



**GLADSTONE INSTITUTIONAL ADVISORY, LLC  
DBA GLADSTONE WEALTH GROUP**

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**ADV PART 2A  
FIRM BROCHURE**

**January 20, 2021**

This brochure provides information about the qualifications and business practices of Gladstone Institutional Advisory, LLC ("GIA" or the "Firm"), dba Gladstone Wealth Group. If you have any questions about the contents of this brochure, please contact the Firm at (908) 719-1313.

GIA is an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Registration of an investment adviser does not imply a certain level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about GIA is available on the SEC's Investment Adviser Public Disclosure Website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

Gladstone Institutional Advisory, LLC (“GIA”) believes that communication and transparency are the foundation of its relationship with Clients and continually strives to provide its Clients with complete and accurate information. We encourage all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us.

The following material changes have been made to this Disclosure Brochure since the last filing and distribution to Clients.

## **Item 4. Advisory Business**

### **Types of Advisory Services**

Included are descriptions of the following recently added Wrap Programs:

- a) Turnkey Asset Management Platform (“TAMP Program”) – Provides the Client with discretionary investment advisory services under a TAMP Program utilizing a variety of sub-advisers offered through Envestnet Asset Management, Inc. Client can choose to custody assets at Charles Schwab & Co. or Fidelity Institutional.
- b) TD AMERITRADE Services Program – Provides the Client with discretionary or non-discretionary investment advisory services provided by the IAR for individual management of the Client’s Account. Client assets are custodied at TD AMERITRADE.
- c) Gladstone Capital Management Program (“GCM”) – Provides the Client with access to discretionary investment advisory services and Investment Strategies of Kessler Investment Group, LLC for the individual management of the Client’s Account. Clients can choose to custody assets at TD AMERITRADE, LPL Financial, Schwab or Fidelity.
- d) Fidelity Institutional Wealth Services Program (“Fidelity IWS”) - Provides the Client with discretionary or non-discretionary investment advisory services provided by the IAR for individual management of the Client’s Account. Client assets are custodied at Fidelity Institutional.

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

### **Payment of Fees**

For the Schwab Advisor Service Program, payment of fees was changed from billing in arrears based on an average daily balance to fees being due and payable in advance based upon the ending account values as of the close of business on the last day of the previous calendar quarter.

For all investment advisory programs, we have added an explanation that the account fee is typically a straight (flat) percentage based on the value of assets in the account, including cash holdings; however, an account fee may be structured on a tiered basis, with a reduced percentage rate based on reaching certain investment thresholds.

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

### **Gladstone Wealth Partners, LLC**

We have added language to disclose that Gladstone Institutional Advisory, LLC is a wholly-owned subsidiary of Gladstone Partners, LLC.

### **Kessler Investment Group, LLC**

GIA has entered into an arrangement with Kessler Investment Group, LLC (“KIG”), an SEC registered investment adviser, where KIG shares revenue with GIA and where KIG acts as asset manager to Investment Strategies offered under the GCM Program. This type of fee arrangement gives GIA a financial incentive to invest Client assets with KIG instead of with other asset managers that either share less or do not share revenue with GIA.

### **Envestnet Financial Technologies, Inc.**

GIA has a business relationship with Envestnet Financial Technologies, Inc. (“Envestnet”) that engages certain operational and back office service support including access to one or more unrelated service providers. A conflict of interest exists to the extent that GIA receives preferred (lower) pricing on transition support, technology, and other related operational and consulting services in connection with using service providers offered through Envestnet.

### **Gladstone Curran & Co., LLC**

GIA has a business relationship with Gladstone Curran & Co., LLC which provides a variety of accounting services. A conflict of interest exists to the extent that GIA receives payment in

connection with recommended tax preparation services through Gladstone Curran & Co., LLC.

## **Item 12. Brokerage Practices**

### **Ticket Charges**

Disclosure has been amended to clarify that each Investment Adviser Representative (“IAR”) pays a flat asset-based fee to GIA which is passed to the Custodian to cover transaction and execution costs in Client accounts using a calculation based on the IAR’s aggregate assets under management. IARs pay an asset-based fee regardless of how much or little they trade. The asset-based fee that IARs pay for assets custodied at LPL Financial is less than Charles Schwab & Co., Fidelity Institutional, and TD AMERITRADE and therefore IARs have an economic benefit for recommending Client assets be custodied at LPL.

From time to time, we amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations, and routine updates as required by securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure online at the SEC’s Investment Adviser Public Disclosure website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching our Firm name or CRD# 250787. You may also request a copy of this Disclosure Brochure at any time, by contacting us at (908) 719-1313.

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

##### ***Description of the Advisory Firm***

Gladstone Institutional Advisory, LLC (“GIA” or the “Firm”) is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). GIA is a wholly-owned subsidiary of Gladstone Wealth Partners, LLC and is organized as a limited liability company under the laws of the State of New Jersey. It has been registered as an investment adviser with the SEC since May 2015.

Gladstone Institutional Advisory, LLC also operates under different business names (“DBA”), “Gladstone Wealth Group”, and “Gladstone Capital Management”.

GIA’s business model is based on a network of Investment Adviser Representatives (“IARs” or “Supervised Persons”) doing business in offices located in several states and cities. Although IARs are registered with GIA, and subject to oversight by from a centralized location, they operate their business as independent contractors. It is common for IARs operate under other business names (“doing business as” or “DBAs”). For more information about an IAR, please refer to the IAR’s Form ADV Part 2B Brochure Supplement. For a complete list of the Firm’s DBAs, please refer to Schedule D in Section 1.B (Other Business Names) of Form ADV Part 1, which can be found on the SEC’s Investment Advisor Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

GIA may also offer its advisory services through financial institutions such as banks. GIA is not an affiliate of the bank in which its IARs maintain offices nor is GIA or its IARs employees of the bank. GIA pays a fee to the bank for the opportunity to conduct business on its premises and with banking clients. This is a conflict of interest in that GIA has an incentive to charge a higher fee to a client to offset these expenses.

Although GIA is not registered as a broker-dealer, most IARs of GIA are also registered with an unaffiliated broker-dealer, LPL Financial (“LPL”) (CRD#: 6431/SEC#: 801-10970, 8-17668)<sup>1</sup>. LPL is registered with the SEC as a broker-dealer and investment adviser and is a

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<sup>1</sup> Additional information about the LPL Financial is available on the FINRA’s BrokerCheck® Website at <https://brokercheck.finra.org/>.

member of FINRA and SIPC. Under this arrangement, most Supervised Persons are able to offer a Client investment advisory services through GIA, including, but not limited to LPL Financial Sponsored Advisory Programs, and brokerage services as a registered representative of LPL. Before engaging with a Supervised Person, Clients should take time to consider the differences between an advisory relationship and a brokerage relationship to determine which type of service best serves the Client's investment needs and goals. Clients should speak with their Supervised Person to understand the different types of services available to them. Clients are also encouraged to review the Firm's ADV Part 3 Customer Relationship Summary ("Form CRS") and visit [investor.gov/CRS](http://investor.gov/CRS) which also provides educational materials about broker-dealers, investment advisers, and investing.

Each advisory account at the Firm is managed by one or more IARs who serve as the primary point of contact between the Firm and the Client and who determine which other available Firm resources to utilize in connection with providing investment advice to Clients. Some IARs choose to incorporate more of the Firm's available resources in their provision of advisory services to their Clients than others do.

As of December 29, 2019, GIA had \$1,104,310,881 in regulatory assets under management, all of which was managed on a discretionary basis.

### *Types of Advisory Services*

GIA offers nine (9) primary types of managed account programs (the "Programs") for its advisory Clients as well as financial planning. From time to time, individual IARs offer custom consulting or other services. In such events, the details will be disclosed in the specific agreements with the Client.

For all of the assets in its primary asset management programs, the Firm provides continuous and regular supervisory or management services (as defined by the SEC) based on the Client's individual goals, objectives, risk tolerance, time horizon, liquidity needs, investment assets and income ("financial circumstances") utilizing the investment strategy selected by the Client. IARs obtain a financial profile for each Client to aid in the construction of a portfolio that matches the Client's specific situation. Many Clients maintain "household" accounts, in which multiple accounts for an individual or members of a family may be managed jointly to

maximize efficiencies. (The term “Client” includes such households, for purpose of this brochure.) For all of the different types of asset management programs, the IAR will assist Clients in assessing their goals, risk tolerance, income and tax situation and select an investment strategy and asset allocation that are appropriate for the Client’s specific circumstances. However, GIA does not provide tax advice to Clients.

GIA, through its IARs, is available to Clients on an ongoing basis to discuss Client financial circumstances, the selected portfolio, and the securities therein or to process instructions from Clients concerning advisory assets.

The investment strategies used by IARs vary from Client-to-Client, as warranted by the individual circumstances.

Clients are advised to promptly notify their IAR if there are changes in their financial circumstances or if they wish to impose any reasonable restrictions upon the Firm’s investment management services. Clients can engage the Firm to manage all or a portion of their assets on a discretionary or non-discretionary basis, by entering into one or more written agreements with the Firm. Clients are typically required to enter into additional written agreements with a Custodian and executing broker-dealer, sub-advisers, insurance companies, investment companies or other parties that are not affiliated with GIA.

All investments have risk and there is no guarantee that utilizing the asset management or financial planning services of GIA or its IARs will produce favorable results.

At the present time GIA offers its investment management services to Clients utilizing the managed account Programs and other services described below.

#### *1. Gladstone Capital Management Program (“GCM”)*

The Gladstone Capital Management Program (“GCM”) is a GIA sponsored Program that provides the Client with access to the Investment Strategies of Kessler Investment Group, LLC (“KIG”), a professional portfolio management firm for the individual management of the Client’s account<sup>2</sup>.

