

# GreenShields Capital

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of GreenShields Capital. If you have any questions about the contents of this brochure, please contact us at (310) 775-2136 or by email at: [bgreenshields@greenshieldscapital.com](mailto:bgreenshields@greenshieldscapital.com). 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 GreenShields Capital is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). GreenShields Capital's CRD number is: 284814.*

840 Apollo St. Suite 314  
El Segundo, CA 90245  
(310) 775-2136  
[bgreenshields@greenshieldscapital.com](mailto:bgreenshields@greenshieldscapital.com)

*GreenShields Capital is a registered investment adviser. Registration does not imply a certain level of skill or training.*

Version Date: 09/08//2021

## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of GreenShields Capital on 03/11/2021 are described below. Material changes relate to GreenShields Capital's policies, practices or conflicts of interests.

- GreenShields Capital has updated Review of Accounts (Item 13A).
- GreenShields Capital has transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.

## Item 3: Table of Contents

Item 1: Cover Page .....	
Item 2: Material Changes .....	ii
Item 3: Table of Contents .....	iii
Item 4: Advisory Business .....	2
A. Description of the Advisory Firm .....	2
B. Types of Advisory Services .....	2
Portfolio Management Services .....	2
ERISA 3(21) Investment Advisor and 3(38) Investment Management Services .....	3
401(k) Consulting .....	4
Selection of Other Advisers .....	4
C. Client Tailored Services and Client Imposed Restrictions .....	4
D. Wrap Fee Programs .....	4
E. Assets Under Management .....	5
Item 5: Fees and Compensation .....	5
A. Fee Schedule .....	5
Portfolio Management Fees .....	5
ERISA 3(21) Investment Advisor and 3(38) Investment Management Services .....	5
401(k) Consulting .....	5
Selection of Other Advisers Fees .....	6
B. Payment of Fees .....	6
Payment of Fees for Portfolio Management .....	6
Payment of Fees for 401(k) Consulting .....	6
Payment of Selection of Other Advisers Fees .....	6
C. Client Responsibility for Third Party Fees .....	6
D. Prepayment of Fees .....	6
E. Outside Compensation for the Sale of Securities to Clients .....	7
Item 6: Performance-Based Fees and Side-By-Side Management .....	7
Item 7: Types of Clients .....	7
Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss .....	8
A. Methods of Analysis and Investment Strategies .....	8
B. Material Risks Involved .....	8
C. Risks of Specific Securities Utilized .....	9
Item 9: Disciplinary Information .....	11
A. Criminal or Civil Actions .....	11
B. Administrative Proceedings .....	11
C. Self-regulatory Organization (SRO) Proceedings .....	11
Item 10: Other Financial Industry Activities and Affiliations .....	11
A. Registration as a Broker/Dealer or Broker/Dealer Representative .....	11
B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor .....	11
C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests .....	11
D. Selection of Other Advisers or Managers and How this Adviser is Compensated for Those Selections .....	12
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	12

A.	Code of Ethics .....	12
B.	Recommendations Involving Material Financial Interests .....	12
C.	Investing Personal Money in the Same Securities as Clients .....	12
D.	Trading Securities At/Around the Same Time as Clients' Securities.....	13
Item 12:	Brokerage Practices .....	13
A.	Factors Used to Select Custodians and/or Broker/Dealers .....	13
1.	Research and Other Soft-Dollar Benefits.....	13
2.	Brokerage for Client Referrals.....	14
3.	Clients Directing Which Broker/Dealer/Custodian to Use.....	14
B.	Aggregating (Block) Trading for Multiple Client Accounts .....	14
Item 13:	Review of Accounts.....	14
A.	Frequency and Nature of Periodic Reviews and Who Makes Those Reviews .....	14
B.	Factors That Will Trigger a Non-Periodic Review of Client Accounts.....	15
C.	Content and Frequency of Regular Reports Provided to Clients.....	15
Item 14:	Client Referrals and Other Compensation.....	15
A.	Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes) .....	15
B.	Compensation to Non – Advisory Personnel for Client Referrals.....	16
Item 15:	Custody.....	16
Item 16:	Investment Discretion .....	17
Item 17:	Voting Client Securities (Proxy Voting) .....	17
Item 18:	Financial Information.....	17
A.	Balance Sheet .....	17
B.	Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients .....	17
C.	Bankruptcy Petitions in Previous Ten Years.....	17

## Item 4: Advisory Business

### A. Description of the Advisory Firm

GreenShields Capital (hereinafter "GSCL") is a Limited Liability Company organized in the state of California. The firm was formed in 2016 and the principal owner is Brent Alex Greenshields.

