

# **FreeGulliver, L.L.C. d/b/a: FreeGulliver**

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## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of FreeGulliver. If you have any questions about the contents of this brochure, contact us at 504-899-0300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about FreeGulliver is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our searchable CRD/IARD # is 117040.

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

## Item 2 Summary of Material Changes

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

Since the filing of our last annual updating amendment, dated March 25, 2020, we updated the Fee Schedule for our Portfolio Management Services, Pension Consulting Services, and Family Office and Wealth Planning Services. The current fee schedules are provided in Item 5 *Fees and Compensation*.

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## Item 4 Advisory Business

### Description of Firm

FreeGulliver, L.L.C. d/b/a FreeGulliver is a registered investment adviser based in New Orleans, Louisiana. We are organized as a limited liability company ("LLC") under the laws of the State of Louisiana. We have been providing investment advisory services since 2001. We are primarily owned by Frank Friedler, III and Michael Kirschman.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to FreeGulliver and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

While this brochure generally describes the business of FreeGulliver, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on FreeGulliver's behalf and is subject to the Firm's supervision or control.

### Portfolio Management Services

We offer discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you participate in our discretionary portfolio management services, we require you to grant us discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your behalf. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without obtaining your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

We may also offer non-discretionary portfolio management services. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

As part of our portfolio management services, in addition to other types of investments, we may invest your assets according to one or more model portfolios developed by our firm. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model. If a client wishes to set restrictions, it may prevent the client from investing in certain models that are managed by our firm.

### Financial Planning and Financial Consulting Services

We offer financial planning services which typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad-based financial planning to consultative or single subject planning. Our financial planning services may involve consultation, analysis, and recommendations in one or more of the areas on which we focus:

- Financial Situations

- Insurance
- Investments
- Retirement Planning
- Estate Planning

If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your goals and objectives. Depending on the scope of work, once we review and analyze the information, we may provide a specific recommendation or deliver a written plan designed to help you achieve your stated financial goals and objectives.

The services provided in this regard may include, but would not be limited to, the following:

- Prepare a net worth statement;
- Create a cash flow statement
- Review current investments and make recommendations thereon;
- Review client's life insurance and disability insurance and make recommendations thereon;
- Review client's estate plan and make recommendations thereon;
- Complete a retirement analysis; and
- Provide education planning advice.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

We also offer financial consulting services that primarily involve advising clients on specific financial-related topics. The topics we address may include, but are not limited to, risk assessment/management, investment planning, financial organization, or financial decision making/negotiation.

### **Selection of Other Advisers**

We may recommend that you use the services of a third-party money manager ("TPMM") to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we may recommend that you engage a specific TPMM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the TPMM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will monitor the TPMM(s)' performance to ensure its management and investment style remain aligned with your investment goals and objectives. The TPMM(s) will actively manage your portfolio and will assume discretionary investment authority over your account.

### **Pension Consulting Services**

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consulting. These pension consulting services will generally be non-discretionary and advisory in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

We may also assist with participant enrollment meetings and provide investment-related educational seminars to plan participants on such topics as:

- Diversification
- Asset allocation
- Risk tolerance
- Time horizon

Our educational seminars may include other investment-related topics specific to the particular plan.

We may also provide additional types of pension consulting services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written statement, the 408(b)(2) Disclosure, and be consistent with the parameters set forth in the plan documents.

Either party may terminate the agreement upon written notice to the other party. The pension consulting fees will be prorated for the quarter in which the termination notice is given, and any unearned fees will be refunded to the client.

#### **Family Office and Wealth Planning Services**

We offer Family Office and Wealth Planning Services designed to help our clients organize their financial situation and plan for the successful transfer of wealth to the next generation in the most tax-advantaged manner. Such services generally include financial planning in the following areas:

- Family Continuity
- Estate Planning and Trustee Oversight
- Lifestyle Management
- Family Philanthropy
- Risk Management

#### **Private Pooled Investment Vehicle Offerings and Fund Management Services**

FreeGulliver provides investment advisory services to private pooled investment funds (the "Funds" or each a "Fund"). FreeGulliver also provides management or administrative services to the Funds.

