

# Disclosure Brochure

March 27, 2021



One Tower Bridge, 100 Front Street, Suite 1111  
W. Conshohocken, Pennsylvania 19428

(610) 341-3900

[www.gkfo.net](http://www.gkfo.net)

This brochure provides information about the qualifications and business practices of GKFO, LLC (hereinafter “GKFO” or the “firm”). If you have any questions about the contents of this brochure, please contact Stephen R. Kitching at (610) 341-3900. 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 the firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

GKFO, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this Item, GKFO is required to discuss any material changes which have been made to the brochure since the last annual amendment filed March 25, 2020. The Firm has no changes to disclose in relation to this Item.

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## Item 4. Advisory Business

GKFO has been in business as an SEC registered investment adviser since August 2009. The firm's current principal owners, Dr. Christopher C. Geczy, Ph.D., and Stephen R. Kitching, formed GKFO to provide high net worth families and others with highly customized, client-centric wealth management solutions. The firm offers a variety of family office and investment management services. As of December 31, 2020 GKFO had \$571,035,490 in assets under management, of which \$262,442,904 was managed on a discretionary basis and \$308,592,586 was managed on a non-discretionary basis.

Prior to engaging GKFO to provide any of the foregoing investment advisory services, clients generally enter into one or more written agreements with GKFO setting forth the terms and conditions under which GKFO renders its services (collectively the "*Agreement*").

This Disclosure Brochure describes the business of GKFO. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of GKFO's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on GKFO's behalf and is subject to GKFO's supervision or control.

### Financial Planning and Consulting Services

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GKFO offers clients a broad range of financial planning and consulting services, addressing a multitude of matters, which include the following, without limitation:

- Retirement planning
- Consolidated reporting
- Tax strategy
- Estate planning
- Cash management
- Trust administration
- Financial modeling
- Balance sheet analysis
- Succession planning

In performing its services, GKFO is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. GKFO will recommend the services of itself, its affiliates, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if GKFO recommends its own services or the services of its affiliates, as discussed in Item 10 (below). The client is under no obligation to act upon any of the recommendations made by GKFO under a financial planning or consulting engagement or to engage the services of any such recommended professional, including GKFO itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of GKFO's recommendations. Clients are advised that it remains their responsibility to promptly notify GKFO if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising GKFO's previous recommendations and/or services.

## Family Office Services

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GKFO also provides family office services, comprised of both portfolio management and ongoing financial planning and consulting services. The terms and conditions of each family office arrangement are individually negotiated by GKFO and the client and typically memorialized in writing prior to commencement of the agreed upon services.

As part of this service offering, GKFO will perform a range of additional family related functions, which may address the following, without limitation:

- |                          |   |                      |
|--------------------------|---|----------------------|
| • Wealth transfer        | • Mission statements                            | • Concierge services |
| • Philanthropic concerns | • Real estate and private business transactions | • Legacy planning    |
| • Family governance      | • Debt optimization                             | • Expense management |
| • Insurance design       | • Trust administration                          | • Mortgage financing |
| • Investment policies    |   | • Foundations        |

## Investment Management

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GKFO offers investment management services to its clients. In doing so, GKFO manages all or a portion of its clients' assets on a discretionary, non-discretionary or advisory basis.

GKFO primarily recommends or allocates clients' investment management assets among exchange-traded funds ("ETFs"), mutual funds, individual debt and equity securities, independent investment managers ("*Independent Managers*"), alternative investment vehicles and/or derivatives and other securities or investments in accordance with the clients' individual investment objectives. GKFO will recommend that certain clients invest in private placement investments, which may include, without limitation, debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. GKFO also provides advice about legacy positions or investments otherwise held in clients' portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon.

GKFO also offers investment management services to clients relative to other products that are not held by the client's primary custodian. In so doing, GKFO either directs or recommends the allocation of client assets among the various investment options that are available with the product, or provides an opinion thereon. Client assets are maintained at the specific custodian.

GKFO generally tailors its advisory services to the individual needs of clients. GKFO consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. GKFO seeks to ensure that clients' investments are suitable for their investment needs, goals, objectives and attitude toward risk.