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<sup>2</sup> Additional information about KIG is available on the SEC Investor Website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)



IARs typically partner with GCM's Chief Investment Officer, Craig Kessler, who is a dually registered advisory representative of GIA and KIG, to manage the account on a discretionary basis. Typically, equities, fixed income securities, options, mutual funds, and ETFs are utilized to execute the Investment Strategies. Clients have the ability impose restrictions on investing in certain securities or groups of securities by indicating preferences in the Agreement. A separate account will be established for each Investment Strategy selected and, each account will be managed independently of any other accounts of the Client.

When utilizing the GCM Program, Clients can appoint TD AMERITRADE, LPL Financial, Schwab or Fidelity to serve as custodian and sole executing broker-dealer of the assets in the account. Clients should be aware that GIA provides LPL Financial access to confidential Client information including personally identifiable information ("PII") and other information including financial information, transactions and holdings for accounts custodied at TD AMERITRADE, Schwab or Fidelity for "oversight" in connection with everyday business purposes, even if the Client does not establish an account through LPL Financial.

Minimum account values range from \$10,000 to \$100,000 depending in the Investment Strategy selected; however, in certain instances, the minimum account value may be lower or higher.

## *2. Strategic Wealth Management II Program ("SWM II")*

SWM II is a program (the "SWM II Program") where GIA, through its IARs, provides ongoing investment management of Client assets custodied at LPL. The IAR reviews the Client's financial circumstances and exercises discretion to determine the securities to be bought or sold in the Client's account, the amount of securities to be bought or sold and the timing of the purchases and sales of the securities. The types of securities used in this SWM II Program generally include equities, fixed income securities, options, mutual funds, and ETFs.

IARs provide investment management services tailored to the individual needs of the Client based on the investment objectives chosen by the Client. Clients may impose restrictions on investing in certain securities or groups of securities by indicating such restrictions in the Account Application. Given the long-term nature of many SWM II strategies, an account may have little or no turnover during a given period.

There is no minimum required account value in the SWM II Program. Clients should refer to their account application package for specific information on LPL's custody and administrative fees. If structured products or annuities are utilized, the assets will be identified on the LPL Financial account statements, but the actual securities are often held with and valued by the issuer of the security.

### *3. Manager Asset Select Program ("MAS")*

MAS is an LPL Financial Sponsored Advisory Program ("MAS Program") that provides Clients access to the investment advisory services of professional portfolio management firms for the individual management of Client accounts. The MAS Program offers two alternatives (i) the Separately Managed Account Platform ("SMA Platform"); and (ii) the Model Portfolio Platform ("MP Platform") (collectively "Platforms"). For both Platforms, the IAR will assist Client in identifying a third-party portfolio manager ("Portfolio Manager") from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages Client's assets on a discretionary basis. The IAR will provide initial and ongoing assistance regarding the Portfolio Manager selection process and serves as the point of contact between the Client and sub-adviser with regard to changes in the Client's investment objective, financial circumstances and investment restrictions (if any).

#### *SMA Platform*

The SMA Portfolio Manager selected by the Client has ongoing investment discretion regarding the investment and reinvestment of account assets in accordance with the investment objective restrictions and guidelines set forth in the Investment Management Agreement and Account Application. The Portfolio Manager independently determines whether to accept the Client account based on the content of the Account Application, suitability and whatever other factors the Portfolio Manager has deemed appropriate. The Portfolio Manager has the sole authority to determine the securities to be purchased, sold, or exchanged and which portion, if any, of the assets shall be held uninvested. The Portfolio Manager has discretion to invest among a broad variety of security types, including equities, fixed income securities, options, mutual funds, and ETFs. The IAR does not play a role in the selection of securities to be purchased or sold. The IAR assists the client to determine the client's investment objectives and risk/return preferences, to identify any

investment restrictions on the management of the account, and, in the case of the SMA Platform, to select an investment strategy and SMA Portfolio Manager.

### *MP Platform*

Under the MP Platform, LPL provides ongoing discretionary investment advice regarding the investment and reinvestment of account assets in accordance with the Model Portfolio selected. LPL is expected to closely track the Model Portfolio, making modifications only to redress account issues, including tax loss harvesting, rebalancing, and to ensure that investment restrictions are being followed. The IAR does not play a role in the selection of securities to be purchased or sold. The IAR assists the client to determine the client's investment objectives and risk/return preferences, to identify any investment restrictions on the management of the account, and, in the case of the MP Platform, to select a model portfolio ("Model Portfolio") provided by LPL's Research Department or third-party investment advisors ("Model Advisors").

LPL selects and reviews SMA Portfolio Managers and MP Model Advisors for the Platform based on quantitative, qualitative and infrastructure criteria. There are two types of these advisers, "Recommended" or "Participating". Portfolio Managers and Model Advisors can participate as an adviser to the SMA and MP Programs. Portfolio Managers and Model Advisors that are "Recommended" by LPL Research are subject to more rigorous selection and review process. Clients should speak to their IAR regarding whether the Portfolio Manager or Model Advisor being considered for selection, or that has been selected by the Client, is "Recommended" or "Participating."

A minimum account value of \$100,000 is required for the MAS Program; however, in certain instances, the minimum account size may be lower or higher.

Clients should note that an account will not be invested until the applicable minimum for the investment strategy or Model Portfolio has been reached.

LPL acts as Custodian to MAS accounts. Clients direct Portfolio Managers to execute transactions through LPL, subject to the sub-adviser's duty as an investment advisor to seek best execution. In some instances, Portfolio Managers may choose to place some or all trades for accounts with

broker-dealer firms other than LPL (“step-out”) where the execution price to the Client may include a commission or other fee imposed by the broker-dealer in addition to the account fee. This increases the fees paid by the Client. GIA is unaffiliated with LPL and the Portfolio Managers utilized under the MAS Program. Clients should refer to their account application package and sub-adviser disclosure brochure for specific information on LPL’s management fees and fees imposed by third parties.

#### *4. Model Wealth Portfolios Program (“MWP”)*

MWP is an LPL Financial Sponsored Advisory Program (“MWP Program”) that offers Clients professionally managed mutual fund and ETF asset allocation models. The IAR will obtain the necessary financial data from the Client, assist the Client in determining the suitability of the MWP Program and assist the Client in setting an appropriate investment objective. The IAR will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL’s Research Department consistent with the Client’s stated investment objectives. LPL’s Research Department or third-party Portfolio Strategists are responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected.

Portfolio Strategists are independent investment advisor firms. Portfolio Strategists provide LPL, on an ongoing basis, with a Portfolio that includes recommended asset allocations and funds. LPL enters into an agreement with the Portfolio Strategist for these Portfolio services. Other than the IAR and LPL, Portfolio Strategists do not have discretion from the Client to implement the Portfolio and do not provide individualized investment advice to specific MWP Program Clients. In certain cases, a Portfolio may consist only of mutual funds and/or ETFs within the same fund family or within affiliated fund families. In such a Portfolio, the Portfolio Strategist will select only those funds within the fund family or affiliated fund families, and a third-party Portfolio Strategist or its affiliates may earn two levels of fees with respect to the assets; a strategist fee and fund-level fees, including fund management fees.

The Client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The Client will also authorize LPL to effect rebalancing for MWP accounts.

MWP requires a minimum asset value for an account to be managed. The minimums vary depending on the Portfolio(s) selected and the account's allocation amongst Portfolios. The lowest minimum Portfolio is \$25,000. In certain instances, a lower minimum for a Portfolio will be permitted. Note that an account will not be invested according to a Portfolio or Portfolios until the applicable minimum for the Portfolio(s) and allocation has been reached. Clients should consult with their IAR to obtain more information about the applicable investment minimum based on the Portfolio(s) selected and the allocation amongst Portfolios.

LPL acts as Custodian to MWP accounts, provides brokerage and execution services as the broker-dealer on transactions, and performs administrative services, such as quarterly performance reporting to Clients. GIA is unaffiliated with LPL. Clients should refer to their account application package for specific information on LPL's management fees and fees imposed by third parties.

#### *5. Optimum Market Portfolios Program ("OMP")*

OMP is an LPL Financial Sponsored Advisory Program ("OMP Program") offering Clients the ability to participate in a professionally managed asset allocation program using Optimum Funds shares. Under the OMP Program, the Client authorizes LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the Client. The IAR will assist the Client in determining the suitability of the OMP Program for the Client and assist the Client in setting an appropriate investment objective. The IAR will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the Client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the Client. LPL will also have the authority to rebalance the account.

A minimum account value of \$10,000 is required for the OMP Program. In certain instances, a lower minimum for the OMP Program will be permitted. LPL acts as Custodian to OMP accounts, provides brokerage and execution services as the broker-dealer on transactions, and performs administrative services, such as quarterly performance reporting to Clients. GIA is unaffiliated with LPL. Clients should refer to their account application package for specific information on LPL's management fees and fees imposed by third parties.

## *6. Schwab Advisor Services Program*

The Schwab Advisor Services is a Program where GIA, through its IARs, provides ongoing investment management on Client assets custodied at Charles Schwab & Co. (“Schwab”). The IAR reviews the Client’s financial circumstances and exercises discretion to determine the securities to be bought or sold in the Client’s account, the amount of securities to be bought or sold and the timing of the purchases and sales of the securities. The securities used in the Program typically include equities, fixed income securities, options, mutual funds, and ETFs.

IARs provide investment management services tailored to the individual needs of the Client based on the investment objectives chosen by the Client. Clients may impose restrictions on investing in certain securities or groups of securities by indicating in the Agreement. Given the long-term nature of many individual strategies employed in the Program, an account may have little or no turnover during a given period.

Clients should be aware that GIA provides LPL access to confidential Client information including personally identifiable information (“PII”) and other information including financial information, transactions and holdings for accounts established through Schwab for “oversight” in connection with everyday business purposes, even if the Client does not establish an account through LPL.

There is no minimum required account value in the Schwab Adviser Services Program. Schwab is unaffiliated with GIA. Clients should refer to their account application package for specific information on Schwab’s custody and other applicable fees.