FreeGulliver serves as the Manager/General Partner and the Adviser to Elcano Investment Fund, LLC, FreeGulliver Hedged Equity Income, LLC, GulliverOne Limited Partnership, Gulliver Structured Credit, L.P, Panthera Investment Fund LP, and Santa Rosa Investment Fund, LLC. Specifically, we will manage the assets of these Funds on a discretionary basis in accordance with the overall investment objectives of each such Fund. Different strategies may be carried out for each Fund and therefore, there should be no expectation that the performance of any individual Fund would or should be similar to that of any other Fund. You should refer to the subscription agreement and other offering documents for a complete description of the fees, investment objectives, risks, and other relevant information associated with investing in the Funds.

We may handle the administrative functions of the aforementioned Funds and other Funds. Among other things, included in those administrative functions are the processing of investor subscriptions to the Funds; overall investor relations; bookkeeping; preparation of investor statements, coordination of annual financial audits, when applicable, for the Funds; and investor reporting. Unless agreed to separately, our Fund management services do not involve the provision of specific investment advisory services to individuals (in general) or individual investors in the Funds.

Investments in the Funds are not registered under the Securities Act of 1933, as amended, and are only offered after delivery of a private placement memorandum and execution of the subscription agreement and other offering documents. Investments in the Funds are offered only to accredited investors within the meaning of SEC Rule 501 of Regulation D of the Securities Act of 1933. Some Funds are offered only to qualified purchasers as defined within the meaning of Section 2(a)(51) of the Investment Company Act of 1940. Investments in the Funds are offered by private offering memorandum which provides investors with full disclosure regarding the objectives of the Funds, the risks involved with the offering and the minimum initial capital contribution or commitment required.

### **Types of Investments**

We primarily offer advice on mutual funds, exchange traded funds, and Private Pooled Investment Vehicles ("PIV"). Refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* below for additional disclosures on this topic.

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

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

### **Assets Under Management**

As of December 31, 2020, we provide continuous management services for \$223,750,331 in client assets on a discretionary basis, and \$169,713,352 in client assets on a non-discretionary basis. Additionally, we provide advice on a non-continuous basis for \$197,957,667 in client assets.

## **Item 5 Fees and Compensation**

### **Portfolio Management Services**

Our fee for portfolio management services is most commonly based on a percentage of the assets in your account and is set forth in the following annual fee schedule:

**Annual Fee Schedule**

<b>Assets Under Management</b>	<b>Annual Fee</b>
First \$500,000	0.75%
Next \$4,500,000	0.50%
Next \$5,000,000	0.40%
Next \$10,000,000	0.25%
Next \$30,000,000	0.15%
Over \$50,000,000	Negotiable

For assets under our management that are less than \$1,000,000, an additional fee may be charged. The additional fee will typically be \$10 per month or an annual fee of 1.00% of the market value of your assets under our management. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion.

Our annual portfolio management fee is billed and payable, quarterly in arrears, based on the balance at end of billing period. If the portfolio management services are agreed to at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis from the date of the first deposit, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. The fee for portfolio management services may also be an annual flat fee, payable quarterly in advance or in arrears. Our advisory fee is negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We encourage you to check the fees deducted on the statements you receive from the qualified custodian. If you find any inconsistent information or have questions, call our main office number located on the cover page of this brochure.

You may be billed directly by us for our service fees. If so chosen, you will be invoiced by the fifth business day of the month subsequent to the most recently ended billing period. Payments are due on or by the final business day of the month in which the invoice is generated.

You may terminate the portfolio management services upon written notice. You will incur a pro rata charge for services rendered prior to the termination of your portfolio management services, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Legacy clients may pay a flat fee or have a different fee schedule and billing practice.

