

Gladowsky Capital Management, Corp.  
Gladowsky Group  
Part 2A Appendix 1 of Form ADV  
Wrap Fee Program Brochure

18 Manor Road  
Smithtown, NY 11787  
(631) 360-7200  
<http://www.gladowsky.com/>

Updated: March 2021

This wrap fee program brochure provides information about the qualifications and business practices of Gladowsky Capital Management, Corp/Gladowsky Group (“GCMC”, “GG” or “the Company”). If you have any questions about the contents of this brochure, please contact us at 631-360-7200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about GCMC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

GCMC has had no material changes since the last update filed in March 2020.

## Table of Contents

|   |    |
|---|----|
| Material Changes .....                                  | 2  |
| Table of Contents .....                                 | 2  |
| Services, Fees and Compensation .....                   | 2  |
| Account Requirements and Types of Clients .....         | 7  |
| Portfolio Manager Selection and Evaluation .....        | 8  |
| Client Information Provided to Portfolio Managers ..... | 9  |
| Client Contact with Portfolio Managers .....            | 10 |
| Additional Information .....                            | 10 |

## Services, Fees and Compensation

GCMC is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”) and is dually registered as a securities broker-dealer. Registration as an investment adviser with the SEC does not imply a certain level of skill or training. GCMC’s advisory clients participate in one of two Wrap Fee Programs (the “Programs”), as described throughout this disclosure document. GCMC has brokerage customers, but they do not participate in the Programs. Some advisory clients may also have a separate brokerage relationship with GCMC but their brokerage accounts do not participate in the Programs.

Gladowsky’s range of investment offerings includes the following:

- Gladowsky Separately Managed Accounts (“SMA”) - client assets are allocated to unaffiliated investment managers.
- Gladowsky Investment Strategies (“LIS”) - Lockwood Advisors, Inc. serves as the Portfolio Manager in its unified managed account product.
- Gladowsky Asset Allocation Portfolios (“LAAP”) - Lockwood Advisors, Inc. serves as the Portfolio Manager in its fixed mutual fund and ETF wrap product.
- Gladowsky AdvisorFlex Portfolios (“AFP”) - Lockwood Advisors, Inc. serves as the Portfolio Manager in its flexible mutual fund and ETF wrap product.
- Gladowsky Diversified Strategies (“DS”) - Lockwood Advisors, Inc. serves as the Portfolio Manager in their respective mutual fund and ETF wrap product.

GCMC assists Program clients in allocating their assets to unaffiliated investment managers (“Investment Managers”) either through (1) a Program sponsored by GCMC in which client assets are allocated to unaffiliated managers, or (2) Model Portfolios managed by Lockwood Advisors, Inc. (“Lockwood”), an unaffiliated investment adviser, through a Program sponsored by GCMC.<sup>1</sup> GCMC specializes in helping clients (1) identify acceptable risk tolerances and investment objectives, and (2) select suitable investment managers or Model Portfolios to help meet those

---

<sup>1</sup> Please see Lockwood Advisors, Inc.’s Form ADV, Part 2A for additional information on the Model Portfolios.

objectives. Investment manager or Model Portfolio selection includes initial manager/portfolio due diligence, performance reporting and account monitoring, ongoing manager/portfolio due diligence, and continuous client consultation.

Authority is granted to the Investment Manager(s) to determine, without obtaining specific client consent, the securities to be bought or sold and the amount of securities to be bought or sold within client account(s), subject to restrictions imposed by the client.<sup>2</sup> The unaffiliated custodian used by the Programs, Pershing LLC, does not have discretionary authority over client assets. Transactions are submitted by the Investment Manager directly to the Pershing LLC trading desk with no intervention from GCMC. The Investment Manager of the Model Portfolio Program, Lockwood, is affiliated with Pershing LLC.

GCMC interacts with wrap fee advisory clients on a non-discretionary basis, meaning GCMC recommends allocations to third-party Investment Managers or to Model Portfolios managed by Lockwood, but must gain consent from clients prior to facilitating or implementing such recommendations. GCMC does not have discretionary authority to determine the securities to be bought or sold, the amount of the securities to be bought or sold, the broker or dealer to be used, or the commission rates to be paid for any of its advisory clients. In addition, GCMC does not recommend brokers to clients.