## *7. Turnkey Asset Management Platform (“TAMP”)*

GIA may recommend or utilize other investment advisors through what is commonly referred to as a Turnkey Asset Management Platform (“TAMP”). Through one or more Portfolio Managers available on the TAMP, IARs provide ongoing investment advice to Clients that is tailored to the specific needs and objectives of those Clients. Specifically, the IAR will obtain necessary and appropriate financial information from the Client to determine appropriate investment objectives, risk tolerance, and suitability of the Portfolio Manager under consideration. Once a Portfolio Manager is selected, the IAR will assist in the account opening process that includes execution of account agreements and the delivery of other related documents. The TAMP provides a level of

technology, administrative, operations and advisory support services that allows IARs to oversee Client portfolios.

In addition, the IAR may assist the Client in selecting a model portfolio of securities designed by the TAMP or select a portfolio management firm to provide discretionary asset management services. In either instance, the Portfolio Manager (and not the IAR) has Client authority to purchase and sell securities on a discretionary basis pursuant to the underlying Investment Advisory Agreement between the parties. The selected Portfolio Manager's Brochure under the TAMP will explain whether Clients may impose restrictions on investing in certain securities or types of securities. Currently, GIA offers TAMP services through Envestnet Asset Management, Inc. ("Envestnet") and its affiliated companies; however, others may be added from time to time. Clients should refer to the separate Brochure, Investment Management Agreement, and other account paperwork for Envestnet, or any other TAMPs that participate in the TAMP, for more detailed information about the respective advisory services offered.

Clients should be aware that GIA provides LPL access to confidential Client information including personally identifiable information ("PII") and other information including financial information, transactions and holdings for Client accounts established in the TAMP Program for "oversight" in connection with everyday business purposes, even if the Client does not establish an account through LPL.

In most instances, the Portfolio Managers offered under the TAMP require a minimum asset value for an account to be managed. The minimums vary depending on the Portfolio Manager(s) selected and the account's allocation amongst Portfolios. Account minimums are included in the TAMP account opening documents.

Clients chose either Charles Schwab & Co. or Fidelity Institutional as custodian/broker-dealer for accounts in the TAMP Program. In some instances, Portfolio Managers may choose to place some or all trades for accounts with broker-dealer firms other than the one selected by the Client (i.e., "step-out") where the execution price to the Client may include a commission or other fee imposed by the broker-dealer in addition to the fee the Client pays GIA. This increases the fees paid by the Client. GIA is unaffiliated with Schwab, Fidelity, Envestnet and the Portfolio Managers utilized under the TAMP. Clients should refer to their account application package and disclosure

brochures for specific information on TAMP and Portfolio Manager management fees and other fees imposed by third parties.

#### *8. TD AMERITRADE Services Program*

TD AMERITRADE Services is a Program where GIA, through its IARs, provides ongoing investment management on Client assets custodied at TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. (“TD AMERITRADE”). Clients can elect to have discretionary or non-discretionary accounts. A discretionary account is an account that gives the IAR the authority to make individual trade without the consent of the Client. A non-discretionary account is an account where the client always decides whether or not to conduct a trade. The securities used in the TD AMERITRADE Services Program typically include equities, fixed income securities, options, mutual funds, and ETFs.

IARs provide investment management services tailored to the individual needs of the Client based on the investment objectives chosen by the Client. Clients may impose restrictions on investing in certain securities or groups of securities by indicating in the Agreement. Given the long-term nature of many individual strategies employed in the Program, an account may have little or no turnover during a given period.

Clients should be aware that GIA provides LPL access to confidential Client information including personally identifiable information (“PII”) and other information including financial information, transactions and holdings for accounts established through TD AMERITRADE for “oversight” in connection with everyday business purposes, even if the Client does not establish an account through LPL.

There is no minimum required account value in the TD AMERITRADE Services Program. TD AMERITRADE is unaffiliated with GIA. Clients should refer to their account application package for specific information on TD AMERITRADE’s custody and other applicable fees.

#### *9. Fidelity Institutional Wealth Services Program (“Fidelity IWS”)*

Fidelity IWS is a Program where GIA, through its IARs, provides ongoing investment management of Client assets custodied at Fidelity. The IAR reviews the Client’s financial



circumstances and exercises discretion to determine the securities to be bought or sold in the Client account, the amount of securities to be bought or sold and the timing of the purchases and sales of the securities. IARs provide investment management services tailored to the individual needs of the Client based on the investment objectives chosen by the Client. Clients may impose restrictions on investing in certain securities or groups of securities by indicating in the Agreement. Given the long-term nature of many individual strategies employed in the Program, an account may have little or no turnover during a given period.

Clients should be aware that GIA provides LPL access to confidential Client information including personally identifiable information (“PII”) and other information including financial information, transactions and holdings for accounts established through Fidelity for “oversight” in connection with everyday business purposes, even if the Client does not establish an account through LPL.

There is no minimum required account value in the Fidelity IWS Program. Fidelity is unaffiliated with GIA. Clients should refer to their account application package for specific information on Fidelity’s custody and other applicable fees.

#### *10. Financial Planning Services*

Fee-based financial planning services are based on fixed or hourly fees documented in the Financial Planning Agreement. Financial Planning is designed to meet the Client’s financial goals, needs and objectives. The scope of financial planning services varies depending on the Client and typically involves some combination of a review of the Client’s current financial circumstances including estate planning, insurance planning, education planning, retirement planning, charitable giving, and business succession planning and portfolio analysis. GIA does not typically advise on business value analysis and/or business liquidations, but these components can be referred to third parties. GIA does not provide tax, accounting, or legal advice to Clients. Clients should make all decisions regarding the tax and legal implications of their investments and plans with their independent tax or legal advisors.

GIA may recommend the services of itself, its Supervised Persons in their individual capacities as insurance agents or registered representatives of a broker-dealer, and/or other professionals to implement its recommendations.

Following delivery of the financial planning services (which may or may not include a written plan), the investment advisory relationship terminates for Clients who have engaged GIA as investment advisor for the limited purpose of producing a financial planning services.

Clients are free to implement none, some, or, all of the recommendations and may do so through GIA or through other providers of such services. Charges may be lower or higher if the plans are implemented away from GIA.

If financial planning Clients choose to implement the recommendations contained in the financial plan through GIA, the IARs will typically recommend products and services offered through LPL and they may act in their capacities as registered representatives of LPL and/or as insurance agents.

In circumstances where the IAR recommends specific investments, and is otherwise involved in implementing the plan, the opportunity for the IAR and for GIA to receive additional compensation as a result of such recommendations creates a conflict between the Client's interests and those of the IAR and GIA. In addition, if a Client separately purchases a product or service recommended by the IAR to implement a financial planning recommendation, the Client will generally be charged commissions or fees in connection with those transactions and services that are separate form and in addition to the fees charged by GIA for financial planning services.

In addition to these primary types of managed account programs and financial planning services, Clients and IARs may negotiate other types of services for a retainer, flat fee or hourly fee. These arrangements will be documented separately with the Client, the IAR and GIA.

All investments have risk and there is no guarantee that utilizing the financial planning, asset management and/or advisory consulting services of GIA or its IARs will produce favorable results.

### *11. Other Aspects of Asset Management*

GIA offers the same suite of services to all its Clients; however, each IAR independently determines, based on his own investment strategies, methods of analysis, and preferences in conjunction with each Client's specific profile and financial circumstances, which services and products to recommend. Clients may impose reasonable restrictions on GIA regarding investing in certain securities or types of securities in accordance with their values or beliefs (or based on

their employer's restrictions), except with certain third-party Portfolio Managers. However, if the restrictions prevent GIA from properly servicing the Client account, or if the restrictions would require the Firm to deviate from its standard platform of services, the Firm reserves the right to decline or terminate the relationship.

Clients should be aware that GIA offers fee-based direct investment advisory products that are approved by LPL, such as structured products, market-linked investments, alternative investments, and fee-based variable annuities. These products are not available to IARs when utilizing investment advisory Programs for assets custodied at Schwab, TD AMERITRADE, or Fidelity. The availability of these investment products solely on the LPL Platform presents an incentive for IARs to recommend Clients recommend investment advisory Programs where assets are custodied at LPL as opposed to Schwab, TD AMERITRADE or Fidelity.

## *12. Wrap Fee Programs*

GIA offers Wrap Fee Programs which charge a bundled, asset-based fee for investment advice, brokerage services, custodial fees, and other fees and expenses. The defining feature of a Wrap Fee Program is that it offers bundled investment management and brokerage services for a fee based on a percentage of assets under management, rather than upon transactions in the account. Total fees you pay in a Wrap Fee Program may be more or less than obtaining such services separately.

Other common fees that are charged to wrap accounts include fees and costs embedded in the purchase of a product (such as a mutual fund, ETF or variable annuity), fees associated with the use of a sub-adviser and fees for transaction and execution costs related to sub-adviser stepping-out trades which can be embedded in the execution price of the security or charged to the Client under a separate ticket charge. These fees and costs are in addition to the wrap fee the Client pays GIA. Clients are strongly encouraged to review the product prospectus and applicable disclosure brochures to fully understand the fees and expenses they are paying.

The total fees a Client pays in a Wrap Fee Program may be more or less than obtaining such services separately. The asset-based fee a Client pays does not vary based on the type of investments that are bought, sold or held in an account. Clients pay an asset-based fee even if their IAR does not buy or sell investments in their account.

For additional information on GIA's Wrap Fee Programs refer to Form ADV Part 2A, Appendix 1 ("Wrap Brochure").

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

### *Investment Supervisory Services Fees*

When a Client engages GIA to provide investment management services, the Client is charged a fee. IARs set their own asset-based fee for their services, so long as their asset-based fee does not exceed the Firm's maximum fee of 2%. IARs consider various factors in determining what fee to charge, which may include, among other things, the nature and size of the overall Client relationship. Clients may negotiate fees for the IAR's services. The account fee is typically a straight percentage (flat fee) based on the value of assets in the account, including cash holdings. The account fee may be structured utilizing a flat fee or on tiered fee basis, with a reduced percentage rate based on reaching certain thresholds.