### **Financial Planning and Financial Consulting Services**

We charge either a fixed fee or an hourly rate for financial planning services. Our fixed fee generally ranges between \$1,000 to \$25,000. The first half of the estimated fee is due in advance of services rendered with the remaining balance payable upon completion of the agreed upon services. The fee is negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives. Should the engagement last longer than six months between acceptance of financial planning services and delivery of the financial plan, any prepaid unearned fees will be promptly returned to you less a pro rata charge for bona fide financial planning services rendered to date.

Our hourly rate ranges between \$250 - \$1000 for financial planning services, which is negotiable depending on the scope and complexity of the plan, your situation, and your financial objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee.



We also offer advice on single subject financial planning/general consulting services at the same hourly rate. We will not require prepayment of a fee more than six months in advance and in excess of \$1,200. You may be billed directly by us for our service fees. Payments are due 30 days from receipt of the invoice. At our discretion, we may offset our financial planning fees to the extent you implement the financial plan through our Portfolio Management Service.

You may terminate the financial planning and consulting services upon written notice to our firm. If you have pre-paid financial planning fees that we have not yet earned, you will receive a prorated refund of those fees. If financial planning fees are payable in arrears, you will be responsible for a prorated fee based on services performed prior to termination of the financial planning and consulting services.

### **Selection of Other Advisers**

Advisory fees charged by TPMMs are separate and apart from our advisory fees. Assets managed by TPMMs will be included in calculating our advisory fee, which is based on the fee schedule set forth in the *Portfolio Management Services* section in this brochure. Advisory fees that you pay to the TPMM are established and payable in accordance with the brochure provided by each TPMM to whom you are referred. These fees may or may not be negotiable. You should review the recommended TPMM's brochure, ADV Part 2 or other equivalent disclosure document and take into consideration the TPMM's fees along with our fees to determine the total amount of fees associated with this program.

You may be required to sign an agreement directly with the recommended TPMM(s). You may terminate your advisory relationship with the TPMM according to the terms of your agreement with the TPMM. You should review each TPMM's brochure for specific information on how you may terminate your advisory relationship with the TPMM and how you may receive a refund, if applicable. You should contact the TPMM directly for questions regarding your advisory agreement with the TPMM.

### **Pension Consulting Services**

Our annual fee for pension consulting services is equal to 0.10% - 1.00% of the market value of your assets under our management. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion. For assets under our management that are less than \$300,000 an additional fee may be charged. The additional fee will typically be \$1,500 per year. Our annual portfolio management fee is billed and payable, quarterly in arrears, based on the balance at end of billing period. If the pension consulting services are agreed to at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

You may terminate the pension consulting services upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the pension consulting service, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Family Office and Wealth Planning Services**

We charge a fixed fee for family office and wealth planning services. Our fixed fee generally ranges between \$15,000 to \$250,000. In addition to our service fees, you may be charged fees to reimburse FreeGulliver for out-of-pocket expenses paid by FreeGulliver on your behalf. Examples include, but are not limited to, postage, delivery service and printing costs. The fee is determined at the inception of your advisory relationship with our firm. In determining the fee, we may include the assets in accounts of your family members (e.g. husband, wife, dependents, and related trust accounts) for whom we are providing services. We will endeavor to value your assets based upon a fair value methodology. Our

valuation will depend on the information you provide to our firm. We may make certain assumptions when determining fair value, including but not limited to, comparable valuations on real estate, third party business valuations, and annual inflation rates.

Our annual fee is billed and payable monthly or quarterly in advance. If our services are retained in the middle of a quarter, the fee for such quarter will be calculated on a pro rata basis, based upon the number of days remaining in the quarter. The fees are due and payable as invoiced.

You may terminate the family office and wealth planning services upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the family office and wealth planning services, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Private Pooled Investment Vehicle Offerings and Fund Management Services**

Management and Administration Fees: FreeGulliver charges a management fee or administration fee in accordance with the terms of each Fund. You should refer to the offering documents for a complete description of the fees and other relevant information associated with investing in the Funds.

Generally, the management fees and administration fees are between 0% and 2% of the investors' capital or capital commitment. The fees are deducted from each Fund's account.