GCMC offers the services described herein to clients including, but not limited to, individuals, high net worth individuals, trusts, estates, charitable organizations, corporations or other business entities, and pension plans. These clients can choose from an array of services based upon their particular needs. The Programs' services include:

- Identifying each client's risk tolerance, investment objectives, and any applicable account restrictions in order to develop an acceptable investment policy;<sup>3</sup>
- Developing an asset allocation strategy based upon analysis of the investment policy and client interviews;
- Identifying prospective Investment Managers and/or model portfolios for each style indicated by the asset allocation strategy;
- Assisting in the selection of Investment Managers;
- Overseeing account opening, securities transfer, and all other administrative activities;
- Providing for custodial services by an independent, third-party custodian through GCMC's relationship with Pershing LLC, which provides recordkeeping services, safekeeping of client funds and securities, and written confirmation of all account activity;
- Brokerage execution generally through Pershing LLC's trading desk;

---

<sup>2</sup> Client imposed restrictions only available through the separately managed account Program.

<sup>3</sup> Clients must promptly contact GCMC if any of the information they initially provide changes so that GCMC can review their asset allocation and the Investment Managers chosen and make any adjustments that may be necessary.

- Professional portfolio management by unaffiliated Investment Managers; and
- Performing due diligence on Investment Managers on an ongoing basis.

Fees are negotiable depending upon factors such as the account size, the number of Investment Managers initially selected and monitored on an ongoing basis, the overall complexity of each client's financial situation, investment objectives, restrictions, and any other circumstances particular to each client. For GCMC's separately managed account offering, fees typically range from 0.75% to 2.80% of assets under management, depending on the Investment Managers selected and their willingness to negotiate fees. Of the total percentage, the Investment Managers generally receive 30 – 65 basis points and Pershing LLC and/or Lockwood generally receives 28 basis points for providing custody, trading, reporting services, etc. GCMC generally receives the remainder.

Wrap fees for Investment Strategies, AdvisorFlex Portfolios and Asset Allocation Portfolios typically range from 0.75% to 1.50% of assets under management. Of the total percentage, Lockwood generally receives approximately 40 basis points and GCMC the remainder. Please see Lockwood Advisors, Inc.'s Form ADV, Part 2A for additional information on the Program managed by Lockwood. For this Program, Lockwood Advisors, Inc. serves as the money manager in its unified managed account product named Lockwood Investment Strategies ("LIS"), its fixed mutual fund and ETF wrap product named Lockwood Asset Allocation Portfolios ("LAAP"), and its flexible mutual fund and ETF wrap product named AdvisorFlex Portfolios ("AFP").

Wrap fees for Diversified Strategies typically range from 0.75% to 1.37% of assets under management. Of the total percentage, Lockwood generally receives approximately 37 basis points and GCMC the remainder. However, there are some third party model providers that charge an additional fee of 25 basis points which, while partially offset by a lower fee payable to Lockwood, would result in a higher cost to the client. In these arrangements, wrap fees may increase up to 1.53% of assets under management. GCMC does not anticipate engaging any third party model provider that charges an additional fee. If GCMC does determine that using a third party model provider that charges an additional fee would be in the client's best interest, any additional fee will be clearly disclosed at the onset of that relationship. Please see Lockwood Advisors, Inc.'s Form ADV, Part 2A for additional information on the Program managed by Lockwood.

If one client has multiple accounts, GCMC may "household" or group these accounts together when calculating the client's fee.

Fees are billed quarterly, in advance, based upon the market value of the assets under management, including accrued interest, as of the last day of the prior calendar quarter. Pershing LLC is used for execution purposes and commission rates for transactions are embedded in the total wrap fee, which is based on a percentage of each client's assets under management, provided the transactions are executed through Pershing LLC. In other words, clients do not pay commissions separately, on a transaction-by-transaction basis when transactions are executed using Pershing LLC's trading desk.