Clients are advised to promptly notify GKFO if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon GKFO's management services. A client may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in GKFO's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

## **Use of Unified Managed Account Platforms**

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In certain circumstances, GKFO recommends the use of unrelated third party non-wrap unified managed account platforms ("UMA Platform") in which GKFO can make available for clients' accounts the investment strategies of investment managers or model portfolios provided by model providers participating in the UMA Platform. GKFO will utilize the model portfolio provided by UMA Platform affiliated providers including its affiliate Forefront Analytics, LLC for certain clients. Implementation of account allocations to all mutual funds, ETFs, and other investments available through the selected custodian(s), and account features and overlay management services are provided on the platform and not by GKFO. However, because GKFO does not control UMA Platform Provider's execution of transactions for its client accounts, GKFO cannot control the market impact of such transactions to the same extent that it would for its own discretionary client accounts or the precise timing of such trades. Non-wrap fee accounts will not pay an all-inclusive wrap fee. These clients generally pay for execution and custody services. For all UMA Platform accounts, the UMA Provider is granted trading authority through the platform investment advisory agreement. All responsibility for execution of trades is taken by the UMA Platform provider, who aggregates trades to its policies and procedures. Those aggregation policies and procedures are available in the UMA Platform Provider's Form ADV Part 2A disclosure brochure.

Where GKFO's affiliate's model portfolios or portfolios that are similar are selected on the UMA Platform for clients, the recommendations of the model portfolios may reflect recommendations being made by GKFO or its affiliates contemporaneously to, or investment advisory decisions made contemporaneously for, similarly situated discretionary clients of GKFO or affiliated entities. As a result, GKFO or its affiliates may have already commenced trading before GKFO client accounts engaging the UMA Platform have received or had the opportunity to evaluate or act on the model portfolio information. In this circumstance, trades ultimately placed for client accounts engaging the UMA Platform may be subject to price movements, particularly with large orders or where securities are thinly traded, that may result in client accounts engaging the UMA Platform receiving prices that are less favorable than prices obtained by GKFO or its affiliates for its client accounts.

Conversely, a UMA Platform Provider may initiate trading based on GKFO's affiliate's model portfolio information before or at the same time GKFO or its affiliates are also trading for its client accounts not engaging the UMA Platform. Particularly with large orders or where securities are thinly traded, this could

result in GKFO's non-UMA Platform clients receiving prices that are less favorable than prices that might otherwise have been obtained absent the UMA Platform Provider's trading activity.

### **Use of Independent Managers**

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As mentioned above, GKFO selects certain *Independent Managers* to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated *Independent Manager*. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

GKFO evaluates a variety of information about *Independent Managers*, which includes the *Independent Managers'* public disclosure documents, materials supplied by the *Independent Managers* themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers'* investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. GKFO also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

GKFO continues to provide services relative to the discretionary or non-discretionary selection of the *Independent Managers*. On an ongoing basis, the Firm monitors the performance of those accounts being managed by *Independent Managers*. GKFO seeks to ensure the *Independent Managers'* strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### **Affiliated Collective Investment Vehicle**

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GKFO's affiliate, Forefront Analytics, LLC ("*Forefront*"), is the investment adviser to the Forefront Dynamic Strategies Fund, L.P. ("the FFDS Fund") and Forefront Select Master Fund, L.P. (the "FFSF Fund") (collectively the "*Private Funds*"), as well as other private funds in the future, which are Delaware limited partnerships formed to engage primarily in the business of investing and trading in securities and other instruments. GKFO recommends that certain of its clients invest in the *Private Funds*. Interests in the *Private Funds* are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. The *Private Funds* currently rely on an exemption from registration under the Investment Company Act of 1940, as amended. GKFO's affiliate has discretionary authority to determine a broker or dealer to be used by the *Private Funds*.

The FFDS Fund seeks to provide attractive risk-adjusted returns by investing primarily in traditional and alternative asset classes or strategies. The FFDS Fund seeks exposure to alternative asset classes by investing in a number of instruments, which might include structured notes, managed accounts, stocks, bonds, exchange-traded notes ("ETNs"), ETFs, mutual funds, and closed-end funds. From time to time, the FFDS Fund also seeks to obtain, reduce or enhance exposure to one or more traditional or alternative

asset classes through investments in derivatives and other investments. The FFDS Fund can also use leverage or sell securities or contracts short. Forefront utilizes an approach that blends both quantitative and qualitative signals using proprietary optimization methods. There can be no assurance that the FFDS Fund will achieve its objective.

The FFSF Fund seeks to grow capital by allocating its assets among hedge fund and other private fund shares potentially (including shares of affiliated funds) that represent a spectrum of risk exposures in an attempt to produce positive and less than perfect correlation to equity markets. The FFSF fund may also allocate assets among ETFs, mutual funds, debt and equity securities, and other such instruments.