Other Expenses: The Funds will generally pay all fees, costs, expenses, and liabilities relating to the operation of the Funds, including the management fees and administration fees noted above, third-party administrator fees, accountant fees and fees related to potential investments paid to third parties. FreeGulliver will pay normal operating expenses incurred for day-to-day administrative services provided to the Funds including overhead and expenses incurred by FreeGulliver employees related to the analysis of potential investments.

Performance-Based Compensation: Refer to the *Private Pooled Investment Vehicle Performance-Based Fee* Section in Item 6 of this brochure.

### **Additional Fees and Expenses**

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

### **Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive

to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

FreeGulliver charges performance-based fees to "qualified clients" as defined under Rule 205-3 of the Investment Advisers Act in accordance with the terms of each Fund. Qualified clients are generally clients having a net worth greater than \$2,100,000 or for whom we manage at least \$1,000,000 immediately after entering an agreement for our services. The performance-based fees are based on a share of the capital appreciation of a client's account and are disclosed in the PIV's offering documents. You should refer to the offering documents for a complete description. The performance-based fees are typically a percentage of net new profits in the period and may be subject to a high water mark which is generally the highest capital balance as of any preceding period-end after it has been reduced by the performance fee, if any.

The performance-based fees are separate and distinct from other fees and expenses charged by FreeGulliver and the Funds. We manage accounts that are charged performance-based fees while at the same time managing accounts (perhaps with similar objectives) that are not charged performance-based fees ("side-by-side management"). Performance-based fees and side-by-side management create conflicts of interest, which we have identified and described in the following paragraphs.

Performance-based fees create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a senior officer of our firm periodically reviews client accounts to ensure that investments are suitable and that the account is being managed according to the client's investment objectives and risk tolerance.

Performance-based fees may also create an incentive for our firm to overvalue investments which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments, which do not have a readily ascertainable value.

Side-by-side management might provide an incentive for our firm to favor accounts for which we receive a performance-based fee. For example, we may have an incentive to allocate limited investment opportunities, such as initial public offerings, to clients who are charged performance-based fees over clients who are charged asset-based fees only. To address this conflict of interest, we have instituted policies and procedures that require our firm to allocate investment opportunities (if they are suitable) in an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, including high net worth individuals, private pooled investment vehicles, pension and profit sharing plans, charitable organizations, corporations and other business entities.

Portfolio management clients with assets under our management that are less than \$1,000,000, may be charged an additional flat fee. The additional fee will typically be \$10 per month or an annual fee of 1.00% of the market value of your assets under our management.

Pension consulting clients with assets under our management that are less than \$300,000, may be charged an additional fee. The additional fee will typically be \$1,500 per year.

Certain legacy clients will have different fee schedules than what is disclosed in this Brochure.

We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

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

To our individual advisory clients, we primarily recommend Mutual Funds, ETFs, Private Pooled Investment Vehicles ("PIV"), and third-party money managers ("TPMM"). Generally, we will not perform quantitative or qualitative analysis of individual securities. Instead, we design investment model portfolios and advise you on how to allocate your assets among various classes of securities or third-party money managers. We may replace/recommend replacing a third-party money manager for many reasons including but not limited to a significant deviation from the stated strategy and/or benchmark.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

Cyclical Analysis - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions.

Risk: The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

Modern Portfolio Theory - a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.

Risk: Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Risk: Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

In addition to the above strategies, on a less frequent basis, we may use one or more of the following methods of analysis or investment strategies when providing investment advice to you, to a private pooled investment vehicle, or in response to a specific request or objective.

Technical Analysis - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

Risk: The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

Risk: The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Short-Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Risk: Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Option Writing - a securities transaction that involves selling an option. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price on or before the expiration date of the option. When an investor sells a call option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. When an investor sells a put option, he or she must pay the strike price per share if the buyer exercises the option, and will receive the specified number of shares. The option writer/seller receives a premium (the market price of the option at a particular time) in exchange for writing the option.

Risk: Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

Short-term Trading - selling securities within 30 days of purchase. Short-term trading includes buying and selling securities frequently in an attempt to capture significant market gains and avoid significant losses. Short-term trading is not appropriate for all investors and we only use it if we have determined that it is suitable for you.