Historically, some Investment Managers have executed a portion of their trades with brokers other than Pershing LLC. While Investment Managers are not required to select Pershing LLC as the

executing broker, Investment Managers do have an obligation to seek best execution on behalf of their clients. When Investment Managers, in their discretion, select an executing broker other than Pershing LLC, clients generally will incur additional costs including commissions, mark-ups or mark-downs. This additional cost may be embedded in the price of the security. For more information on an Investment Managers brokerage practices, please refer to the Investment Manager's Form ADV Part 2A.

The Investment Managers provide various management styles and strategies and will typically receive fees in the form of a percentage of the wrap fees charged to GCMC's clients based on their level of assets, and the amount of wrap fees will be negotiated at the commencement of the Programs. The Investment Managers use fixed income, equity, or a combination of fixed income and equity securities. With respect to equity, the Investment Managers generally recommend stocks, exchange traded funds or mutual funds. Portfolios are either long only (except for the models which use non-traditional asset classes and may use short positions) or balanced and include domestic and international positions, may emphasize small-, medium-, large-, and all-cap positions, and may span growth, value, and core investment strategies. With respect to fixed income, Investment Managers may use both short and long-term securities, including but not limited to, the following: U.S. Government, U.S. Government Agency, Corporate, Jr. Subordinated Notes, Preferred Securities and International bonds. Investment Managers may also use exposure to gold through an ETF designed to mirror as closely as possible the performance of the price of gold. The Investment Manager may make an allocation to gold to seek to offset volatility in the traditional equity and fixed income asset classes. Investment Managers generally endeavor to maintain cash levels to a minimum, when this is deemed to serve the best interest of clients. Finally, with respect to the GCMC separately managed account Program, GCMC reserves the right to select other types of Investment Managers that employ other strategies/styles, if deemed suitable for clients based on their investment objectives, guidelines, and restrictions.

In addition to the GCMC separately managed account Program, there are several portfolio programs sponsored by GCMC with Lockwood as the money manager:

- AdvisorFlex Portfolios
- Investment Strategies
- Asset Allocation Portfolios
- Diversified Strategies

#### AdvisorFlex Portfolios ("AFP")

The Program is referred to as "AdvisorFlex Portfolios". The AFP Program includes three, objectives-based strategies (Appreciation, Income and Preservation), with multiple Model Portfolios within each strategy. In addition to the types of securities described directly above, the Model Portfolios may use, among other things, mutual funds and exchange traded notes that provide exposure to broad asset classes, such as stocks and bonds; and alternative investments. Please see Lockwood Advisors, Inc.'s Form ADV, Part 2A for additional information on the types of investment instruments used by the Program managed by Lockwood.

#### Investment Strategies ("LIS")

LIS is a discretionary, multi-discipline managed account product contained in a single portfolio. There are five core models, which span the risk/return spectrum from current income to growth. You may also choose from four additional models, which contain exposure to non-traditional asset classes, as described below. Lockwood, serving as the portfolio manager, determines the sub-advisers and specific investment vehicles based on its proprietary modeling strategies, and its economic outlook. For a more detailed description about the way Lockwood conducts its analysis to evaluate vehicles for use in LIS, please refer to Lockwood Advisors Inc.'s Form ADV, Part 2A.

There are two classes of models: Traditional and Alternative. The five Traditional portfolios are: Model I (Current Income), Model II (Growth & Income), Model III (Conservative Growth), Model IV (Moderate Growth), and Model V (Growth). The four Alternative portfolios are: Alternative Model II (Growth & Income), Alternative Model III (Conservative Growth), Alternative Model IV (Moderate Growth), and Alternative Model V (Growth).