### B. Types of Advisory Services

#### *Portfolio Management Services*

GSCL offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. GSCL creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

GSCL evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. GSCL will *require* discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

GSCL seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of GSCL's economic, investment or other financial interests. To meet its fiduciary obligations, GSCL attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, GSCL's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is GSCL's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

GSCL may also provide some limited Financial Planning services to ongoing Portfolio Management clients on a case-by-case basis. There would be no additional charge for this limited Financial Planning service.

In offering financial planning, a conflict exists between the interests of the investment adviser and the interests of the client. The client is under no obligation to act upon the investment adviser's recommendation, and, if the client elects to act on any of the

recommendations, the client is under no obligation to effect the transaction through the investment adviser. This statement is required by California Code of Regulations, 10 CCR Section 260.235.2.

### ***ERISA 3(21) Investment Advisor and 3(38) Investment Management Services***

For employer-sponsored retirement plans with participant-directed investments, GreenShields Capital LLC (GSCL) also doing business as Greenshields Plan Advisory Services (GPAS) provides its advisory services as an investment advisor as defined under Section 3(21) and as an investment manager as defined under Section 3(38) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

When serving as an ERISA 3(21) investment advisor, the plan sponsor and GPAS share fiduciary responsibility. The plan sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Investment Advisor Agreement between GPAS and the plan sponsor. GPAS provides the following services to the plan sponsor:

- Screen investments and make recommendations.
- Monitor the investments and suggests replacement investments when appropriate.
- Provide a quarterly monitoring report.
- Assist the plan sponsor in developing an IPS.

When serving as an ERISA 3(38) investment manager, the plan sponsor is relieved of all fiduciary responsibility for the investment decisions made by GPAS. GPAS is a discretionary investment manager in accordance with the terms of a separate ERISA 3(38) Investment Management Agreement between GPAS and the plan sponsor. GPAS provides the following services to the plan sponsor:

- Select the investments.
- Monitor the investments and replace investments when appropriate.
- Provide a quarterly monitoring report.
- Develop a customized IPS.

GPAS's goal in identifying the plan's investment options is to provide a range of options that will enable plan participants to invest according to varying risk tolerances, savings time horizons or other financial goals. The plan's investment options may consist of ETFs, CITs, mutual funds, model portfolios, or other similar investment funds. The investment funds from which GPAS will select from will be those that are available on the plan record-keeper's investment platform.

GPAS will prepare an IPS for the plan. The purpose of the IPS is to provide guidelines for making investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for the selection, evaluation, monitoring, and, if necessary, replacement of the investment options offered by the plan. GPAS will perform on-going monitoring of the investment options within the plan. The ongoing monitoring of

investments is a regular and disciplined process. Monitoring confirms that the criteria remain satisfied and that an investment option continues to be appropriate. The process of monitoring investment performance relative to specified guidelines will be consistently applied.

### ***401(k) Consulting***

GSCL will evaluate the current retirement account investments of each client with respect to their risk tolerance levels and time horizon. This is a consulting arrangement, performed on a non-discretionary basis, as compared to the Portfolio Management services described above, and the firm will not execute transactions for clients as part of the 401(k) Consulting service. Rather, GSCL will examine the client's holdings, investment profile, and future allocations, then suggest revisions for the client to implement.

### ***Selection of Other Advisers***

GSCL may direct clients to third-party investment advisers. Before selecting other advisers for clients, GSCL will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where GSCL is recommending the adviser to clients.

### ***Services Limited to Specific Types of Investments***

GSCL generally limits its investment advice to mutual funds, equities, ETFs and treasury inflation protected/inflation linked bonds, although GSCL primarily recommends mutual funds to a majority of its clients. GSCL may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

GSCL offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent GSCL from properly servicing the client account, or if the restrictions would require GSCL to deviate from its standard suite of services, GSCL reserves the right to end the relationship.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. GSCL does not participate in any wrap fee programs.

## **E. Assets Under Management**

GSCL has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$139,242,553.00	\$0.00	December 2020

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### ***Portfolio Management Fees***

Total Assets Under Management	Maximum Annual Fees
All Assets	Up to 2.75%

Lower fees for comparable services may be available from other sources. The advisory fee is calculated using the value of the assets on the last business day of the prior billing period. The advisory fee is negotiable at the sole discretion of GSCL.