**Risk:** When a frequent trading policy is in effect, there is a risk that investment performance within your account may be negatively affected, particularly through increased brokerage and other transactional costs and taxes.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Custodians and broker-dealers must report the cost basis of marketable securities acquired in client accounts. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks are not all-inclusive, but should be considered carefully by a prospective client before retaining our services.

**Liquidity Risk:** The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price, or it may not be possible to sell the investment at all. Many of FreeGulliver's private pooled investment vehicles ("PIVs") do not permit withdrawals and have substantial restrictions on transferability and resale.

**Credit Risk:** Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

**Inflation and Interest Rate Risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

**Horizon and Longevity Risk:** The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

## **Recommendation of Particular Types of Securities**

We primarily recommend Mutual Funds, ETFs, third-party money managers, and Private Pooled Investment Vehicles ("PIV") including the private Funds offered by FreeGulliver. We may also advise on other types of investments as appropriate for you since each client has different needs and a different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment.

Securities we may recommend are listed below in the order of their associated risk/reward profiles from low risk to high risk.

Money Market Funds: A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. The U.S. Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

Certificates of Deposit: Certificates of deposit are generally the safest type of investment since they are insured by the federal government up to a certain amount. However, because the returns are generally very low, it is possible for inflation to outpace the return. Likewise, U.S. government securities are backed by the full faith and credit of the U.S. government, but it is also possible for the rate of inflation to exceed the returns.

Municipal Securities: Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

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

Stocks: There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the

issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Mutual Funds and Exchange Traded Funds: Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into or sell out of the fund, other types of mutual funds do charge such fees which can also reduce returns. Typically, we will not recommend a mutual fund with a load. Through our institutional platform, we are able to waive the load on most mutual funds. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

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

Variable Annuities: Although we rarely recommend variable annuities, we often provide advice on a clients' existing variable annuities. A variable annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. At this point, the contract will terminate, and the remainder of the funds accumulated forfeited unless there are other annuitants or beneficiaries in the contract. Annuities can be purchased to provide an income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable annuities, pay amounts that vary according to the performance of a specified set of investments, typically bond and equity mutual funds. Many variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in a variable annuity do not provide all the tax advantages of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their variable annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax-deferred vehicles which are held for more than one year. Proceeds of most variable annuities do not receive a "step-up" in cost basis when the owner dies like stocks, bonds and mutual funds do. Some variable annuities offer "bonus credits." These are



usually not free. In order to fund them, insurance companies typically impose mortality and expense charges and surrender charge periods. In an exchange of an existing annuity for a new annuity (so-called 1035 exchanges), the new variable annuity may have a lower contract value and a smaller death benefit; may impose new surrender charges or increase the period of time for which the surrender charge applies; may have higher annual fees; and provide another commission for the broker.

Real Estate: Real estate is known for its ability to serve as a portfolio diversifier and inflation hedge. However, the asset class still bears a considerable amount of market risk. Real estate has shown itself to be very cyclical, somewhat mirroring the ups and downs of the overall economy. In addition to employment and demographic changes, real estate is also influenced by changes in interest rates and the credit markets, which affect the demand and supply of capital and thus real estate values. Along with changes in market fundamentals, investors wishing to add real estate as part of their core investment portfolios need to look for property concentrations by area or by property type. Because property returns are directly affected by local market basics, real estate portfolios that are too heavily concentrated in one area or property type can lose their risk mitigation attributes and bear additional risk by being too influenced by local or sector market changes.

Real Estate Investment Trust: A real estate investment trust ("REIT") is a corporate entity which invests in real estate and/or engages in real estate financing. A REIT reduces or eliminates corporate income taxes. REITs can be publicly or privately held. Public REITs may be listed on public stock exchanges. REITs are required to declare 90% of their taxable income as dividends, but they actually pay dividends out of funds from operations, so cash flow has to be strong or the REIT must either dip into reserves, borrow to pay dividends, or distribute them in stock (which causes dilution). After 2012, the IRS stopped permitting stock dividends. Most REITs must refinance or erase large balloon debts periodically. Some REITs may be forced to make secondary stock offerings to repay debt, which will lead to additional dilution of the stockholders. Fluctuations in the real estate market can affect the REIT's value and dividends.