#### Asset Allocation Portfolios ("LAAP")

LAAP is a discretionary, multi-discipline managed account product contained in a single portfolio. Lockwood, serving as the portfolio manager, determines the asset allocation strategy and selects investment vehicles in the portfolio, based upon proprietary modeling strategies, economic outlook and investment research discipline. For a more detailed description about how Lockwood conducts its analysis to evaluate vehicles for use in LAAP, please refer to Lockwood Advisors Inc.'s Form ADV, Part 2A. The five portfolios are: Model I (Current Income), Model II (Growth & Income), Model III (Conservative Growth), Model IV (Moderate Growth), and Model V (Growth).

#### Diversified Strategies ("DS")

Diversified Strategies (or Lockwood WealthStart) is a discretionary mutual fund and ETF wrap account product with a \$10,000 minimum account size that seeks to assist emerging and mass-affluent investors grow their wealth. Lockwood, serving as the Portfolio Manager, determines asset allocation strategy and selects investment vehicles for the portfolios, based on its proprietary approach to asset allocation, macroeconomic outlook and investment discipline. As of the date of this Brochure, the portfolios consist solely of exchange-traded funds. However, these portfolios may consist of open and closed-end mutual funds, exchange-traded funds and other types of securities, as determined by Lockwood, in its sole discretion. The securities currently used in the WealthStart portfolios are subject to change at Lockwood's sole discretion. This process and more information is described in more detail in Lockwood Advisors, Inc.'s Form ADV Part 2A Item 6.

GCMC's services through the Programs (investment advice, brokerage, and other services) may cost more or less than what clients would pay for purchasing the services separately. The factors that bear on the relative cost of a Program include, among other things, the cost of the services if provided separately and the amount of trading activity in the client's account. To the extent that the client pays more for a bundled fee than it would by purchasing the services separately, this may create a possible financial incentive for GCMC to recommend the Programs over other available programs or services (such as a brokerage account with no advisory services).

With respect to the GCMC separately managed account Program, GCMC generally recognizes client terminations upon receipt of written notice from clients. Terminating clients should note

that it generally takes up to three to five business days to liquidate positions, if such clients instruct GCMC to do so. If the client chooses to terminate from one of the Programs, the client may receive a pro-rated refund of the fee based on the net asset value of the client's investments at the time of termination and the number of days remaining in the fee billing period. However, if an account is closed by a client prior to completion of four full calendar quarters the client may be assessed an early closing fee of the lesser of one additional quarterly fee or \$2,000 in addition to any pre-paid quarterly fee, in order to cover the administrative cost of establishing Program accounts. Similarly, if withdrawals bring a client's account value below a particular Investment Manager's required minimum, GCMC reserves the right to terminate the agreement with the client and assess the aforementioned early closing fee.

With respect to the LAAP, LIS, AFP Programs and DS, if the client terminates Lockwood as their portfolio manager or if Lockwood terminates its relationship with the client, Lockwood will refund the unused portion of the quarterly fee to the client account that was used for the Program. Lockwood will calculate the client refund based on the fee paid for that quarter and the number of days left in the current quarter as of the day the account was terminated.

#### *Other Services*

GCMC also serves as the broker of record for certain 401(k) plans and in this capacity reviews the options available to participants (generally mutual funds) and provides recommendations to participants upon their request with respect to which options to select. GCMC does not implement any of its recommendations; rather, the participants review the recommendations and decide whether to implement on their own. In providing such recommendations, GCMC receives compensation bi-monthly based on a percentage of the net asset value of the plan. The percentage charged varies based on negotiations with each plan.

## **Account Requirements and Types of Clients**

As described above, GCMC offers the services described herein to clients including, but not limited to, individuals, high net worth individuals, trusts, estates, charitable organizations, corporations or other business entities, and pension plans. These clients can choose from an array of services based upon their particular needs.

GCMC does not specify a minimum investment amount to participate in the Program it sponsors. However, Investment Managers generally require a minimum account size of \$50,000 - \$300,000, subject to any exceptions granted by particular Investment Managers. For the Program managed by Lockwood, model portfolios generally require a minimum account size of either \$10,000, \$50,000 or \$250,000, but Lockwood reserves the right to waive its minimum initial investment requirements, in its sole discretion. GCMC and/or the Investment Managers reserve the right to terminate any account falling below the minimum account size. Minimum account sizes for the various Investment Managers used in the Programs vary as summarized above and are subject to negotiation with the particular Investment Managers selected for each client. The Programs sponsored by GCMC allows clients to obtain portfolio management services that may have higher minimum account sizes outside of the Program.