Clients will incur charges imposed by third parties including, but not limited to, custodial fees and internal expense and management fees in connection with transactions in certain types of securities such as mutual funds, exchange traded products, and direct investment products, which can vary considerably. These fees are in addition to the fee the Client pays GIA.

Clients with assets in the MAS, MWP, OMP and TAMP Programs will also pay fees to other third parties, such as a Portfolio Manager fee, and platform fee. Additionally, if a Portfolio Manager executes trades through a broker-dealer other than the one associated with the specific Program, there will most likely be a commission, mark-up or mark-down embedded in the execution price of the trade or separate ticket charge. These fees are in addition to the fee the Client pays GIA. Clients are encouraged to review the disclosure brochures for selected third-parties for further information regarding additional fees and expenses.

Under the GCM Program, IARs typically partner with GCM's Chief Investment Officer, a dually registered advisor representative of GIA and KIG, to jointly manage the Account on a discretionary basis. IARs have access to certain Investment Strategies, technology and services of KIG which may be used in the individual investment portfolio allocation and management of the Account.

IARs pay GIA an asset-based fee (typically .15%) of the IAR's assets under management in the GCM Program to access the Investment Strategies, technology and services offered under the Program. This type of fee arrangement can give IARs an incentive to charge clients a higher advisory fee to offset this expense or chose other Programs.

The fee charged for assets in GCM, SWM II, Schwab Advisor Service, TD AMERITRADE Service and Fidelity IWS Programs is included in the written Investment Management Agreement between GIA and the Client. For MAS, MWP, OMP and TAMP Programs, the fees are covered in the written Investment Management Agreement between GIA and the Client in conjunction with separate third-party agreements. For these Programs, the Client pays separate fees to those third-parties in addition to GIA.

Since GIA began providing these services, it has had other asset-based fee structures in effect, which may have been lower or higher, as the case may be, than that described above. As new fee structures are put into effect, they are generally made applicable only to new Clients, and fees to existing Clients are generally not affected.

#### *Financial Planning Fees*

Financial Planning fees are negotiable and are generally determined based on the nature and extent of the services being provided, the complexity of the Client's circumstances, as well as other aspects of the Client's current and historical relationship with GIA. Fees are generally a flat fee or an hourly fee and are agreed upon prior to entering into an Agreement with any Client. Fees are payable by check in advance and may and may change depending on whether or not new complexities present themselves. Any changes made to a financial plan will be discussed with Clients in advance, and a new agreement will be signed to reflect the changes. The fees charged to a Client are paid to GIA and a portion of the fee is paid to the IAR.

#### *Payment of Fees*

For accounts custodied at LPL, fees are due and payable in advance and are based upon the ending account values as of the close of business on the last day of the previous calendar quarter. Fees are calculated and deducted from the managed account by LPL, the qualified Custodian. Fees for the initial quarter are adjusted pro rata based upon the number of calendar days in the calendar quarter

that the Investment Advisory Agreement goes into effect. If assets are deposited into or withdrawn from an account after inception of a billing period, the fee payable with respect to such assets is prorated to reflect the change in portfolio value. The advisory relationship may be terminated by the Client or by GIA in accordance with the provision of the Investment Management Agreement. The Client receives a pro rata refund of any prepaid unearned advisory fees. Clients receive an account statement from LPL at least quarterly. The statement includes the amount of any fees debited or credited from the Client's account pursuant to written authorization.

For accounts in the Schwab Advisor Services Program, TD AMERITRADE Service Program or Fidelity Institutional Service Program, fees are due and payable in advance and are based upon the ending account values as of the close of business on the last day of the previous calendar quarter. Fees are calculated by GIA and deducted from the managed account by the qualified Custodian. Fees for the initial quarter are adjusted pro rata based upon the number of calendar days in the quarter that the Investment Advisory Agreement goes into effect. If assets are deposited into or withdrawn from an account after inception of a billing period in an amount equal to or greater than \$10,000, the fee payable with respect to such assets is prorated to reflect the change in portfolio value. The advisory relationship may be terminated by the Client or GIA in accordance with the provisions of the Investment Management Agreement. The Client receives a pro rata refund of any prepaid unearned advisory fees. Clients receive an account statement from the qualified Custodian at least quarterly. The statement includes the amount of any fees debited or credited from the Client's account pursuant to written authorization.

For the Turnkey Asset Management Program ("TAMP"), fees are due and payable in advance and are based upon the ending account values as of the close of business on the last day of the previous calendar quarter. Fees are calculated by LibertyFi, LLC, a wealth management platform solution powered by Envestnet, and deducted from the managed account by the qualified Custodian. Fees for the initial quarter are adjusted pro rata based upon the number of calendar days in the quarter that the Investment Advisory Agreement goes into effect. If assets are deposited into or withdrawn from an account after inception of a billing period in an amount equal to or greater than \$10,000, the fee payable with respect to such assets is prorated to reflect the change in portfolio value. The advisory relationship may be terminated by the Client or GIA in accordance with the provisions of the Investment Management Agreement. The Client receives a pro rata refund of any prepaid unearned advisory fees. Clients receive an account statement from their qualified Custodian at least quarterly. The statement includes the amount of any fees debited or credited from the Client's

account pursuant to written authorization.

Clients are advised to review the Investment Advisory Brochures and all applications, contracts and agreements with applicable third parties for complete information on how fees are charged by such parties because their processes for charging fees may change from time-to-time. If you have questions about a particular Program, Custodian, sub-adviser, or fees, please contact your IAR.

### *Other Types of Fees and Expenses*

Clients are responsible for the payment of all fees to third-parties such as custodian fees, internal product fees and expenses, mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from the custodian (“step-out trades”), platform fees, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. The custodian utilized by a third-party Portfolio Manager may impose other charges. These fees are not included within the Wrap Fee Clients pay GIA. As noted throughout, Clients are encouraged to review all prospectuses and disclosure documents for full and current details regarding fees and expenses.

### *Internal Product Fees and Expenses*

All collective instruments, including mutual funds, exchange traded products, unit investment trusts and direct investments, such as structured products, alternative investments, and variable annuities have their own internal expenses and fees which are also disclosed in each product’s offering documents and vary considerably. These internal charges often include 12b-1 fees, redemption fees, operating expenses, management fees, administrative fees, M&E&A fees, fees for additional riders on the contract, and other fees and expenses that increase the expense ratio of the investment. These fees are an additional layer of fees and in addition to the fees charged by GIA.

If Clients transfer in B or C share classes of mutual funds, and if such shares are liquidated after being transferred to GIA, those shares will incur a contingent deferred sales charge (“CDSC”) from the mutual fund company if they are within the CDSC holding period.

GIA has available for purchase through its custodians mutual funds which are no-load or load-waived share classes and therefore not subject to any upfront sales charge (Platform Shares).

Clients should be aware that load-waived funds charge 12b-1 fees, which can vary considerably. Clients should further understand that IARs can select more expensive share classes available on the Custodian's Platform when a lower-cost share class is available for the same fund. All sales loads and 12b-1 fees are retained by the broker-dealer and not directly or indirectly paid to GIA or its IARs and are not credited to Clients' advisory accounts.

Most mutual funds available in GIA's advisory Programs may be purchased directly from the issuer. Therefore, Clients could generally avoid an additional layer of fees by not using the advisory services of GIA and by making their own decisions regarding the investment. GIA encourages all Clients to closely review the investment's prospectus or offering documents for all such investments with their IARs and to consider aggregate costs. Clients should contact their IAR with any questions about any particular product's fees and expenses.

Clients should understand that available Platform Shares in many cases will not be the least expensive share class that the mutual fund issuer makes available. Share classes are selected by broker-dealers to be available on their Platforms in certain cases because the share class pays the broker-dealer compensation for the administrative and record keeping services the broker-dealer provides to the mutual fund. GIA or its IARs do not share directly or indirectly in any compensation received by broker-dealers for these services.

While GIA endeavors to use the lowest-cost share class available and periodically reviews its holdings in order to convert higher cost shares to lower cost shares, the Firm cannot ensure that all Clients will hold the lowest cost shares available on the Platform at any given time. Further, some sub-advisers are more careful about utilizing the lowest cost share class than others.

### *Cash Sweep Arrangements*

GIA makes available through unaffiliated broker-dealers for cash in an account to be automatically swept to an interest-bearing Federal Deposit Insurance Corporation ("FDIC") insured deposit account and, for certain types of accounts, a money market fund. GIA or its IARs do not receive a separate fee or other compensation for sweep arrangements. The broker-dealer utilized by the Client typically receives a fee for its sweep program which reduces the interest rate paid of Client's cash funds, and depending on the interest rate and other market factors, the broker-dealer may



receive majority of the interest as fees. Clients should understand that interest rates available in these arrangements may be lower than interest rates available if the Client makes deposits directly with a bank or other depository institution outside of these arrangements or invests in a money market fund or other cash equivalent. Clients should compare terms, interest rates, required minimum amounts and other features of these arrangements with other types of accounts and investments for cash.

### *Margin and Securities Backed Line of Credit (“SBLOC”)*

If you enter into a margin loan for one of your accounts, the broker-dealer/custodian will receive interest charged on your outstanding margin loan balance. The amount of interest paid to the broker-dealer/custodian will vary depending on the outstanding loan balance and other factors that will affect the interest rate charged to you for the margin loan. With an SBLOC, in certain instances the broker-dealer/custodian will be compensated by receiving payments from the lender based on the amount of your outstanding loan balance. The total amount of compensation received by the broker-dealer/custodian may vary depending on each individual SBLOC and will impact the interest rate charged to you by the lender. The Adviser is not affiliated with any lender or broker-dealer/custodian and does not receive any compensation directly in connection with a margin loan or a SBLOC. Clients are strongly encouraged to review the lender's agreements and disclosure documents to understand the fees and expenses they are paying.