Limited Partnerships: A limited partnership is a financial affiliation formed with the intention of financial gain. It includes at least one general partner and a number of limited partners. The partnership can invest in a venture, such as real estate development or oil exploration, marketable securities or another limited partnership. The general partner has management authority and unlimited liability. That is, the general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and confine their participation to their capital investment. That is, limited partners invest a certain amount of money and do not participate in running the business, and their liability is limited to the amount of the investment. In the worst-case scenario for a limited partner, he/she loses what he/she invested. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership.

Limited Liability Companies: Limited liability companies are similar to limited partnerships, except that the business is managed by a Manager, in lieu of a general partner; and the investors are Members, not limited partners.

Warrants: A warrant is a derivative (security that derives its price from one or more underlying assets) that confers the right, but not the obligation, to buy or sell a security - normally an equity - at a certain price before expiration. The price at which the underlying security can be bought or sold is referred to as the exercise price or strike price. Warrants that confer the right to buy a security are known as call warrants; those that confer the right to sell are known as put warrants. Warrants are in many ways similar to options. The main difference between warrants and options is that warrants are

issued and guaranteed by the issuing company, whereas options are traded on an exchange and are not issued by the company. Also, the lifetime of a warrant is often measured in years, while the lifetime of a typical option is measured in months. Warrants do not pay dividends or come with voting rights.

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

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

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

Selling options is more complicated and can be even riskier.

The option trading risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options can only be exercised at option expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The option trading risks pertaining to options sellers are:

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

Other option trading risks are:

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

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

## Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

## Item 10 Other Financial Industry Activities and Affiliations

### Licensed Insurance Agency

Our firm is also licensed as an insurance agency. Therefore, persons providing investment advice on behalf of our firm may be licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. See the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm. The *Fees and Compensation* section in this brochure provides additional information on the compensation received by insurance agents who are affiliated with our firm.

While we believe the commissions charged are competitive and appropriate given the added value to our clients and the added examination, licensing and registration required, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to purchase these products from FreeGulliver's licensed agents and may obtain comparable products and/or lower commissions through other firms.

The commissions create an incentive to recommend an insurance product. We address this conflict of interest by disclosing it in this brochure, and we aggressively discourage activities that put your interests anywhere but first. FreeGulliver employees are required to act in accordance with our Code of Ethics at all times and to act only from principles of fair and equitable dealing and good faith with respect to all parties.

### Friedler Group

We are affiliated with Friedler Group, LLC, a licensed insurance agency, through common control and ownership. Therefore, persons providing investment advice on behalf of our firm may be licensed as insurance agents with Friedler Group and are subject to the same commission-based compensation and conflicts discussed above. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.

### **Private Pooled Investment Vehicles and Sponsor of Limited Partnerships**

FreeGulliver has a relationship with various private pooled investment funds (the "Funds" or each a "Fund"), in which you may be solicited to invest, that is material to our advisory business. The Funds are offered to certain sophisticated investors, who meet certain requirements under applicable state and/or federal securities laws. Investors to whom the Fund is offered will receive a private placement memorandum and other offering documents. The fees charged by the Fund are separate and apart from our advisory fees. You should refer to the offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in the Fund. The relationship and potential conflicts of interest are described more fully below.

FreeGulliver: FreeGulliver serves as the general partner, administrator, manager and/or investment advisor of the Funds and will receive compensation from the Funds for these services. This role and this compensation create conflicts of interest. The compensation paid to FreeGulliver provides an incentive to recommend the Funds. The administration of the Funds provides an incentive for FreeGulliver to provide inaccurate or over-stated valuations. You may compete with the Funds for investment opportunities. FreeGulliver's advice may be the same, similar to, or different than those provided to you. See *How We Address These Conflicts of Interest* below.