## Portfolio Manager Selection and Evaluation

GCMC will work with each client to develop an appropriate selection of Investment Manager(s)/Model Portfolio(s) that GCMC believes best meet(s) the client's goals and investment objectives, and will assist the client in the appropriate selection of Investment Managers/Model Portfolio(s) in line with the recommended asset allocation. Recommendations are based in part upon the information gathered in developing an investment policy for the client. GCMC will review the client's investment objectives and goals, net worth, current income, future income needs, liquidity needs, risk tolerances, tax considerations, and other specific items communicated by the client (collectively, "Investment Considerations"). Then the portfolio's current investment structure is reviewed by GCMC. An assessment is made based upon economic and market conditions and the Investment Considerations. A recommendation as to the client's appropriate asset mix may be developed based on GCMC's assessment of the information provided by the client. In order for GCMC to properly monitor the asset allocation and Investment Managers/Model Portfolio(s) selected, clients must promptly inform GCMC in writing if their information changes.

Various Investment Manager/Model Portfolio styles and strategies are made available to clients. Investment Managers are selected through a detailed assessment of their investment philosophy, style, and methodology. Investment Managers/Model Portfolios will be assessed and chosen independently by GCMC in accordance with the criteria herein. Please note that no related persons<sup>4</sup> of GCMC currently act as Investment Managers for the Programs.

The unaffiliated Investment Managers/Model Portfolios chosen must, among other things, meet the following criteria:

- specifically stated goals
- identifiable and consistent investment strategies
- appropriate level of assets under management

After the above parameters have been satisfied, the review continues and includes, but is not limited to, conducting a general review of the organization (e.g., history, ownership, employees, etc.), gaining an understanding of the Investment Manager's critical portfolio management and trading procedures, and reviewing the Investment Manager's Form ADV, Part 1A, 2A and 2B disclosures. GCMC further attempts to determine each Investment Manager's overall compliance with industry standards in areas such as operations, marketing, and client support services. GCMC reviews the standard marketing materials of each Investment Manager/Model Portfolio, reviews the Investment Manager's growth characteristics in terms of assets under management and number of clients and accounts, and inquires as to each Investment Manager's compliance history. These

---

<sup>4</sup> Related Person: Any Advisory Affiliate and any person that is under common control with GCMC. Advisory Affiliate: GCMC's Advisory Affiliates are (1) all of GCMC's officers, partners, or directors (or any person performing similar functions); (2) all persons directly or indirectly controlling or controlled by GCMC; and (3) all of GCMC's current employees (other than employees performing only clerical, administrative, support or similar functions).



areas are reviewed at a high level to determine whether any potential concerns exist and any follow-up questions or reviews are necessary.

GCMC conducts a performance review of the returns generated by the Investment Manager/Model Portfolio and how these returns compared to an appropriate industry accepted benchmark. As part of this review, GCMC will note the variance in returns over time, the annualized performance returns from inception to present, and any outlying yearly returns (highly positive or negative versus the benchmark) in an attempt to understand what has driven performance for each Investment Manager/Model Portfolio. GCMC may also consider how the growth or contraction of the assets under management of each Investment Manager appears to have impacted performance returns. Finally, GCMC may compare the Investment Manager's performance versus its peers and/or an appropriate benchmark. Clients must note that not all Investment Managers calculate and report performance on a uniform or consistent basis. Although GCMC attempts to understand the basis for these numbers, GCMC does not review, or compensate any third parties to review, performance information to verify its accuracy or its compliance with presentation standards.

In addition, ongoing Investment Manager/Model Portfolio reviews are also a part of the Program. Periodic visits and/or conference calls are made to each of the Investment Managers for an updated review of the Investment Managers and their performance.