In managing the FFSF's assets, the Manager seeks to measure risk and then balance identified risks through diversifying the Fund's investments in shares of privately offered funds (possibly including shares of affiliated funds). The Manager uses both a top-down and bottom-up approach that combines qualitative and quantitative analysis to determine strategy and inputs. Examples of qualitative inputs could include position, trade, strategy, risk outlook comments from underlying managers, market observations and views of the Manager's investment team. Examples of quantitative inputs could include the statistical analysis of historical returns, measured sensitivity to various factors or market or economic shocks, scenario analysis, risk factor trend analysis, or the monitoring of strategy variances through time. These strategies and inputs are necessarily imperfect and past returns are not necessarily indicative of future outcomes.

Through these investment strategies, the Manager seeks to take additional risks (potentially avoiding redundant exposures) through different market environments. The Fund's final investment portfolio will be a combination of all of the Manager's various investment strategies.

Participation as an investor in the *Private Funds* is restricted to qualifying investors pursuant to the requirements set forth under the federal securities laws.

To the extent certain of GKFO's individual advisory clients qualify, they will be eligible to participate as limited partners of the *Private Funds*. Investment in the *Private Funds* involves a significant degree of risk. Relevant information, terms and conditions relative to the *Private Funds*, including the compensation received by GKFO or any affiliate as the general partner and/or investment manager, suitability, risk factors, and potential conflicts of interest, are set forth in the Confidential Private Offering Memorandum (the "*Memorandum*"), Limited Partnership Agreement (the "*Agreement*"), and Subscription Agreement (together, the "*Offering Documents*"), which each investor is required to receive and/or execute prior to being accepted as an investor in the *Private Funds*. There is a conflict of interest for the Firm to recommend an investment in the *Private Funds*. The Firm will only do so if it is in the best interest of the client.

GKFO and Forefront devote their best efforts with respect to the management of both individual client accounts and the *Private Funds*. Given the above discussion relative to the objectives, suitability, risk



factors, and qualifications for participation in the *Private Funds*, Forefront may manage the investments of the *Private Funds* differently from GKFO's management of individual client accounts.

## Item 5. Fees and Compensation

GKFO offers its services on a fee basis, which include monthly and fixed fees, as well as fees based upon assets under management. Additionally, certain of GKFO's *Supervised Persons*, in their individual capacities, offer insurance products under a commission arrangement.

### Financial Planning and Consulting Fees

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In the event a client engages the firm to provide standalone or ongoing financial planning or consulting services, GKFO charges a fixed fee. This fee is negotiable, but generally ranges from \$2,500 to \$250,000, depending upon the level and scope of the services and the professional engaged to render them. For ongoing financial planning and consulting projects, the firm can charge an ongoing monthly fee, as set forth in the *Agreement* between the client and GKFO. If the client engages GKFO for additional investment advisory services, GKFO may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

### Fees for Family Office Services

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GKFO provides ongoing family office services for a fixed annual fee, which is prorated and charged monthly or quarterly. The annual fees generally varies between \$25,000 and \$360,000, depending on a number of factors, such as the market value of the assets on which GKFO is advising or managing, the type of investment management services to be rendered (if included), and the range of family office functions to be provided under the engagement.

### Investment Management Fees

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For investment management services, the firm charges either an annual fee based upon the amount of assets being managed by GKFO or, in the alternative, a fixed annual fee, as follows:

- **Fees Based on Assets Under Management.** The annual fee generally varies between 0.20% and 1.50%, depending upon the amount of assets under management and the type of the management services to be rendered. This fee is prorated and charged quarterly in advance, based upon the market value of the assets being managed by GKFO on the last day of the previous quarter. Where market value is not available for the last day of the previous quarter, GKFO will use the most recently available market value to calculate asset-based fees.
- **Fixed Fees.** The annual fee generally varies between \$3,000 and \$250,000, depending upon the amount of assets under management and the type of management services to be rendered. This fee is prorated and charged quarterly in advance.

GKFO's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. GKFO does not, however, receive any portion of these commissions, fees, and costs.

GKFO, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

For GKFO clients who engage the recommended Unified Managed Accounts services from third-party unified managed account platforms, the client typically incurs additional fees from a third-party platform provider that is unaffiliated with GKFO. These third-party platform providers typically charge an annual fee that ranges from 0.10% and 0.20%, depending on the investment strategy implemented, and an additional 10 basis points for certain clients that need additional tax management services in relationship to their account. There are also certain minimum quarterly fees that range from \$12.50 to \$62.50 for clients whose corresponding annual fees do not reach these quarterly threshold levels. These fees are described in the various Managed Account Agreements.