Investors: Mr. Friedler individually, Mr. Kirschman individually, their family investment partnerships, and other related persons of FreeGulliver are investors, and therefore Members or Limited Partners of most of the Funds. In addition, Mr. Friedler serves as a Member of 419 Walnut, LLC. 419 Walnut, LLC is the Manager of several of the Funds.

The relationship of FreeGulliver related persons serving as both investment advisors and as investors in the Funds creates conflicts of interest. As investors, they have an incentive to devote more time to the Funds than to you or to provide limited investment opportunities to the Funds instead of you. Furthermore, they may have an incentive to recommend one or more of the Funds rather than recommending other investments.

How We Address these Conflicts of Interest: We address these conflicts by disclosing them in this brochure and in the offering documents of each Fund. We aggressively discourage activities that do not put your interests first. While we believe these relationships are commonplace in the investment industry and bring added value to our clients, Mr. Friedler, Mr. Kirschman, and all FreeGulliver employees are fiduciaries and are required to act in accordance with our Code of Ethics at all times and to act only in your best interest.

### **Recommendation of Other Advisers**

We may recommend that you use a third-party money manager ("TPMM") based on your needs and suitability. We will not receive separate compensation, directly or indirectly, from the TPMM for recommending that you use their services. Moreover, we do not have any other business relationships with the recommended TPMM(s). Refer to the *Advisory Business* section above for additional disclosures on this topic.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm

are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

We serve as the general partner to various private pooled investment funds (the "Funds" or each a "Fund"), Funds in which you may be solicited to invest. Persons associated with our firm may have significant investments in the Funds. If you are a prospective investor or an investor in the Funds, refer to the Fund's offering documents for detailed disclosures regarding the Funds. Additionally, individuals associated with our firm may buy or sell - for their personal account(s) - investment products identical to those purchased by the Funds. This practice may create a conflict of interest because we have the ability to trade ahead of the Funds and potentially receive more favorable prices than the Funds will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over the Funds in the purchase or sale of securities.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We primarily recommend the brokerage and custodial services of TD Ameritrade, Inc. and Millennium Trust Company (whether one or more "Custodian"). FreeGulliver's private pooled investment funds may use other broker-dealers. Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere. Our selection of custodian is based on many factors, including the level of services provided, the custodian's financial stability, and the cost of services provided by the custodian to our clients, which includes the yield on cash sweep choices, commissions, custody fees and other fees or expenses.

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, favorable compared to other available providers and their services. We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Availability of investment research and tools.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with our firm and our other clients.

### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.



### **Economic Benefits**

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

### **TD Ameritrade Institutional**

We participate in the institutional advisor program (the "Institutional Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the Institutional Program.

As disclosed above, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to you for custody and brokerage services. There is no direct link between our participation in the Institutional Program and the investment advice we give you, although we receive economic benefits through our participation in the Institutional Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to your accounts); the ability to have advisory fees deducted directly from your accounts; access to an electronic communications network for order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the Institutional Program may benefit us but may not benefit your accounts. These products or services may assist us in managing and administering your accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel through participation in the Institutional Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to you, we endeavor at all times to put your interests first. You should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

### **Brokerage for Client Referrals**

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

**Directed Brokerage**

Clients may direct us to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. When a client directs the brokerage we may be unable to achieve most favorable execution of client transactions, and this practice may cost clients more money and result in a certain degree of delay in executing trades for their account(s) and otherwise adversely impact management of their account(s). Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

**Block Trades**

We generally do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading") unless the client is participating in our Options Strategy, described in more detail below. Accordingly, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

We do not block trade for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

**Options Strategy**

We will block trade multiple orders for shares or contracts of the same securities or options, respectively, purchased for discretionary advisory accounts we manage, when it is in the best interest of our clients. We will then distribute a portion of the shares or contracts to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares or contracts transacted. In certain cases, each participating account pays an average price per share or contract for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares or contracts will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order.

**Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

## Item 13 Review of Accounts

### Portfolio Management Services

An Investment Adviser Representative will monitor your accounts on an ongoing basis and will conduct account reviews at least quarterly, to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to: contributions and withdrawals, year-end tax planning, market moving events, security specific events, and/or, changes in your risk/return objectives.