Replacement Investment Managers/Model Portfolios may be recommended for various reasons such as, among other things, portfolio management inconsistent with an Investment Manager's/Model Portfolio's stated style and philosophy, significant performance variances from the stated benchmark over a market cycle, a departure of a key employee from an Investment Manager who was integral to the Investment Manager's performance record, and/or serious regulatory problems or compliance issues.

### **Types of Investments**

Within the Programs, accounts are managed primarily pursuant to investment strategies that employ equity, fixed income, or a combination of equity, fixed income securities, and alternative investments strategies. A list of the Investment Managers/Model Portfolios currently available through the Programs is available under separate cover, upon request.

In addition, various Investment Manager/Model Portfolio styles and strategies are made available to clients. Investment Managers/Model Portfolios are selected through a detailed assessment of their investment philosophy, style, and methodology. All Investment Managers/Model Portfolios will be assessed and chosen independently by GCMC in accordance with the criteria described herein. Each Investment Manager's/Model Portfolio's performance will be reviewed by GCMC, as described above.

## **Client Information Provided to Portfolio Managers**

For each Program account, an investment management agreement is signed, which outlines the terms by which the client's portfolio is to be managed. Attached to the investment management agreement is an Investment Profile Questionnaire and Investment Policy Statement which outlines

the client's investment policy. This information is provided to the relevant Investment Manager(s) at the onset of the advisory relationship.

Additional information gathered by GCMC in the process of developing an investment policy and/or asset allocation for the client (the client's Investment Considerations) will be forwarded to the selected Investment Manager(s) upon request. If the client communicates to GCMC that the client wishes to make a change in the investment policy or update the Investment Considerations, this information will be promptly communicated to the selected Investment Manager(s).

## **Client Contact with Portfolio Managers**

Clients are encouraged to communicate with GCMC with respect to their asset allocation and the Investment Managers/Model Portfolios selected, and are not prohibited from communicating directly with the applicable Investment Manager(s) in the separately managed account Program about their portfolio(s). This communication will be facilitated by GCMC.

## **Additional Information**

### **Disciplinary Information**

GCMC and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

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

GCMC is registered and actively engaged as a securities broker-dealer. As such, GCMC, its employees, and its owners perform, among other things, brokerage services for advisory clients who separately are brokerage customers of GCMC and thus have separate brokerage accounts. In addition, GCMC may provide brokerage services for customers who are not separately advisory clients of GCMC. Employees will devote about half their time to broker-dealer related activities. GCMC, its employees, and its officers may give advice and take action in the performance of their duties to clients which may differ from the advice given, or the timing and nature of action taken, with respect to other clients depending on the particular facts and circumstances.

GCMC, as a dually-registered investment adviser and broker-dealer, has both investment advisory relationships and brokerage relationships. Certain persons/entities may have both advisory accounts and brokerage accounts. Unless otherwise specified herein, the term "clients" is used to refer to advisory clients and their advisory accounts. Other persons/entities may only have advisory accounts or only have brokerage accounts. The capacity in which GCMC acts is governed by written contracts between GCMC and such persons/entities and/or the account opening forms executed by such persons/entities. In addition, supplemental verbal discussions and written disclosures provide additional clarity in this respect.

GCMC's three management persons, Barry Gladowsky, Elliot Gladowsky, and Jason Gladowsky are registered as registered representatives of GCMC. In addition, GCMC is licensed as an insurance broker and two of its employees serve as insurance agents and in this capacity sell certain life and health insurance products. Certain advisory clients and brokerage customers may purchase insurance products through GCMC, but are under no obligation to do so. As a result, GCMC and/or one of its employees may earn commission revenue by selling insurance to advisory clients and brokerage customers. The revenue earned from insurance sales is completely separate and distinct from the fees charged by GCMC to provide investment advisory services to its advisory clients and brokerage services to its brokerage customers.