Your IAR has an incentive to recommend that you use a margin loan and/or SBLOC for liquidity purposes rather than liquidating your holdings or using other sources of liquidity. Your IAR will benefit from your margin loan or SBLOC because you don't have to liquidate assets in your account to pay for things with cash, which would diminish the assets held in the account and the potential fees and commissions that could be earned by your IAR from holding or engaging in future transactions with those assets. For example, by encouraging investors to take out a margin loan or an SBLOC to fund some purchase or financial need rather than liquidate securities, the firm and financial advisor will continue to earn fees on the full account value. However, your IAR receives no other compensation, fees, or incentives related to your decision to open up a margin loan or an SBLOC or maintain a loan balance through any of the Adviser's Investment Advisory Programs.

### *Roll Overs*

For Clients funding an IRA with roll over assets from a retirement account into a new or existing

account, Client should understand that their IAR only provides education regarding the options available to transfer or roll assets to an IRA and does not recommend one option over the other. Client should further understand that the decision to roll over assets to fund an IRA has or will be solely made by the Client with an understanding of the options available including: (a) remain invested in the plan (subject to certain minimum assets); (b) transfer plan assets to a plan of a new employer (if applicable); (c) transfer assets to an IRA with a financial institution; or (d) receive a cash distribution (which may be fully taxable). If Client decides to roll assets out of the plan (i.e., transfer) into an IRA account, plan assets will no longer be subject to protections of ERISA or other applicable pension laws. Client should also be aware that their IAR has a financial incentive to invest those assets in the account because the IAR will be paid on those assets through advisory fees and such fees likely will be higher than those a participant pays through a plan, and there can be maintenance and miscellaneous fees. As securities held in a retirement plan are generally not transferred to the account, commissions and sales charges will be charged when liquidating such securities in the plan prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.

#### *Limitations due to LPL Licensing/Registration*

The individuals that are licensed as registered representatives of LPL Financial are subject to regulations that restrict them from conducting securities transactions away from LPL without written authorization from LPL. Clients should, therefore, be aware that for accounts where LPL serves as the Custodian, GIA is limited to offering services and investment vehicles that are approved by LPL, and may be prohibited from offering service and investment vehicles that may be available for assets custodied at Schwab, TD AMERITRADE or Fidelity.

#### *Commission or Sales Charges for Recommendations of Securities and Insurance*

Most of GIA's Supervised Persons are also registered with LPL as FINRA broker-dealer registered representatives. A conflict of interest exists to the extent that Supervised Persons of GIA, in their individual capacities as registered representatives of LPL, recommend Clients utilize the brokerage services of LPL where Supervised Persons receive commissions, concessions, sales charges and other transaction fees for brokerage or insurance services provided. GIA does not directly or indirectly receive any portion of commissions, concessions, sales charges or transaction fees for brokerage or insurance services provided by Supervised Persons or by LPL. Clients are in no way required to purchase any product or service through any Supervised Persons of GIA in their outside

capacities as registered representatives of LPL.

As part of a financial plan, a Supervised Person may recommend changes to a Client's insurance coverage. If Clients request that a Supervised Person assist them in implementing the recommendations in a financial plan, the Supervised Person, in [his/her] capacity as an insurance agent, may suggest insurance products, which will generate commissions to them. Most of GIA's Supervised Persons can place insurance as brokers through many insurance companies. Clients are advised that some of these insurance carriers pay allowances and benefits to some of the agents and brokers (which include trips, training support, and educational conferences, among other benefits), which vary considerably from year-to-year. All these allowances and benefits are customary in the industry and are in addition to the commissions generated on insurance sales and are based on the volume of business they conduct on an annual basis. Although this arrangement creates a conflict of interest and incentivizes Supervised Persons to recommend that Clients use insurance carriers which provide higher compensation, Supervised Persons who sell insurance recommend insurance carriers based on what they believe is appropriate for the Client.

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

Not applicable. Neither GIA nor any of its Supervised Persons accept performance-based fees; nor does GIA engage in side-by-side management.

#### **Item 7. Account Requirements and Types of Clients**

GIA's Clients are primarily individuals, high net worth individuals, corporations, and businesses, pension and profit-sharing plans, and charitable organizations.

##### *Minimum Account Size*

GIA's primary types of managed account Programs have minimum account value ranges from \$0 to \$100,000, depending on the specific Program or sub-adviser utilized as described in Item 4 above. In certain instances, a lower minimum for the Program will be permitted.

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

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

Each advisory account at the Firm is managed by one or more IARs who serve as the primary

point of contact between the Firm and the Client and who determine which other available Firm resources to utilize in connection with providing investment advice to Clients. Some IARs choose to incorporate more of the Firm's available resources in their provision of advisory services to their Clients than others do. IARs are under no obligation or requirement to utilize the same methods of analysis, investment strategies, or buy or sell the same investments for all accounts, even when the investment strategy may be similar.

*SWM II, Schwab Advisor Services, TD AMERITRADE Services, and Fidelity IWS Programs* - Given the number of IARs providing advice at GIA, the methods of analysis and investment strategies can vary greatly based upon the individual IAR providing the advice. A number of tools and resources are available to IARs to conduct their own research and due diligence when making investment selections, such as (a) GIA's Chief Investment Officer; (b) research materials prepared by third-parties; (c) annual reports, prospectuses, and other filings with the Security Exchange Commission; (d) ratings agencies, such as Moody's and Standard & Poor's; (e) company press releases; (f) Morningstar Office™; (g) Riskalyze™; (h) financial newspapers, magazines, newsletters and other publications; and (i) other sources to construct portfolios and research track records and fundamentals regarding investments considered.

IARs use different investment strategies in an effort to help the Client meet their investment goals. After a discussion with the Client about their investment objectives, risk tolerance and time horizon (the expected number of months, years, or decades the Client will investing to achieve a particular financial goal), an investment strategy is decided upon to best meet the needs of the Client. IAR investment strategies involve certain risks. There can be no assurance that any particular strategy will be successful in achieving the Client's investment goals and objectives. The material risk for any strategy under an IAR's advice is the risk of loss of principal investment value. Each method of analysis an IAR undertakes requires subjective assessments and decision-making by experienced investment professionals.

*MAS, MWP, OMP, and TAMP Programs* - GIA and its IARs have access to asset management platforms that provide integrated portfolio management, administration, and reporting. These platforms typically offer asset allocation portfolios designed to meet different investment objectives and a broad array of third-party Portfolio Managers and are

supported by investment specialists in asset allocation, portfolio construction and manager due diligence as well as technology platforms that facilitates custody, trading, and tax reporting.

While GIA conducts due diligence on the asset management platforms to validate their business models, costs, and ability to identify and access attractive third-party Portfolio Managers to the platform, GIA does not conduct due diligence on the individual third-party Portfolio Managers and the underlying investment strategies offered on the platform. These asset management platforms offer a wide spectrum of third-party Portfolio Managers with different investment strategies and risk exposures. GIA relies heavily on the due diligence conducted by the asset management platforms in conjunction with IARs conducting additional screenings and analysis to identify third-party Portfolio Managers and investment strategies that are suitable for a particular Client's investment guidelines, risk tolerance, time horizon, particular financial goals and preferences. Investment strategies involve risks. There can be no assurance that any particular strategy will be successful in achieving the Client's investment goals and objectives.

*GCM* - GIA conducts due diligence on Portfolio Managers and Investment Strategies offered under the GCM Program. While various sources of information may be used, primary sources of information include quantitative and qualitative criteria including but not limited to (a) rate of return; (b) number of employees and accounts; (c) years in the business; (d) assets under management; (e) methods of analysis (e.g., Fundamental Analysis, Technical Analysis, Charting Analysis, Cyclical Analysis); (f) investment philosophy; (f) regulatory filings; (g) internal policies and procedures; (h) risk controls; and (i) legal, compliance and regulatory issues. As appropriate, GIA also reviews materials supplied by the investment managers including annual reports, factsheets, presentations, fund prospectus/offering memorandum, performance and related investment data, if available. IARs conduct additional reviews on investment strategies available under the Program to ensure that they are suitable for a particular Client's investment guidelines, risk tolerance, time horizon, particular financial goals and preferences. Investment strategies involve risks. There can be no assurance that any particular strategy will be successful in achieving the Client's investment goals and objectives.

### *General Risks of Loss*

Although IARs consider many risks before recommending a security or investment manager to Clients, or before investing on their behalf, there are a myriad of circumstances that may cause investments to lose value. An IAR's assessment of any investment manager or security's likely future performance is inherently an assessment based on acts currently known to the IAR and it is subject to uncertainty and risk that future performance cannot be predicted on past facts and the outlook might prove wrong. A negative outcome can arise from a number of factors, such as an erroneous assessment of the value offered by the investment manager/security, a change in strategy by the selected manager, market changes, unanticipated changes to interest rates or the tax code, among others.

GIA does not create, manufacture, or recommend any particular type of security; rather, IARs invest in and recommend securities they believe to be appropriate for the Client based on an understanding of the Client's investment objectives, risk tolerance, time horizon, particular financial goals and preferences.

Summarized below are specific risks broadly relating to the types of securities GIA primarily invests in for Client accounts; however, securities may be the subject of additional risks specific to that security or issuer. Clients are strongly encouraged to review the prospectus disclosures and offering documents relating to the securities held in their portfolios if they have questions, as these documents discuss in more detail the risks relating to the particular product. Clients with additional questions regarding a particular security should contact their IAR.

### *Specific Risks of Loss*

IARs and third-party Portfolio Managers invest in many different types of securities, including mutual funds, exchange traded products, equities, fixed income securities, closed end funds, and options. Investing in securities involves risk of loss of principal that Clients should be prepared to bear.

Money markets used are generally considered low risk but are not guaranteed and may be subject to loss and/or change in market value. Mutual funds and exchange traded products often provide

diversification but may be concentrated in a particular asset category or class within a category. Investments in funds impose risk due to exposure to economic forces or factors for which the future is uncertain. Some of these risks are unique to individual funds, but many are common to many funds. A fund's risk can depend on how closely its return is coupled with given indexes, the riskiness of each index and how closely the indexes tend to move together.

