons associated with our firm, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as we meet the following criteria:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We hereby confirm that we meet the above criteria.

Item 16 Investment Discretion

As described above under **Item 4 - Advisory Business**, Gouws Capital manages portfolios on a discretionary basis. This means that after a Profile is developed for the client's investment portfolio, Gouws Capital will execute the plan without specific consent from the client for each transaction. For discretionary accounts, a Limited Power of Attorney ("LPOA") is executed by the client, giving Gouws Capital the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client, and the withdrawal of advisory fees directly from the account. Gouws Capital then directs investment of the client's portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with Gouws Capital and the requirements of the client's custodian. The discretionary relationship is further described in the agreement between Gouws Capital and the client.

Item 17 Voting Client Securities

As a policy and in accordance with Gouws Capital's agreement, Gouws Capital does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact Gouws Capital with questions relating to proxy matters; however, Gouws Capital does not generally perform detailed research regarding proxy voting options.

Item 18 Financial Information

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have not filed a bankruptcy petition at any time in the past ten years.

Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.