In addition, Gladowsky & Co., an accounting firm under common control with GCMC, may refer potential clients to GCMC (and vice versa). Neither Gladowsky & Co. nor GCMC receive compensation for such referrals. However, GCMC and Gladowsky & Co. may be predisposed to referring each other business as opposed to referring potential clients to third-parties that may offer similar services on either more or less favorable terms. GCMC attempts to address this conflict through this disclosure, so prospective clients are fully informed when they make their decision to become clients or not become clients of GCMC and Gladowsky & Co.

Finally, The Law Firm of Alison Gladowsky is owned and operated by Alison Deblinger. This law firm may refer potential clients to GCMC (and vice versa). Neither the law firm nor GCMC receives compensation for such referrals. However, GCMC and The Law Firm of Alison Gladowsky may be predisposed to referring each other business as opposed to referring potential clients to third-parties that may offer similar services on either more or less favorable terms. GCMC attempts to address this conflict through this disclosure, so prospective clients are fully informed when they make their decision to become clients or not become clients of GCMC and The Law Firm of Alison Gladowsky.

As discussed above in this brochure, GCMC, through its SMA Program, recommends Investment Managers to clients. While these Investment Managers are unaffiliated with GCMC, and GCMC does not receive compensation directly from these Investment Managers, the Company has a conflict of interest in that GCMC could recommend Investment Managers to clients based on its relationship with the Investment Manager as opposed to the clients' best interest. This conflict is mitigated by the fact that GCMC will recommend Investment Managers based on the Investment Considerations provided by the client and does not have discretion to choose the Investment Manager(s) for the client.

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

#### *Code of Ethics*

GCMC's Code of Ethics (the "Code") establishes rules of conduct for all its employees and is designed to, among other things, govern personal securities trading activities in the accounts of employees. The Code is based upon the principle that GCMC and its employees owe a fiduciary duty to advisory clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with GCMC, and (iii) any actual or potential conflicts of

interest or any abuse of their position of trust and responsibility. GCMC will provide a copy of its Code to any client or prospective client upon request.

### *Participation or Interest in Client Transactions and Personal Trading*

Certain employees of GCMC may invest their personal assets with some of the same third-party Investment Managers recommended to wrap fee advisory clients. GCMC and its employees do not get more favorable terms or otherwise receive preferential treatment with respect to their personal investments with Investment Managers/Model Portfolios. In addition, neither GCMC nor any of its employees hold an ownership stake in any of the Investment Managers recommended to advisory clients. GCMC is not otherwise affiliated with such Investment Managers or obligated to recommend any particular Investment Manager. Rather, GCMC assesses the options and reaches its own independent conclusions as to which Investment Managers it believes will best serve the interests of its advisory clients.

Due to the investments held in their personal accounts and the Investment Managers/Model Portfolios with which they have accounts, GCMC's employees may invest in the same securities (or related securities such as stocks, options, ETFs, fixed income securities and alternative investments) that GCMC recommends to clients. Employee trades in such securities could occur at or about the same time as client trades.

Allowing employees to trade in the same securities as clients presents various potential conflicts of interest. For example, employees could theoretically attempt to time their personal trades to benefit from any potential impact client trades might have on the price of a security or otherwise attempt to obtain a more favorable purchase, sale, short, or cover price than clients obtain. In addition, employees and clients could potentially take opposing positions (i.e., an employee account takes a long position when a client account takes a short position, or vice versa) and thus the employee could potentially experience a conflict between acting in his/her own best interest versus the client's best interest. Finally, employees could devote excessive time/use limited resources towards managing their personal trading accounts and thus neglect client accounts. The Chief Compliance Officer ("CCO") provides employees with a copy of GCMC's Code, which governs personal trading and other related matters, and employees must sign an acknowledgement of receipt of the Code. In addition, the CCO monitors employees' personal securities transactions to ensure that employees do not engage in improper personal securities transactions and to otherwise detect and prevent potential conflicts of interest or other potential compliance issues.

### **Review of Accounts**

#### *Reviewers*

GCMC's senior management personnel (the "Reviewers") are responsible for reviewing all of the Company's wrap fee accounts. Reviewers include the Chairman, Mr. Elliot Gladowsky, the Chief Financial Officer, Mr. Barry Gladowsky, and the President/CCO, Mr. Jason Gladowsky.