The level of overall investment market diversification will vary depending on the underlying exposure of the Account's securities. The risk is a function of the underlying asset classes and weighting of the securities. Further, all investment strategies involve risk and the investment performance and success of any strategy cannot be predicted or guaranteed. Past performance should not be used to forecast future results.

Equity portfolios are subject to risks such as (a) market risk (i.e., the risk that the value of the investment in the Account will decrease due to the change in value of the stock price, interest rates, foreign exchange rates, commodity prices or other market forces); (b) economic risk (the possibility that an economic downturn will negatively impact an investment); (c) business risk (the risk that a loss considered normal in a company's operations and environment, such as competition and poor economic conditions, that result in a company not having enough capital to meet operating expenses); (d) political risk (the risk that an investments returns could suffer as a result of political changes or instability in a country); and (e) currency risk (a form of risk that results from the change in price of one currency against another).

Small-cap equity portfolios are subject to certain risks such as market and investment style risk. Investments in small to medium-sized corporations are more vulnerable to financial risks and other risks than larger corporations and may involve a higher degree of price volatility than investments in the general equities markets.

Fixed income portfolios are subject to risks such as (a) interest rate risk (if interest rates rise, bond prices usually decline); (b) credit risk (bonds carry the risk of default, which means the issuer is unable to make further income and principal payments); (c) call risk (a callable bond has a provision that allows the issuer to call, or repay, the bond early. If this happens the bond holder's interest payments cease, and they receive their principal early. If the bond holder then reinvests the principal in bonds, [he/she] will likely have to accept a lower coupon rate, one that is more consistent with prevailing interest rates); (d) inflationary risk (the risk that inflation will undermine

an investment's returns through a decline in purchasing power); and (e) liquidity risk (the risk that an investor might be unable to convert an asset into cash without giving up principal and income due to a lack of buyers or an inefficient market).

When Clients invest in market-linked investments, and alternative investments, they receive offering documents which identify the specific risk factors associated with those securities and issuers. Some of these types of investments can be speculative in nature and may use leverage or other aggressive investment practices. In some instances, these investments have limited liquidity with no available market price and the underlying properties are valued infrequently. Clients are encouraged to review the specific issuer's disclosure documents for additional risk disclosures.

When Clients invest in mutual funds, exchange traded products, and unit investment trusts for example, they receive prospectuses or disclosure documents which identify the specific risk factors associated with those securities and issuers. Clients are encouraged to review such disclosure documents.

This list of specific risks is not exhaustive. Please contact your IAR if you have any questions about the specific risks related to your investments.

#### **Item 9. Disciplinary Information**

Not applicable. GIA has no legal or disciplinary events to disclose.

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

##### *LPL Financial*

In most instances, the Firm's Supervised Persons are also registered with LPL as FINRA broker-dealer registered representatives. A conflict of interest exists to the extent that Supervised Persons of GIA, in their individual capacities as registered representatives of LPL, recommend Clients utilize the brokerage services of LPL where Supervised Persons receive commissions, concessions, sales charges and/or other transaction fees for brokerage and/or insurance services provided. Clients are in no way required to purchase any product or service through any Supervised Person of GIA in their outside capacities as an LPL registered representative.



As discussed throughout, LPL may have access to certain confidential information (e.g., financial information, investment objectives, transactions, and holdings) about GIA's Clients, even if the Client does not establish any account through LPL. Clients can obtain additional copies of GIA's Privacy Notice or a copy of LPL's Privacy Notice from their IAR or by calling (908) 719-1313.

#### *Kessler Investment Group, LLC*

GIA has entered into an arrangement with Kessler Investment Group, LLC ("KIG"), an SEC registered investment adviser (CRD#: 153696/SEC#: 801-71393), where KIG shares revenue with GIA and where KIG acts as asset manager to Investment Strategies offered under the GCM Program. This type of fee arrangement gives GIA a financial incentive to invest Client assets with KIG instead of with other asset managers that either share less or do not share revenue with GIA. This conflict of interest affects the ability for GIA to provide clients with unbiased, objective investment advice concerning the selection of asset managers. This could mean that other asset managers may be more appropriate for an account than KIG. GIA does not share revenue sharing payments with IARs and does not compensate IARs differently when a recommendation is made to invest Client assets in the GCM Program.

#### *Book of Brokers, LLC ("Gladstone Insurance Group")*

Book of Brokers, LLC, dba Gladstone Insurance Group, is a wholly owned subsidiary of Gladstone Wealth Partners, LLC. Gladstone Insurance Group is licensed as a non-resident producer agency with the New Jersey Department of Banking and Insurance to sell non-variable life, accident and health or sickness, property, and casualty insurance. A conflict of interest exists to the extent that GIA's Supervised Persons can place insurance through Gladstone Insurance Group where they receive commissions and other remuneration for their insurance activities. Clients of GIA are in no way required to purchase any product or service through any Supervised Person of GIA in their outside capacities.

#### *Gladstone Coverage Group, LLC*

Gladstone Coverage Group, LLC is a wholly owned subsidiary of Gladstone Wealth Partners, LLC. Gladstone Coverage Group is licensed as an insurance agency with the New Jersey

Department of Banking and Insurance to sell property and casualty insurance. A conflict of interest exists to the extent that GIA's Supervised Persons can place insurance through Gladstone Coverage Group where they receive commissions and other remuneration for their insurance activities. Clients of GIA are in no way required to purchase any product or service through any Supervised Person of GIA in their outside capacities.

#### *Other Insurance Brokerage Services*

Most of GIA's Supervised Persons can place insurance as brokers through many insurance companies through agencies unaffiliated with GIA or LPL where they receive commissions and other remuneration for their insurance activities. Clients of GIA are in no way required to purchase any product or service through any Supervised Person of GIA in their outside capacities.

#### *Gladstone Curran & Co., LLC*

Gladstone Curran & Co., LLC is a Certified Public Accounting firm which provides a variety of accounting services to individuals and business in the state of New Jersey. While IARs are not directly or indirectly compensated for referring Clients to Gladstone Curran & Co., LLC, a conflict of interest exists to the extent that principals of GIA, Robert Hudson, and Keith Brothers, receive payment in connection with tax preparation services conducted through Gladstone Curran & Co., LLC. Clients of GIA are in no way required to utilize the services of Gladstone Curran & Co., LLC.

#### *Envestnet Financial Technologies, Inc.*

GIA has a business relationship with Envestnet Financial Technologies, Inc. ("Envestnet") that engages certain operational and back office service support including access to one or more unrelated service providers. By utilizing such service providers, GIA may receive preferred (lower) pricing on transition support, technology, and other related operational and consulting services. GIA believes that the scope and nature of these services best service the interests and needs of its Clients. However, because Envestnet is paid by GIA and GIA's Clients for such services, the relationship may present certain conflicts of interest, depending on a variety of factors. Accordingly, GIA seeks to ensure that any material conflicts of interest are fully disclosed to its Clients and managed in a way that protects GIA's Clients' best interest. GIA does not receive any portion of fees paid directly to Envestnet. GIA periodically reviews its business relationship

with Envestnet, including any service providers engaged through Envestnet, so that GIA's Clients are receiving competitive pricing for the quality and scope of services utilized.

#### *Financial Resources Group, LLC ("FRG")*

GIA outsources its Chief Compliance Officer and Supervisors from Financial Resources Group ("FRG"), a separate entity and office of supervisory jurisdiction of LPL Financial. GIA pays a fee for these services to FRG in which FRG assists with the implementation and oversight of GIA's compliance program and performs supervision and oversight of branch offices from a centralized location.

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

GIA believes it owes Clients the highest level of trust and fair dealing. As part of its fiduciary duty, GIA endeavors to put the interests of its Clients ahead of the interests of the Firm and its personnel. To this end, GIA has adopted a Code of Ethics that emphasizes the high standards of conduct the Firm seeks to observe. GIA personnel are always required to conduct themselves with integrity and follow the principles and policies detailed in the Firm's Code of Ethics.

GIA's Code of Ethics attempts to address specific conflicts of interest it has identified or that could likely arise specific to its business model. GIA personnel are required to follow guidelines in areas such as prohibitions on insider trading, personal securities transactions, conflicts of interest, gifts, confidentiality and privacy, compliance procedures, certification of compliance, training, record keeping and adherence to applicable securities laws.

A copy of the code of ethics is available to clients or prospective clients upon request and is available by contacting the Firm at (908) 719-1313.

#### *Personal Trading Practices*

GIA's Code of Ethics requires "access persons" (as defined by the SEC) to periodically report their personal securities transactions and holdings to the Firm and for designated person(s) to review those reports for improper trades or patterns of trading.

GIA does not maintain “restricted lists”, implement “blackout periods” or require prior written approval (“pre-clearance”) for personal securities transactions other than initial public offerings (“IPOs”) and private placements. GIA does not hold or trade securities for its own accounts, although from time to time, IARs may trade in securities for their own accounts that they also trade in Client accounts, and they also trade in different securities that they do not feel are appropriate for certain Clients. The conflict presented in this practice could lead to an IAR purchasing or selling a security and receiving a better price than the Client. GIA conducts risk-based monitoring of such transactions to look for potential conflicts of interest and to ensure that IARs transact Client business before their own when the same securities are being bought or sold in the same trading session.

As described under Brokerage Practices below, IARs may aggregate transactions for a client with other clients to improve the quality of execution. Clients should be aware that the IAR’s personal accounts (including related accounts, such as those of family members) can be included in such a block order. Although the same average price would be applied to client accounts and their IAR’s personal accounts, the inclusion of an IAR’s personal account in a block order can present a conflict of interest. It is possible that the inclusion of the personal account could negatively impact the price of the security or result in the client being allocated less of an order. If a partially filled order is allocated on a random basis, the inclusion of the personal account could make it less probable that a client account is randomly selected and the IAR’s personal account could be randomly selected instead of a client account. GIA addresses this conflict by disclosing it to you. Please ask your IAR if you would like more information on the IARs practices in this respect.