## **Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), GKFO generally recommends that clients utilize the brokerage and/or clearing services J.P. Morgan Clearing Services ("*JP Morgan*"), Pershing Advisor Solutions ("*Pershing*"), TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. ("*TD Ameritrade*") and/or ADM Investor Services, Inc. ("*ADM*") for investment management accounts.

GKFO will only implement its investment management recommendations after the client has arranged for and furnished GKFO with all necessary information and authorization regarding the accounts held at their respective financial institutions. Financial institutions include, but are not limited to, those broker-dealers discussed above, any other broker-dealer recommended by GKFO, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, fees charged by the *Independent Managers*, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to GKFO's fee.

## Fee Debit

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GKFO's *Agreement* and a separate agreement with any *Financial Institutions* authorize GKFO and/or certain *Independent Managers* to debit the client's account for the amount of GKFO's fee and to directly remit that management fee to GKFO. The *Financial Institutions* recommended by GKFO have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to GKFO. Alternatively, clients may elect to have GKFO send an invoice for payment.

## Fees for Management During Partial Periods of Service

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For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between GKFO and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. GKFO's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to GKFO's right to terminate an account. Additions may be in cash or securities provided that GKFO reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to GKFO, subject to the usual and customary securities settlement procedures. However, in some cases, GKFO designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. GKFO may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If investment management assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

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

GKFO does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7. Types of Clients

GKFO provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### No Minimums

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The firm does not impose a minimum portfolio value or minimum annual fee for new or existing family office or investment management engagements.

### Minimum Account Requirements

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GKFO does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain *Independent Managers* may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, GKFO may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

### Methods of Analysis

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GKFO relies on both quantitative and qualitative data derived from a series of analyses, the underlying methodologies of which can loosely be described as derivatives of Modern Portfolio Theory (“MPT”). The firm’s hybrid approach is largely based on quantitative, qualitative and/or academic research metrics that incorporate both historical data points and current market observations in relation to a client’s total balance.

MPT is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT do not account (e.g., tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nonetheless, the firm’s investment process is structured in such a way as to integrate those real life considerations for which MPT analytics do not account.

### Investment Strategies

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GKFO, where and when appropriate, employs a multi-faceted approach to wealth management in which the firm seeks to combine a “total balance sheet” view of its clients with advanced, institutional/endowment-like asset allocation, risk measurement and risk management techniques.

The “total balance sheet” approach generally involves a rigorous and ongoing accounting of all or a portion of each family’s assets and liabilities. GKFO’s process accounts for private business ventures, real estate holdings and other discrete assets (e.g., fine art), which are largely overlooked by conventional treatments. The distinct risks, liquidity profiles and constraints associated with each holding – both liquid and illiquid – may be used to sculpt a wholly customized portfolio tailored to its clients’ specific risk appetite and investment objectives.

It is the firm’s view that institutional investors, like large endowments and pension funds, in our opinion, have historically attained substantially better results than retail investors because of their willingness to adopt advanced academic and industry practices. GKFO believes that it has unique access to and implementation of the latest ideas, research and analytical techniques used by sophisticated institutional investors. It is the firm’s goal to bring these practices to a select handful of clients and deliver them in a highly customized solution.

GKFO also employs an “open architecture” strategy, whereby the firm is agnostic to service providers and will work with its clients to choose those providers that best meet each individual client’s needs. Among

the components contained within the firm's open architecture include asset managers, private banks, lenders, section agents, custodians and financial service providers.

GKFO's "multi-generational portfolio" approach is designed to grow and maintain wealth in real terms and span generations. It is constructed with an endowment-like time horizon (greater than 20 years) and contains a number of institutional design features. GKFO seeks to provide each client a portfolio allocation that is both risk managed (i.e., conceived to mitigate extreme portfolio downside and inflation risk) and risk-factor diversified (i.e., makes use of diversifying alternative investments and risk-factor exposure diversification). The firm believes that many conventional diversification methods fall short of diversifying the underlying risk exposures of a portfolio even though they may incorporate a litany of fund styles and strategies.

## Risks of Loss

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### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

### *Market Risks*

The profitability of a significant portion of GKFO's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that GKFO will be able to predict those price movements accurately.

### *Use of Independent Managers*

As stated above, GKFO selects certain *Independent Managers* to manage a portion of its clients' assets. In these situations, GKFO continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the *Independent Managers'* ability to successfully implement their investment strategies. In addition, GKFO does not have the ability to supervise the Independent Managers on a day-to-day basis.