#### *Reviews*

GCMC has developed the following reviews to help the Reviewers identify and try to prevent securities transactions that could put a client's investment at risk of large losses. These procedures are to be followed by the Reviewer assigned to the account.

Trade suitability is primarily the responsibility of the person placing the trade, usually the third-party Investment Manager. However, Reviewers generally review each trade within 24 hours of the trade being placed. The Reviewers will question trades in any security that they do not understand, or which seem questionable in light of the client's objectives or the strategy being followed by the Investment Manager/Model Portfolio. Significant macro-level developments, newsworthy events associated with particular Investment Managers/Model Portfolios or significant securities positions within client accounts, and other circumstances may cause GCMC to review client accounts to determine whether any changes or other action would be prudent.

The Reviewers will monitor client accounts on an ongoing basis to detect, among other things, significant security and industry concentrations, securities that have significantly declined in price from quarter to quarter, and securities that have significantly declined from the original cost basis. In addition, the Reviewers generally have ongoing discussions with each Investment Manager to review trading activity and performance to discuss specific trades, the reasoning behind trading activity, and the Investment Manager's outlook for the future. Within the Model Portfolios, the discussion is more from an allocation perspective and not a position specific perspective.

The Reviewers are responsible for ensuring that client objectives are current and that client accounts are being invested with each client's specific goals and objectives in mind. Items to be reviewed may include asset allocation, frequency of trades, and the structure and makeup of the client's portfolio in light of objectives and income requirements. Other items may include asset class diversification, risk profile of the portfolio, client objectives, and performance versus a comparable benchmark. If warranted, the in-depth review would include a discussion with the Investment Manager and the client.

### *Reports*

GCMC uses a reporting system made available through the Program custodian, Pershing LLC. Clients receive a quarterly report that includes portfolio analysis and portfolio performance with charts and graphs. The reports are generated independently of the Investment Manager following the quarters ending March, June, September and December. Additionally, clients are provided trade confirmations and monthly brokerage statements from the custodian.

Clients should compare the account statements they receive from the qualified custodian with those they receive from GCMC.

## **Client Referrals and Other Compensation**

### *Client Referrals*

Please see the “Other Financial Industry Activities and Affiliations” section above for information about client referrals between GCMC, Gladowsky & Co., and The Law Firm of Alison Gladowsky.

### *Other Compensation*

Cash awaiting reinvestment may be placed by the Investment Managers recommended by GCMC in money market funds, which incur their own management expenses, distribution fees, and other fees as described in the applicable prospectus. Typically, such money market fund balances represent a very small percentage of clients’ total assets under management. If the Investment Managers/Model Portfolios recommended by GCMC use mutual funds, such as money market funds, ETFs, ETNs, or other similar investment instruments, clients may incur two layers of fees: (1) the portion of the total wrap fee attributable to GCMC’s and the Investment Managers’ advisory fees, and (2) the advisory and any other fees assessed by the mutual funds, ETFs, ETNs, or other similar investment instruments recommended by the Investment Managers.

GCMC does not expect the fees attributable to money market fund investments to represent a material portion of the overall fees incurred by its advisory clients. However, GCMC may receive, through its relationship with Pershing LLC, 12b-1 fees for client balances held in various money market funds. The receipt of these fees will not offset the wrap fee paid by clients.

To the extent that the Investment Managers purchase such securities on behalf of GCMC’s advisory clients, GCMC will thus benefit financially. This may present a conflict of interest; however, GCMC is aware of the fiduciary duty owed to its advisory clients and does not attempt to influence the decisions of the Investment Managers in order to benefit GCMC through the receipt of 12b-1 fees. GCMC attempts to mitigate this conflict of interest through this disclosure and through its reviews of client accounts, which serve the purpose of, among other things, confirming that the Investment Managers chosen to manage client accounts and the investment strategies and trading activity employed by the selected Investment Managers appear reasonable in light of each client’s investment objectives.

### **Financial Information**

GCMC has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to provide advisory services to client accounts.