The final fee schedule is attached as Exhibit II of the Investment Advisory Agreement. Clients may terminate the agreement without penalty for a full refund of GSCL's fees within five business days of signing the Investment Advisory Agreement. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

#### ***ERISA 3(21) Investment Advisor and 3(38) Investment Management Services***

The plan sponsor will pay, or shall cause the plan to pay to Greenshields Capital LLC an annual fee for these services. The fee will be charged quarterly based on the plan's assets at the end of each calendar quarter. The plan sponsor can direct that these fees be charged to participant accounts or to be paid directly by the plan sponsor. The fee schedules are outlined below:

3(21) Annual Fee	3(38) Annual Fee
0.01% - 0.15%	0.03% - 0.35%

#### ***401(k) Consulting***

The rate for 401K Consulting is up to \$5,000. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the consulting agreement. Clients may



terminate the agreement without penalty, for full refund of GSCL's fees, within five business days of signing the consulting agreement. Thereafter, clients may terminate the consulting agreement with upon written notice.

### ***Selection of Other Advisers Fees***

GSCL may direct clients to third-party investment advisers. GSCL will be compensated via a fee share from the advisers to which it directs those clients. The fees shared are negotiable and will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party adviser selected.

## **B. Payment of Fees**

### ***Payment of Fees for Portfolio Management***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. In some case-by-case scenarios, clients may be invoiced to pay by check. Fees are paid in advance.

### ***Payment of Fees for 401(k) Consulting***

The fixed fee is typically paid via check in advance, but not six months or more in advance unless the fixed fee is under \$500.

### ***Payment of Selection of Other Advisers Fees***

Fees for selection of third-party advisers are withdrawn by the third-party manager directly from client accounts. GSCL then receives its portion of the fees from the third-party manager. GSCL does not directly deduct the advisory fees.

## **C. Client Responsibility for Third Party Fees**

Clients are responsible for the payment of all third-party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by GSCL. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

GSCL collects fees quarterly in advance. Refunds for fees paid in advance will be returned to the client via check or credited back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in

the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

If assets are deposited after the inception of quarter, the advisory fee will be prorated based on the number of days remaining in the quarter. Additional deposits or withdrawals of cash and/or any securities exceeding \$10,000 will be subject to the same billing procedures.

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

### **E. Outside Compensation for the Sale of Securities to Clients**

Brent Alex Greenshields and Edward Berry in their outside business activities (see Item 10 below) are licensed to accept compensation for the sale of investment products (insurance) to GSCL clients.

- This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of investment products for which the supervised persons receive compensation, GSCL will document the conflict of interest in the client file and inform the client of the conflict of interest.
- Clients always have the right to decide whether to purchase GSCL-recommended products and, if purchasing, have the right to purchase those products through other brokers or agents that are not affiliated with GSCL.
- Commissions are not GSCL's primary source of compensation for advisory services.
- Advisory fees that are charged to clients are not reduced to offset the commissions on investment products recommended to clients.

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

GSCL does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

GSCL generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

There is an account minimum of \$150,000, which may be waived by GSCL in its discretion.

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

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

#### *Methods of Analysis*

GSCL's methods of analysis include Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis and technical analysis.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

#### *Investment Strategies*

GSCL uses long term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **B. Material Risks Involved**

#### *Methods of Analysis*

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many

investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

### ***Investment Strategies***

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

**Interval Funds** are a type of closed-end fund that allow withdrawals only at set times, usually once a quarter. The fund may also impose limits on how much may be withdrawn during a quarter. They will usually invest in high-yielding and low-liquidity type investments that may not be found in normal mutual funds.

**Real Estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Non-traded REITs** have additional risks resulting from their relative illiquidity. Furthermore, non-traded REITs typically have higher fees than traditional REITs. Additionally, non-traded REITs lack of mark-to-market pricing, an accounting practice that provides investors with an appraisal of a company's assets at the current market price.

**Private Placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither GSCL nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither GSCL nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Brent Alex Greenshields and Edward berry are independent licensed insurance agents. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. GSCL always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of GSCL in connection with such individual's activities outside of GSCL.