### *Common Stock*

Common stocks are typically listed on U.S. or non-U.S. stock exchanges and represent an ownership interest in a corporation. Common stocks are often subject to greater fluctuations in market value than other asset classes as a result of such factors as a company's business performance, investor perceptions, stock market trends and general economic conditions. Stocks of small and mid-cap companies tend to be more volatile and less liquid than stocks of large companies and are considered riskier. For instance, small and mid-cap companies, as compared to larger companies, may have a shorter history of operations, may not have as great an ability to raise additional capital, may have a less diversified product line making them susceptible to market pressure, and may have a smaller public market for their shares. Stocks listed in certain non-U.S. markets may be even riskier.

## *Mutual Funds and ETFs*

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

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The stated NAV or eventual prices at which the mutual fund's shares transact may therefore differ significantly from the fund's actual NAV during periods of market volatility.

ETFs are typically registered investment companies whose shares represent an interest in a portfolio of securities that track an underlying benchmark or index. (Some ETFs that invest in commodities, currencies or commodity or currency based instruments are not registered as investment companies.) Unlike traditional mutual funds, shares of ETFs typically trade throughout the day on a securities exchange at prices established by the market. Leveraged ETFs seek to deliver multiples of the performance of the index or benchmark they track. Inverse ETFs (also called "short" funds) seek to deliver the opposite of the performance of the index or benchmark they track. Like traditional ETFs, some leveraged and inverse ETFs track broad indices, some are sector specific and others are linked to commodities, currencies or some other benchmark. Inverse ETFs often are marketed as a way for investors to profit from, or at least hedge their exposure to, downward moving markets. Leveraged inverse ETFs (also known as "ultra short" funds) seek to achieve a return that is a multiple of the inverse performance of the underlying index. An inverse ETF that tracks a particular index, for example, seeks to deliver the inverse of the performance of that index, while a 2x (two times) leveraged inverse ETF seeks to deliver double the opposite of that index's performance. To accomplish their objectives, leveraged and inverse ETFs pursue a range of investment strategies through the use of swaps, futures contracts and other derivative instruments. Most leveraged and inverse ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time—over weeks or months or years—can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. This effect can be magnified in volatile markets. You should carefully consider the investment objectives, risk and expenses of any ETF prior to investing. Leveraged & Inverse Leveraged ETFs are not suitable for all investors and should be used by sophisticated investors who understand the terms, investment strategy, risks including leverage risk and the consequences of rebalancing. Since ETFs (including Leveraged & Inverse Leveraged ETFs) typically rebalance their portfolios on a daily basis in order to compensate for



anticipated changes the performance of the underlying index or benchmark they track, these products may have frequent trading and increased portfolio turnover. As a result, ETFs generally have higher operating expenses and management fees than other funds. Unlike index mutual funds that are redeemable, ETFs (including Leveraged & Inverse Leveraged ETFs) trade like stocks and there may be no market makers to provide liquidity to facilitate trading in an ETF. Not all risks are listed above; you should read the ETF's prospectus before investing in an ETF.

## *Fixed Income Securities*

Fixed income securities include, among other securities: bonds, notes, and debentures issued by U.S. and non-U.S. corporations; debt securities issued or guaranteed by the U.S. Government or one of its agencies or instrumentalities or by a non-U.S. government; municipal securities; and mortgage-backed and asset backed securities and others. These securities may pay fixed, variable, or floating rates of interest and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility resulting from, among other things, interest rate sensitivity, market perception of the creditworthiness of the issuer, and are general market liquidity (i.e., market risk).

## *American Depository Receipts*

American Depository Receipts ("ADRs") are certificates issued by a bank or trust company that are listed on a U.S. exchange and represent ownership of shares of a foreign issuer. There are investment risks associated with ADRs and foreign stocks including, but not limited to, currency exchange-rate, inflationary, and liquidity risks as well as the risk of adverse political, economic and social developments taking place within the underlying issuer's home country. In addition, the underlying issuers of certain ADRs are under no obligation to distribute shareholder communications to ADR holders, or to pass through to them any voting rights with respect to the deposited securities.