## **Item 12. Brokerage Practices**

### *Asset-Based Pricing*

Clients should be aware that each IAR pays a flat fee (“asset-based fee” aka “asset-based pricing”) to GIA which is passed to the custodian to cover transaction and execution costs on a calculation based on the IAR’s aggregate regulatory assets under management. IARs pay an asset-based fee regardless of how much or little they trade. The asset-based fee that IARs pay for assets custodied at LPL is less than at Charles Schwab & Co., TD AMERITRADE and Fidelity and therefore IARs have economic benefit for recommending Client assets are custodied at LPL. Regardless of whether Client assets are custodied, we believe that a flat asset-based fee structure reduces

potential conflicts of interest that may arise with individual ticket/transaction charges that can influence an IAR's decision whether or not to trade an account.

Investment advisory Programs custodied at Schwab, TD AMERITRADE and Fidelity offer IARs no transaction fee mutual fund share classes ("NTF funds") that are excluded from an IAR's aggregate regulatory assets under management for asset-based billing purposes. This presents a conflict because there is an economic benefit for the IAR to place Client assets in NTF funds over other fund share classes on the Schwab or TD Ameritrade Platforms. To mitigate this conflict, IARs must pay a minimum fee per account regardless of share classes selected. We believe that this fee structure reduces potential conflicts of interest which may arise that can influence an IAR's mutual fund share class selection.

#### *Aggregation of Trades*

Purchases, sales, and other transactions made for the Client's Account may be aggregated with purchase, sales, and other transactions in the same or similar investments for other clients of the Adviser. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the Account will be deemed to have purchased or sold its proportionate share of the investments involved at such an average price. Occasionally, an aggregated order may only be partially filled. Under such circumstances, the investments are allocated, to the extent feasible, among the applicable clients on a pro rata basis. Clients are encouraged to refer to the agreements they enter into as well as the disclosure brochure(s) for the third-party manager(s) selected (if any) for more information on the third-party manager(s) trade aggregation practices.

#### *Cross Transactions*

GIA does not execute cross transactions involving Program accounts.

#### *Allocation of Investments*

IARs engage in an investment advisory business apart from managing the Client's Account. This creates a conflict of interest with the Account over the IAR's time devoted to managing the Account and the allocation of investment opportunities among accounts (including Client's Account) managed by the IAR. The IAR will attempt to resolve such conflicts in a manner that is

fair to all clients. IARs may give advice and take action with respect to any other clients that may differ from advice given or the timing or nature of action taken with respect to the Client over a period of time on a fair and equitable basis relative to other clients. As discussed under the Personal Trading Practices section of this Brochure, IARs are not obligated to purchase or sell any security that the IAR may acquire for their own account or for the account of any other client, if in the absolute discretion of the IAR, it is not practical or desirable to acquire a position in such security for the Account.

### *Principal Transactions*

GIA does not execute trades on a principal basis in Program accounts.

### *Best Execution*

Under the Advisers Act, an adviser has a duty to seek the most favorable terms reasonably available under the circumstances for the execution of its clients' securities transactions. In assessing the appropriate standard of care, GIA considers the full range and quality of a broker-dealer's services across a range of factors. Such factors include (a) the security being traded; (b) transaction costs (if any [refer to Asset-Based Pricing under Brokerage Practices above]); (c) the speed of the execution; (d) availability for price improvement; (e) liquidity of the market (which may make it difficult to execute an order); (f) the specific needs and expectations of the Client; and (g) the fact that GIA does not have an arrangement for payment for order flow with any executing broker-dealer.

GIA relies on the executing broker-dealer's regular and rigorous review of execution quality in accordance with FINRA Rule 5310 and evaluates the extent to which the executing firms conduct their reviews of execution quality. GIA also conducts an independent evaluation of quantitative and qualitative factors no less than annually to ensure the services provided by the executing broker remain competitive and are in the best interest of the Firm's Clients.

### *Independent Third-Party Manager Step-out Trades*

Independent third-party Portfolio Managers not affiliated with GIA may choose to place trades through the broker-dealer associated with the Client's selected Program, or through other broker-dealers if the third-party manager determines that such other broker-dealer is providing best

execution considering applicable circumstances. If a third-party Portfolio Manager executes trades through a broker-dealer other than where the Client account is custodied, there will most likely be a commission or mark-up on the trade in addition to the account fee. Clients are encouraged to review the disclosure brochure for the independent third-party Portfolio Manager selected for more information regarding their practices.

### *Soft Dollar Arrangements*

GIA does not receive soft dollars from executing broker-dealers (i.e., there is no corresponding commitment made by GIA to transact any specific amount or percentage of Client assets in any securities in exchange for access to products or services as a result of an arrangement with an executing broker-dealer). However, GIA receives certain economic benefits from utilizing broker-dealers which may present a conflict of interest.

### *Executing Broker-Dealer Economic Benefits*

Depending on the Program selected, Clients can appoint LPL Financial, Charles Schwab & Co., TD AMERITRADE, or Fidelity to maintain custody of Clients' assets and to act as broker-dealer to execute trades for their accounts. Executing broker-dealers provide GIA with investment research and access to products and services that assist GIA in its investment decision-making process. There is no corresponding commitment made by GIA to transact any specific amount or percentage of Client assets in any securities in exchange for research and access to products or services as a result of an arrangement with any executing broker-dealer. However, the receipt of research and access to such research, products and services poses a conflict of interest because GIA does not have to produce or pay for these services. LPL Financial, Charles Schwab & Co., TD AMERITRADE and Fidelity are members of FINRA and SIPC. GIA is independently owned and operated and not directly or indirectly affiliated with any broker-dealer.

Executing broker-dealers provide GIA with access to its institutional trading and custody services, which are typically not available to the broker-dealer's retail investors. These services generally are available to independent investment advisors at no charge. Services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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.

LPL Financial, Charles Schwab & Co., TD AMERITRADE, and Fidelity also make available to GIA other products and services that benefit the Firm but may not benefit its Clients' accounts. These benefits include educational events, occasional business entertainment including meals and invitations to events, some of which may accompany educational opportunities. Other of these products and services assist the Firm in managing and administering Clients' accounts. These include software and other technology (and related technological training) that provide access to Client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple Client accounts), provide research, pricing information and other market data, facilitate payment of GIA's fees from Client accounts, and assist with back-office training and support functions, recordkeeping and Client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts. Certain broker-dealers also make available other services intended to help the GIA manage and further develop its business enterprise. These services include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, and insurance and marketing.

These support services are provided to GIA based on the overall relationship between GIA and the executing broker-dealer. It is not the result of soft dollar arrangements or any other express arrangements that involves the execution of Client transactions as a condition to the receipt of products and services. GIA will continue to receive the services regardless of the volume of Client transactions executed with the broker-dealer. Clients do not pay more for services as a result of this arrangement.

GIA's recommendation that Clients maintain their assets at a particular broker-dealer may be based in part on the benefit to the Firm of the availability of some of the foregoing research, products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the broker-dealer, which may create a potential conflict of interest.



### *LPL Financial Transition Assistance*

Although GIA is not registered as a broker-dealer, most IARs of GIA are also Dually Registered Persons with an unaffiliated broker-dealer, LPL Financial. As registered representatives of LPL, Dually Registered Persons often receive an initial loan and/or transition payment from LPL in order to assist with the costs associated with transitioning business to LPL's custodial platform (referred to as "Transition Assistance"). The proceeds of such transition assistance payments are intended to be used for a variety of purposes, including but not limited to, providing working capital to assist in funding the registered representative's business, satisfying any outstanding debt owed to the Supervised Person's prior firm, offsetting account transfer fees (ACATs), technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of Transition Assistance payments is often significant in relation to the overall revenue earned or compensation received at [his/her] prior firm. Such payments are generally based on the size of the Supervised Person's brokerage business established at [his/her] prior firm and/or brokerage assets custodied at LPL. This is a conflict of interest in that it provides an incentive for the representative to change firms in order to obtain these forms of compensation.

To the extent GIA recommends Clients custody their accounts at LPL, it is because GIA believes that it is in the Client's best interest to do so based on the quality and pricing of execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided. Clients do not pay more for advisory services as a result of a Supervised Person's transition assistance paid by LPL.

### *Oversight Fee to LPL for Assets Held Away*

As stated previously, individuals associated with GIA are licensed as registered representatives of LPL Financial. As a result of this licensing relationship, LPL Financial is responsible for "oversight" of certain activities of GIA to the extent GIA manages assets at a broker-dealer and custodian other than LPL Financial. LPL Financial charges GIA a

fee for this oversight. This presents a conflict of interest in that GIA has a financial incentive to recommend that you maintain your account with LPL Financial rather than another Custodian in order to avoid the oversight fee. To the extent GIA recommends that Clients use LPL Financial, it is because GIA believes that it is in a Client's best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL Financial.

### *Broker Selection and Directed Brokerage*

GIA requires clients to have a third-party broker-dealer/custodian relationship and will suggest these broker-dealers for clients to use as custodian. Suggesting a broker-dealer may create a conflict of interest. In an effort to mitigate any such conflict, GIA reviews each broker-dealer providing trading and execution services for its clients no less than annually. GIA will suggest a broker-dealer that is best suited to meet the investment needs of the Client, based on the Client's, specific circumstances, and best execution.

With respect to services provided pursuant to the SWM II, MAS, MWP and OMP Programs described herein, GIA requires that clients use LPL Financial to act as the sole and exclusive broker-dealer to execute transactions in the account. LPL is a FINRA/SIPC member and is independent and unaffiliated SEC-registered broker-dealer. Clients should be aware that certain third-party Portfolio Managers available under the MAS Program may execute trades away from LPL (i.e., step-out trades). When this occurs, the Client will be assessed a commission charge or ticket charge. This charge is passed entirely to the broker-dealer and is in addition to the fee the Client pays GIA.