All material conflicts of interest under California Code of Regulations Section 260.238(k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

#### **D. Selection of Other Advisers or Managers and How this Adviser is Compensated for Those Selections**

GSCL may direct clients to third-party investment advisers. GSCL will be compensated via a fee share from the advisers to which it directs those clients. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that GSCL has an incentive to direct clients to the third-party investment advisers that provide GSCL with a larger fee split. GSCL will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. GSCL will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where GSCL is recommending the adviser to clients.

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

#### **A. Code of Ethics**

GSCL has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. GSCL's Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

GSCL does not recommend that clients buy or sell any security in which a related person to GSCL or GSCL has a material financial interest.

#### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of GSCL may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of GSCL to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of

interest. GSCL will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of GSCL may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of GSCL to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, GSCL will never engage in trading that operates to the client's disadvantage if representatives of GSCL buy or sell securities at or around the same time as clients.

### **Item 12: Brokerage Practices**

#### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on GSCL's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and GSCL may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in GSCL's research efforts. GSCL will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

GSCL will require clients to use Fidelity Brokerage Services LLC and/or Charles Schwab & Co., Inc. Advisor Services. In limited cases, First Trust Retirement may be used as the custodian for certain alternative investments. American Funds Group will be used as the custodian for 529 college savings accounts.

#### **1. Research and Other Soft-Dollar Benefits**

While GSCL has no formal soft dollars program in which soft dollars are used to pay for third party services, GSCL may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). GSCL may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and GSCL does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. GSCL benefits by not having to



produce or pay for the research, products or services, and GSCL will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that GSCL's acceptance of soft dollar benefits may result in higher commissions charged to the client.

## **2. *Brokerage for Client Referrals***

GSCL receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

GSCL will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

If GSCL buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, GSCL would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. GSCL would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for GSCL's advisory services provided on an ongoing basis are reviewed at least monthly by Brent A Greenshields, CCO, with regard to clients' respective investment policies and risk tolerance levels.

401(k) Consulting accounts are reviewed ongoing at least quarterly by Brent A Greenshields, CCO.

Accounts referred to third-party advisers are reviewed annually by Brent A Greenshields, CCO.

## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

## **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of GSCL's portfolio management services will receive a monthly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. GSCL will also provide at least quarterly a separate written statement to the client.

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

## **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Some benefits dealing with soft dollars have already been disclosed in Item 12.

With respect to Schwab, GSCL receives access to Schwab's institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab'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 GSCL client accounts maintained in its custody, Schwab 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 Schwab or that settle into Schwab accounts.

Schwab also makes available to GSCL other products and services that benefit GSCL but may not benefit its clients' accounts. These benefits may include national, regional or GSCL specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of GSCL by Schwab Advisor Services 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 GSCL 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, if applicable), provide research, pricing information and other market data, facilitate payment of GSCL's fees from its clients' accounts (if applicable), 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 GSCL's accounts. Schwab Advisor Services also makes available to GSCL other services intended to help GSCL 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, Schwab may make available, arrange and/or pay vendors for these types of services rendered to GSCL by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to GSCL. GSCL is independently owned and operated and not affiliated with Schwab.

The research and other soft dollar benefits GSCL received will not cause clients to pay commissions higher than those charged by broker-dealers in return for soft dollar benefits. The research and other soft dollar benefits GSCL received are used to service all clients. Adviser seeks to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

#### **B. Compensation to Non – Advisory Personnel for Client Referrals**

GSCL does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, GSCL will be deemed to have limited custody of client's assets. Because client fees will be withdrawn directly from client accounts, GSCL will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends invoices to the client.
- (C) Send the client a written invoice itemizing the fee upon or prior to fee deduction, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. Clients are urged to compare the account statements they received from custodian with those they received from GSCL.

### **Item 16: Investment Discretion**

GSCL provides discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Because investment discretion has been granted, GSCL generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. Clients will execute a limited power of attorney to evidence discretionary authority.

GSCL will also have discretionary authority to determine the broker dealer to be used for a purchase or sale of securities for a client's account.

### **Item 17: Voting Client Securities (Proxy Voting)**

GSCL will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

### **Item 18: Financial Information**

#### **A. Balance Sheet**

GSCL neither requires nor solicits prepayment of more than \$1200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

#### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither GSCL nor its management has any financial condition that is likely to reasonably impair GSCL's ability to meet contractual commitments to clients.

#### **C. Bankruptcy Petitions in Previous Ten Years**

GSCL has not been the subject of a bankruptcy petition in the last ten years.