## *Derivatives*

GKFO may use derivatives to enhance returns or hedge against market declines. GKFO's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. These risks include, without limitation: (i) the risk of default by a counterparty to a derivative contract; (ii) risk of improper valuation; and (iii) the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate, index or other such benchmark. Derivative prices are highly volatile and may fluctuate substantially during a short period of time. Such prices are influenced by numerous economic and market related factors, including, but not limited to: changing supply and demand relationships; government programs and policies; national and international political and economic events, changes in interest rates, inflation and deflation and changes in supply and demand relationships. Trading derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities or other asset classes.

## *Private Collective Investment Vehicles*

GKFO may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called “hedge funds”). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

## *Master Limited Partnerships*

Master Limited Partnerships (“MLPs”) are limited partnerships in which the ownership units are publicly traded. MLPs often own several properties or businesses (or own interests) that are related to oil and gas industries or other natural resources, but they also may finance other projects. To the extent that an MLP’s interests are all in a particular industry, the MLP may be negatively impacted by economic events adversely impacting that industry.

## *Real Estate Investment Trusts*

Real Estate Investment Trusts (“REITs”) are pooled investment vehicles that own, and usually operate, income-producing real estate. REITs are susceptible to the risks associated with direct ownership of real estate, such as the following: declines in property values; increases in property taxes, operating expenses, rising interest rates or competition overbuilding; zoning changes; and losses from casualty or condemnation. REITs typically incur fees that are separate from those of the Managed Portfolios Program. Accordingly, the investments in REITs will result in the layering of expenses such that you will indirectly bear a proportionate share of the REITs’ operating expenses, in addition to paying Managed Portfolios Program fees.

## *Use of Margin and Leverage*

To the extent that a client authorizes the use of margin or leverage or selects investments that embed leverage, and margin or leverage is thereafter employed by GKFO in the management of the client’s investment portfolio, the market value of the client’s account and corresponding fee payable by the client to GKFO will not be increased.

While the use of margin borrowing and/or leveraging an account may improve returns, such use may also increase the adverse impact to which a client’s portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client’s securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client’s obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client’s obligations to the broker-dealer.

Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

## Item 9. Disciplinary Information

GKFO is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. GKFO does not have any required disclosures to this Item.

## Item 10. Other Financial Industry Activities and Affiliations

GKFO is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

### Affiliated Investment Advisers

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GKFO is under common control with an affiliated SEC registered investment adviser, Forefront Analytics, LLC ("*Forefront*"). GKFO's Principal and certain *Supervised Persons* also serve in the same or similar capacities for *Forefront*. GKFO and *Forefront* share the same principal place of business. Under certain circumstances, GKFO may recommend, on a fully disclosed basis, the services of *Forefront*.

A conflict of interest exists to the extent that GKFO or its *Supervised Persons* recommend the services of *Forefront* and GKFO's Principal or *Supervised Persons* receive a portion of the investment advisory fees or other additional compensation by virtue of their position therewith. GKFO's investment process is structured around the specific objectives, risk profile and time horizon of their individual clients and, as such, the firm seeks to ensure that any recommendation is made in its clients' best interest.

### Affiliated Collective Investment Vehicles

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As discussed in depth in response to Item 4 (above), *Forefront* serves as the investment manager to the *Private Funds*.

### Other Outside Activities

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GKFO's Principal, Dr. Geczy, as well as certain other officers and employees of GKFO or its affiliates, in certain cases, will engage in outside consulting and other activities related or unrelated to the investment management industry and business with respect to securities. For example, in some cases, they can provide consulting services or products to other investment advisers, managers of alternative investments, or others. Under certain restrictions and governance, they may act as investment adviser or investment manager for others (either individually or through other entities), may have, make and maintain investments in their own names or through other entities, or may serve as consultant, officer, director, partner or stockholder of one or more investment funds, partnerships, securities firms, advisory firms or other entities. They also can provide litigation consulting or expert witness services relating to disputes involving investment management services, alternative investments and other areas. In some cases, they can provide these services to clients who either manage or are affiliated with persons who manage investments that GKFO has recommended to its clients or might in the future recommend to its clients.

Accordingly, these outside consulting services give rise to a conflict of interest if GKFO or an affiliate were to recommend investment in, or invests client assets in, alternative investments that are managed by a person who pays Dr. Geczy or another GKFO employee for consulting, expert or other services or with

respect to conflicts of time or resources. From time to time, Dr. Geczy or other GKFO employees can come into possession of material, non-public information concerning clients resulting from outside activities or activities related to its business. It is possible that its investment flexibility may be constrained as a consequence of its inability to use such information for investment purposes. GKFO has policies and procedures in place that are intended to prevent the misuse of material non-public information by GKFO personnel. It is the policy of GKFO to at all times put the interests of its clients first. Accordingly, GKFO makes investment decisions for, and provides advice to, clients without regard to whether any other employee of GKFO receives compensation from a third party for providing consulting, expert or other services.