With respect to the TAMP Program described herein, Client selects either Charles Schwab & Co. or Fidelity Institutional as the sole and exclusive broker-dealer to execute transactions in the account. Schwab and Fidelity are FINRA/SIPC members and are independent and unaffiliated SEC-registered broker-dealers. Clients should be aware that certain third-party Portfolio Managers can execute trades away from the selected custodian/broker-dealer (i.e., step-out trades). When this occurs, the Client will be assessed a commission charge or ticket charge. This charge is passed entirely to the broker-dealer and is in addition to the fee the Client pays GIA.

For services provided under the Schwab Advisor Service Program described herein, GIA requires

that clients use Charles Schwab & Co. as the sole and exclusive broker-dealer to execute transactions in the account. Schwab is a FINRA/SIPC member and is independent and unaffiliated SEC-registered broker-dealer.

In connection with services provided under the TD AMERITRADE Services Programs described herein, GIA requires that clients use TD AMERITRADE as the sole and exclusive broker-dealer to execute transactions in the account. TD AMERITRADE is a FINRA/SIPC member and is independent and unaffiliated SEC-registered broker-dealer.

Regarding services provided under the Fidelity IWS Program described herein, GIA requires that clients use Fidelity Institutional as the sole and exclusive broker-dealer to execute transactions in the account. Fidelity is a FINRA/SIPC member and is independent and unaffiliated SEC-registered broker-dealer.

With respect to services provided pursuant to the GCM Program described herein, GIA requires that clients choose either TD AMERITRADE, LPL Financial, Charles Schwab & Co. or Fidelity as the sole and exclusive broker-dealer to execute transactions in the account.

#### *Trade Errors*

In the event of a trade error attributable to GIA, the Firm's policy is to place the Client in the position [he/she] would have been in absent the error unless otherwise directed by the Client. In such cases, the Firm will own any profit or loss resulting from the reversing transactions.

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

IARs review Client accounts on an ongoing basis and complete a review of each Client account at least annually to have a reasonable basis to believe that the advisory account continues to be in the Client's best interest. The underlying premise of suitability for an advisory account is based on the totality of services provided; not on any single service or component of the overall fee (e.g., long-term customer investment objectives, level of trading activity, fees, performance reviews, client fee structure preferences, account specific guidelines).

IARs meet with Clients to review such items as quarterly custodial account statements, quarterly performance information, fees and other information or data related to the Client's account and

investment objectives. Additional reviews may be triggered by material market, economic, or political events, or by changes in Client's financial circumstances, such as retirement, change in employment or marital status, physical move, inheritance, or other life events.

Each client will receive written reports from the custodian that detail the Client's positions and activity. Many IARs also provide their Client with periodic performance reports, which may show performance across multiple accounts within a household. Clients are advised to always compare those reports to the ones provided by the qualified custodians, which are the official records of the accounts.

For financial planning, the Client agreement terminates upon delivery of the plan; however, Clients are encouraged to update their financial plans annually. Such annual reviews are conducted at the election of the Client and a new agreement for services between GIA, the Client and the IAR will be required. The review may consist of a new personal financial plan if the Client's circumstances and/or goals have changed. Alternatively, the review may be a comparison of the Client's current assets and goals as stated in the personal financial plan.

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

##### *Client Referrals*

In some cases, GIA acts as a cash solicitor on behalf of a third-party manager and receives a referral fee from a third-party asset manager. Third-party asset managers actively manage Client assets on a continuous basis and have discretion to buy, sell and trade securities in accordance with the program selected by the Client. IARs will provide consultative services to assets in third-party manager programs and may recommend periodic rebalancing among third-party manager offerings. Clients are advised to review the investment advisory brochure for any recommended third-party asset manager. The primary third-party asset manager program offered by GIA is AssetMark Inc. (formerly Genworth Financial Asset Management). GIA and its Supervised Persons have an incentive to refer Clients to third-party managers because a portion of the Client fee received by the third-party asset manager is paid to GIA and the Supervised Person. GIA addresses this conflict by providing the Client with a disclosure statement explaining the role of GIA, IAR, third-party manager and discloses the fee paid to GIA for Client referrals.

GIA has arrangements with and compensates unaffiliated third parties for Client referrals to GIA

pursuant to a written agreement between GIA and each third party (“Solicitor Agreement”). The Solicitor Agreement requires the solicitor to deliver to each solicited Client a copy of GIA’s then current Brochure, as well as a separate disclosure statement which sets forth the terms of the relationship between GIA and the solicitor. The solicitor will generally be compensated by receiving a portion of the Client fee received by GIA.

GIA and its IARs may offer advisory services on the premises of unaffiliated financial institutions, such as banks. GIA has entered into agreements with the financial institutions pursuant to which GIA shares compensation, including a portion of the advisory fee, with the financial institution for the use of the financial institution’s facilities and for client referrals.

### *Other Compensation*

Dually Registered Persons receive an economic benefit from LPL primarily in the forms of support services, product offerings, and Transition Assistance (see Item 12 Brokerage Practices for more information). LPL also provides other compensation to Dually Registered Persons, including but not limited to, bonus payments, stock awards, repayable and forgivable loans, and other benefits. The receipt of such compensation creates a financial incentive for the Supervised Person to recommend LPL as custodian. Clients are encouraged to discuss any such conflicts of interest with their representative before making a decision to custody assets at LPL.

IARs receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation includes such items as gifts with a de minimis value, an occasional dinner or ticket to an entertainment event, or reimbursement in connection with an educational meeting with the IAR, client workshops or events, marketing events or advertising initiatives. Product sponsors also pay for, or reimburse GIA for the costs associated with, education or training events that are attended by GIA employees and IARs and for GIA-sponsored conferences and events.

GIA has entered into an arrangement with Kessler Investment Group, LLC (“KIG”), an SEC registered investment adviser, where KIG shares revenue with GIA and where KIG acts as asset manager to Investment Strategies offered under the GCM Program. This type of fee arrangement gives IARs who hold equity in GIA’s parent company, Gladstone Wealth Partners, LLC, an indirect benefit to have clients invest in the GCM Program, where KIG is asset manager, instead

of with other asset managers that either share less or do not share revenue with GIA. This conflict of interest affects the ability of IARs, who are shareholders, to provide clients with unbiased, objective investment advice concerning the selection of asset managers. This could mean that other asset managers may be more appropriate for an account than KIG.

#### *GIA Compensation to IAR*

The IAR recommending an advisory service receives compensation from GIA. GIA compensates IARs pursuant to an independent contractor agreement, and not as an employee. This compensation is based on the amount of Client assets the IAR services and includes a portion of the advisory fee and, such portion received by IAR may be more or less than what IAR would receive at another investment advisor firm.

#### **Item 15. Custody**

GIA is not a broker-dealer and does not take possession of Client assets. GIA's clients' assets are housed in unaffiliated and nationally recognized brokerage firms, otherwise known as custodians. GIA does not take custody except under the following two conditions which are considered by the Securities and Exchange Commission to be custody because of the Firm's ability to transfer funds:

1. GIA has the authority to ask the custodian to pay investment adviser fees from Client's Account and give payment directly to GIA (direct debit), and therefore is deemed to have limited custody. Client will be sent monthly and/or quarterly written summary account statements directly from the custodian that holds and maintains their assets at least quarterly. Any funds being deposited for investment must be payable to the custodian where the account is held, not GIA or one of its IARs. Custodial statements will reflect the account holdings, transactions for the period reported, and any additions and withdrawals from the account, including the custodian's withdrawal of GIA's adviser fees. Clients are urged to carefully review the custodian's statements and compare these official custodial records to any performance reports that the Client's IAR provide. An IAR's reports may vary from the custodial statements based on systems, accounting procedures, reporting dates, or valuation methodologies of certain assets. Clients should notify their IAR of any report discrepancies as soon as possible.
2. GIA is deemed to have custody when a client establishes a standing letter of authorization

(“SLOA”) to direct GIA to transfer funds or securities from the client’s account to a specified third party. The client’s SLOA gives GIA the authorization to change the timing and/or the amount of the transfer; however, not the ability to change the third party recipient without the client’s written authorization.

## **Item 16. Investment Discretion**

GIA typically receives discretionary authority from the Client at the outset of the advisory relationship. This authority allows GIA, through its IARs, to determine the securities bought or sold, and the amount of securities bought or sold without having to get the Client’s consent for each transaction. Under this authority, the Client’s IAR has discretion to (a) purchase, sell, exchange, convert, and otherwise trade in securities, including but not limited to money market instruments, mutual funds, exchange traded products, stocks, options and fixed income securities on margin or otherwise; (b) arrange for the delivery and payment in connection with such purchases and sales; and (c) act on Client’s behalf in most matters necessary or incidental to handling the Account, including monitoring certain assets.

When selecting securities and determining amounts, IARs observe the Client’s investment guidelines. Clients can place limitations on an IARs discretionary authority including, for example, restrictions on investing in certain securities, industries, security types, issuers, securities with certain credit ratings or limitations on the percentage of cash held at any one time. Clients should be aware that Client restrictions can affect the account’s performance and that it may differ from and be less successful than that of other accounts that have not limited discretion.

When making decisions regarding the purchase and sale of securities, GIA consistently follows allocation procedures as described in the Brokerage Practices section of this Brochure, to ensure that all clients have equal access to investment opportunities. These procedures are in place to make sure no client benefits more than other clients as a result of GIA’s trading decisions.

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

GIA will not request or accept voting authority for Client securities. Clients will receive proxies directly from the issuer of the security or the Custodian. Clients should direct all proxy questions to the issuer of the security. For Client accounts managed by a third-party portfolio manager, Clients are encouraged to refer to the portfolio manager’s brochure for the manager’s specific proxy

voting policies.

**Item 18. Financial Information**

Not applicable. GIA does not require or solicit Clients to prepay fees of more than \$1,200 six months or more in advance.