In most cases, we will provide you with a written report in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

### Financial Planning and Consulting Services

While reviews and updates to the financial plan are not part of the contracted services, at your request we will review your financial plan to determine if the investment advice provided is consistent with your investment needs and objectives. We will also update the financial plan at your request. At our sole discretion, reviews and updates may be subject to our then current hourly rate. If you implement the financial planning advice provided by our firm, you will receive trade confirmations and monthly or quarterly statements from relevant custodians.

## Item 14 Client Referrals and Other Compensation

As disclosed above under *Item 12 Brokerage Practices*, we participate in TD Ameritrade's Institutional Advisor Program ("Institutional Program") and we may recommend TD Ameritrade to clients for custodial and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our Associated Persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our Firm or our Associated Persons through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our Associated Persons in and of themselves creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.



As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

## **Item 15 Custody**

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

### **Private Investment Companies**

We serve as the general partner or managing member of some of the Private Pooled Investment Vehicles (the "Funds" or each a "Fund"), in which our clients are solicited to invest. The Funds are offered to certain sophisticated investors, who meet certain requirements under applicable state and/or federal securities laws. Investors to whom each Fund is offered will receive a private placement memorandum and other offering documents. You should refer to the offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in each Fund.

In our capacity as general partner or managing member to the Funds, we will have access to and custody of the Fund's funds and securities, and therefore subject to the "Custody Rule" (Rule 206(4)-2 of the Investment Adviser Act). Under the Custody Rule, the Funds are subject to a surprise exam requirement or audit requirement.

Surprise Exam: Unless the audit exemption is available, the Funds are subject to the following:

- An annual surprise exam by an independent public accountant to verify the assets; and
- A qualified custodian maintains the securities and sends account statements directly to the advisory clients.

Audit: The SEC provides an audit exemption from these requirements. If the Fund is subject to an annual financial statement audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ("PCAOB"), the Fund is deemed to have satisfied the annual surprise exam requirement. Furthermore, if we distribute the audited financial statement, the qualified custodian is not required to deliver account statement to the investors. We provide each investor in an audited Fund with audited annual financial statements within 120 days of fiscal year-end or within 180 days of fiscal year-end for a fund of funds. If you are an investor of a Fund subject to an annual audit and have questions regarding the financial statements or if you did not receive a copy, contact us directly at the telephone number on the cover page of this brochure.

**Bill Pay Services**

FreeGulliver offers bill paying as a service on a limited basis. Having access to a client's checking account for this purpose means FreeGulliver has custody of the checking account's assets and must disclose to those clients that they should carefully review the checking account statement they receive from their bank or other qualified custodian. Accounts where we have custody due to direct or indirect access of client funds or securities are subject to an annual surprise audit by an Independent Certified Public Accountant.

**Standing Letters of Authorization**

FreeGulliver is deemed to have custody when a standing letter of instruction or other similar asset transfer authorization arrangement (hereafter "SLOA") is established by a client with a qualified custodian, under which FreeGulliver is authorized to transfer or otherwise disburse assets to a third party upon our instruction. Pursuant to Rule 206(4)-2 (the "Custody Rule"), we have taken steps to have controls and oversight in place to support the no-action letter guidance issued by the SEC on February 21, 2017, (the "SEC no-action letter"). Therefore, if we are in compliance with the seven representations noted in the SEC no-action letter, we are not required to comply with the surprise examination requirement of the Custody Rule. Where we act pursuant to a SLOA, we believe we are making a good faith effort to comply with the representations noted in the SEC's no-action letter. Additionally, since many of those representations involve the qualified custodian's operations, we will collaborate closely with our custodians to ensure that the representations are being met.

**Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign the appropriate trading authorization forms.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

**Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

**Item 18 Financial Information**

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

## Item 19 Requirements for State-Registered Advisers

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

## Item 20 Additional Information

### Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

### IRA Rollover Considerations

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees. You should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those

share classes compare with those available in an IRA.

3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.