In addition, GKFO's Principal, Dr. Geczy, is part of an investor group comprised of clients of both GKFO and its affiliate, Forefront, which has invested in Somatix, Inc. Dr. Geczy has been elected by the investor group to serve on the board of Somatix, Inc. Dr. Geczy also currently serves as a member of the Intel Corporation's US Retirement Plans' Investment Policy Committee.

As a result of varying outside activities at any given time, GKFO's Principal, Dr. Geczy, as well as other officers, employees and advisers, may have limited capacity and resources, particularly under certain market conditions, that could limit their ability to provide services to GKFO's clients given the variable amount of demand derived from such outside activities. In addition, the amount of assets managed or overseen by GKFO's Principal, Dr. Geczy, as well as other officers and employees, as a result of their varying outside activities may present potential conflicts of interest relating to GKFO's activities involving its affiliates, the allocation of personnel or other resources among clients, trade allocations and other matters.

## Other Principal Business

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One of the firm's Principals, Dr. Christopher C. Geczy, Ph.D. serves as Adjunct Professor of Finance at The Wharton School, University of Pennsylvania and Academic Director of the Wharton Wealth Management Initiative and Jacobs Levy Equity Management Center for Quantitative Financial Research. Dr. Geczy devotes approximately sixty percent (60%) of his time to his academic responsibilities. GKFO does not believe this relationship raises any potential conflicts of interest.

## Receipt of Insurance Commissions

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Certain of GKFO's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, will recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While GKFO does not sell such insurance products to its investment advisory clients, GKFO does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that GKFO recommends the purchase of insurance products where its advisory affiliate receives insurance commissions or other additional compensation.



## Item 11. Code of Ethics

GKFO and persons associated with GKFO (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with GKFO’s policies and procedures.

GKFO has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by GKFO or any of its associated persons. The *Code of Ethics* also requires that certain of GKFO’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in GKFO’s *Code of Ethics*, none of GKFO’s *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of GKFO’s clients.

When GKFO is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when GKFO is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

As discussed above in response to Item 4, an affiliate of GKFO is the investment adviser to and general partner of the *Private Funds*. GKFO may recommend, on a fully disclosed basis, that certain clients invest in the *Private Funds*. As such, a conflict of interest exists to the extent that GKFO recommends that clients invest in *Private Funds*. GKFO does not receive any additional compensation if a client invests in the *Private Funds*. As such, GKFO does not believe this arrangement poses any additional conflict of interest.

Clients and prospective clients may contact GKFO to request a copy of its *Code of Ethics*.



## Item 12. Brokerage Practices

As discussed above, in Item 5, GKFO generally recommends that clients utilize the brokerage and/or clearing services of *JP Morgan*, Pershing Advisor Solutions (“Pershing”), TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. (“*TD Ameritrade*”) and/or *ADMI*.

GKFO participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA, 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. GKFO receives some benefits from TD Ameritrade through its participation in the program.

Factors which GKFO considers in recommending *JP Morgan*, *Pershing*, *TD Ameritrade*, *ADMI* and/or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *JP Morgan*, *Pershing*, *TD Ameritrade* and/or *ADMI* enable GKFO to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *TD Ameritrade* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by GKFO's clients comply with GKFO's duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where GKFO determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. GKFO seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom GKFO and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. GKFO periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct GKFO in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and GKFO will not seek better execution services or prices from other *Financial Institutions* or be able to “batch” client transactions for execution through other *Financial Institutions* with orders for other accounts managed by GKFO (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best

execution, GKFO may decline a client's request to direct brokerage if, in GKFO's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless GKFO decides to purchase or sell the same securities for several clients at approximately the same time. GKFO may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among GKFO's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among GKFO's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that GKFO determines to aggregate client orders for the purchase or sale of securities, including securities in which GKFO's *Supervised Persons* may invest, GKFO generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. GKFO does not receive any additional compensation or remuneration as a result of the aggregation. In the event that GKFO determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, GKFO may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist GKFO in its investment decision-making process. Such research generally will be used to service all of GKFO's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because GKFO does not have to produce or pay for the products or services.

## Software and Support Provided by Financial Institutions

GKFO receives from *JP Morgan, Pershing, TD Ameritrade* and/or *ADMI*, without cost to GKFO, computer software and related systems support, which allow GKFO to better monitor client accounts maintained therein. GKFO receives the software and related support without cost because GKFO renders investment management services to clients that maintain assets at, or executes transactions through *JP Morgan, Pershing, TD Ameritrade* and/or *ADMI*. The software and related systems support may benefit GKFO, but not its clients directly. In fulfilling its duties to its clients, GKFO endeavors at all times to put the interests of its clients first. Clients should be aware, however, that GKFO's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence GKFO's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, the firm receives the following benefits from *JP Morgan, Pershing, TD Ameritrade* and/or *ADMI*:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services the broker-dealer's registered investment advisers or other institutional participants;
- Access to block trading which provide the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

There is no direct link between GKFO's participation in TD Ameritrade's institutional customer program and the investment advice it gives to its clients, although GKFO receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. Additionally, GKFO receives the following benefits from TD Ameritrade through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. The Firm also has the ability deduct advisory fees 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 the Firm by third party vendors. TD Ameritrade may fund business consulting and professional services received by GKFO's related persons.

Some of the products and services made available by TD Ameritrade through the program may benefit GKFO but not its client. These products or services may assist GKFO in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by

TD Ameritrade are intended to help GKFO manage and further develop its business enterprise. The benefits received by GKFO's participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts at TD Ameritrade. TD Ameritrade's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, TD Ameritrade generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through TD Ameritrade or that settle into TD Ameritrade accounts.

TD Ameritrade also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by TD Ameritrade. Other potential benefits may include occasional business entertainment of personnel of GKFO by TD Ameritrade personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist GKFO in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at TD Ameritrade. TD Ameritrade also makes available to GKFO other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, TD Ameritrade may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. TD Ameritrade may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, GKFO endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

## Item 13. Review of Accounts

### Account Reviews

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For those clients to whom GKFO provides investment management services, GKFO monitors those portfolios as part of an ongoing process while regular account reviews are conducted not less than annually. For those clients to whom GKFO provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of GKFO’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with GKFO and to keep GKFO informed of any changes thereto. GKFO contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

### Account Statements and General Reports

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Where appropriate, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom GKFO provides investment advisory services may also receive a monthly, quarterly and annual report from GKFO (depending on the particular engagement) that may include such relevant account and/or market-related information, such as an inventory of account holdings and account performance. Clients should compare the account statements they receive from their custodian with those they receive from GKFO.

### Financial Planning and/or Consulting Reports

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Those clients to whom GKFO provides financial planning and/or consulting services will receive reports from GKFO summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by GKFO.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

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In the event a client is introduced to GKFO by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from GKFO's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the client will receive a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of GKFO is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

### Economic Benefits

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The Firm receives economic benefits from TD Ameritrade. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

## Item 15. Custody

### Fee Debit

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GKFO's *Agreement* and/or the separate agreement with any *Financial Institution* will authorize GKFO and/or the Independent Managers through such *Financial Institution* to debit the client's account for the amount of GKFO's fee and to directly remit that management fee to GKFO in accordance with applicable custody rules.

The *Financial Institutions* recommended by GKFO have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to GKFO. In addition, as discussed in Item 13, GKFO also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from GKFO.

### Surprise Independent Examination

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GKFO is deemed to have custody over certain of its clients' cash, bank accounts and securities. As such, the firm is required to engage an independent accounting firm to perform a surprise annual examination of those assets and accounts over which it maintains custody. The most recent unqualified opinion issued by the independent accounting firm, as based upon its last surprise annual examination, was filed with the SEC and is publicly available on the SEC's website.

## Item 16. Investment Discretion

GKFO is given the authority to exercise discretion on behalf of clients. GKFO is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. GKFO is given this authority through a power-of-attorney included in the agreement between GKFO and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). For all UMA Platform accounts, the UMA Provider is granted trading authority through the platform investment advisory agreement. GKFO takes discretion over the following activities, including but not limited to:

- The investments to be purchased or sold;
- The amount of investments to be purchased or sold;
- When transactions are made;
- The *Financial Institutions* to be utilized; and
- The *Independent Managers* to be hired or fired.



### Item 17. Voting Client Securities

GKFO does not accept the authority to vote clients' securities (i.e., proxies) on their behalves. Clients receive proxies directly from the *Financial Institutions* where their assets are custodied and may contact the Firm at the number on the cover of this brochure with questions about proxies and/or other such solicitations.

## Item 18. Financial Information

GKFO is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.



Prepared by:

