

# **FIRM BROCHURE**

## **Part 2A of Form ADV**

**March 23, 2022**

### **Gunderson Capital Management, Inc.**

2072 Willbrook Lane  
Mount Pleasant, South  
Carolina 29466  
Phone: (760) 846-2046  
Fax: (619) 235-4094  
**[www.gundersoncapital.com](http://www.gundersoncapital.com)**

**Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Gunderson Capital Management, Inc. If you have any questions about the contents of this Brochure, please contact us at (760) 846-2046 and/or [bill@gundersoncapital.com](mailto:bill@gundersoncapital.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.**

**Gunderson Capital Management, Inc. is a registered investment adviser; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made. The firms IARD # is 140795**

**Additional information about Gunderson Capital Management, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2: MATERIAL CHANGES**

The material changes in this brochure from the last annual updating amendment of Gunderson Capital Management, Inc. on 02/09/2021 are described below. Material changes relate to Gunderson Capital Management, Inc.'s policies, practices or conflicts of interests.

- Gunderson Capital Management, Inc. has updated their phone number (Cover page).

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## **ITEM 4: Advisory Business**

### **Description of Firm**

Gunderson Capital Management, Inc ("GCM") is a Charleston, South Carolina based investment advisory firm registered as an investment adviser and is organized under the laws of the state of South Carolina as a corporation. GCM offers customized investment management services to individuals and high net worth individuals. GCM offers market commentary, forecasts and analysis in Bill Gunderson's "Best Stocks NOW! Book and Newsletter", to which persons may subscribe for a subscription fee. GCM also offers stock rankings on over 3,500 stocks through the "Best Stocks NOW! App", to which persons may subscribe for a subscription fee.

### **Principal Owners**

GCM is 100% owned by William Gunderson, who serves as the Firm's President, Chief Investment Officer.

### **Types of Advisory Services Offered**

Each portfolio is individually tailored to meet the individual client's long-term financial objectives and within his or her risk tolerance based upon the information provided by the client to GCM. GCM requires Client accounts to be held at TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC ("TD Ameritrade"). TD Ameritrade will maintain physical custody of Client funds and securities. GCM does not act as custodian and GCM does not have access to Client accounts except to have advisory fees deducted from Client accounts by the custodian with prior written authorization. GCM will not assume any responsibility for the accuracy of the information provided by the client. GCM is not obligated 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. Under all circumstances, clients are responsible for promptly notifying GCM in writing of any material changes to the client's investment guidelines. In the event that a client notifies GCM of changes, GCM will review such changes and recommend any necessary revisions to the client's portfolio. GCM's representatives will generally meet by telephone with clients periodically to review the client's investment goals and current advisory portfolios.

Advisory representatives are also available during normal business hours to consult with clients.

GCM will manage client portfolios investing in equities (stocks), warrants, corporate debt securities, investment company securities, and mutual funds shares. Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for securities transactions. GCM does not receive any compensation, in any form, from the brokerage firm or fund companies.

When a client grants GCM investment discretion, GCM will have authority to determine without specific client consent the (1) securities to be bought and sold; (2) the amount of securities to be bought and sold; (3) the broker or dealer to be used; and (4) the commissions to be paid.

Mr. Gunderson hosts a daily radio show from 7:00am to 8:00am on the Wall Street Business Network currently broadcast in seven states called the “Best Stocks NOW! Radio Hours in which Mr. Gunderson provides market commentary, analysis, opinions and gives examples of stocks to consider. GCM offers market commentary, forecasts and analysis in Mr. Gunderson’s “Best Stocks NOW! Book and Newsletter”, to which persons may subscribe for a subscription fee. Published on a week basis, the newsletter encompasses a variety of material-based Mr. Gunderson’s insight derived from tracking approximately 3,600 different stocks, ETFs, and closed-end funds and his watching trends in commodity prices, the dollar, shifts in interest rates, and the unfolding of international events that affect the markets. GCM also offers stock rankings on over 3,500 stocks through the “Best Stocks NOW! App”. Neither Mr. Gunderson nor GCM guarantees any specific outcome and any recommendations may not be suitable for certain investors given that the radio show, newsletter and application do not take into account any subscriber’s or listener’s particular investment objectives and financial situations.

GCM does not offer or participate in “wrap-fee” Programs.

GCM 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 GCM from properly servicing the client account, or if the restrictions would require GCM to deviate from its standard suite of services, GCM reserves the right to end the relationship.]

### **Investment Advisory Agreements**

Prior to engaging GCM to provide investment management, the client will be required to enter into an investment management agreement with GCM setting for the terms and conditions under which GCM shall render services. A Client may terminate the agreement at any time by notifying GCM in writing. If the client made an advance payment, GCM will refund any unearned portion of the advance payment in a timely manner. GCM may terminate the investment management agreement at any time by notifying the client in writing. If the client made an advance payment, GCM will refund any unearned portion of the advance payment in a timely manner. GCM reserves the right to terminate any engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in GCM’s judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded in a timely manner.

Neither GCM nor the client may assign the investment management agreement without the prior written consent of the other party. Transactions that do not result in a change of actual control or management of GCM shall not be considered an assignment.

### **Financial Planning**

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning will be offered to asset management clients. 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.

### **Live Seminars**

The firm travels in the areas where their radio show is broadcasted and provides seminars at no charge.

### **Assets Under Management**

As of December 31, 2021, the following represents the amount of client assets under management by GCM:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$ 0.00
Non-Discretionary	\$ 0.00
Total:	\$ 0.00

## **ITEM 5: FEES AND COMPENSATION**

Lower fees for comparable services may be available from other sources.

GCM charges fees for investment advice based on a percentage of assets under management. The annual negotiable fee ranges from 1% to 2%, depending on the size and complexity of a client's account. The fee is paid quarterly in advance. If the relationship is terminated other than at the end of the quarter, GCM will refund promptly to the client any unused portion of the advanced fee. Although GCM believes its advisory fees are competitive and reasonable in light of the types of services to be provided, it should be noted that clients may be able to receive similar services elsewhere for a lower cost. Custodial fees, brokerage commissions and/or transaction ticket fees charged by TD Ameritrade are billed directly to the Client account by the custodian. GCM may receive commissions or fees from the Client or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than GCM in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and other fund-related charges, GCM's management fees are separate and distinct from the fees and expenses.

GCM charges subscription fees for its newsletter “Best Stocks NOW!” The fees for this subscription are \$195 a year or \$60 for three months. Existing management clients receive the Newsletter for no cost. GCM charges subscription fees for its app “Best Stocks NOW!”. The fee for this service is \$ 89.99 per month for the premium service, \$9.99 a month for the middle tier. That tier gives full access to the service, but does not send out live push notifications like the premium subscription does. Basic service is free. In all cases, if a client cancels, any prepaid fees will be refunded on a pro-rated basis.

ACCOUNT VALUE	ANNUAL PCT. (one-fourth deducted at beginning of each quarter)
\$0-\$250,000	2.00%
\$250,001-\$500,000	1.75%
\$500,001-\$1,000,000	1.50%
\$1,000,001-\$1,500,000	1.25%
\$1,500,001 & up	1.00%

### **Financial Planning Fees**

GCM does not charge a fee for any financial planning services.

### **Live Seminars Fees**

The firm does not charge for the live seminars that they provide to clients and potential clients.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

GCM does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains on or capital appreciation of the client’s assets or any portion of the client’s assets). Consequently, GCM does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management).

## **ITEM 7: TYPES OF CLIENTS**

GCM provides independent, objective advice regarding investments for individuals and high net-worth individuals. There is a \$100,000 minimum required to open and maintain an investment advisory account.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, and technical analysis. The main sources of information include financial newspapers and magazines,

research materials prepared by others, corporate rating services, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

### **Charting analysis**

Strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

### **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.

### **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 work long term.

### **Investment Strategies**

Strategies may include long-term purchases, short-term purchases, trading, short sales, and margin transactions. Portfolios are generally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Some of the GCM's investment strategies may involve frequent trading. As a result, these strategies will incur higher transaction costs which are costs assessed to client/investor portfolios. These costs will commensurately reduce portfolio returns relative to a strategy that requires a lower level of trading.

### **Risk of Loss**

Any investment with GCM involves significant risk, including a complete loss of capital and conflicts of interest. All investment programs have certain general risks that are borne by the investor which are described below:

**Competition.** The securities industry and the varied strategies and techniques to be engaged in by GCM are extremely competitive and each involves a degree of risk. GCM will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.



**Market Volatility.** The profitability of GCM substantially depends upon it correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. GCM cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

**Gunderson Capital Management, Inc.'s Investment Activities.** GCM's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by GCM. Such factors include a wide range of economic, political, competitive, technological and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability of GCM to realize profits. Additionally, specific investments under GCM's strategy may require significant time to realize the expected return and may experience a pricing correction in a faster-than-expected time, subjecting GCM to reinvestment risk. Likewise, the investment strategy of GCM is partially dependent on its ability to correctly identify and assess technology's impact on a company's business. As a result of the nature of GCM's investing activities, it is possible that its financial performance may fluctuate substantially over time and from period to period.

**Material Non-Public Information.** By reason of their responsibilities in connection with other activities of GCM and/or its affiliates, certain principals or employees of GCM and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. GCM will not be free to act upon any such information. Due to these restrictions, GCM may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

**Accuracy of Public Information.** GCM selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to GCM by the issuers or through sources other than the issuers. Although GCM evaluates all such information and data and sometimes seeks independent corroboration when it's considered appropriate and reasonably available, GCM is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

**Small Companies.** GCM may invest a portion of its assets in small and/or unseasoned companies with small market capitalization. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales, GCM may have to sell portfolio holdings at discounts from quoted

prices or may have to make a series of small sales over an extended period of time due to the lower trading volume of smaller company securities.

**Volatility of Currency Prices.** The profitability of GCM's portfolios depends, in part, upon GCM correctly assessing the future price movements of currencies. However, price movements of currencies are difficult to predict accurately because they are influenced by, among other things, changing supply and demand relationships; governmental, trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates. Governments from time to time intervene in certain markets in order to influence prices directly. GCM cannot guarantee that it will be successful in accurately predicting currency price and interest rate movements.

**Hedging Transactions.** Investments in financial instruments such as forward contracts, options, commodities and interest rate swaps, caps and floors, other derivatives, and other investment techniques are commonly utilized by investment funds to hedge against fluctuations in the relative values of its portfolio positions as a result of changes in currency exchange rates, interest rates and/or the equity markets or sectors thereof. Any hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for GCM to hedge against a fluctuation at a price sufficient to protect GCM's assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations. For example, the cost of options is related, in part, to the degree of volatility of the underlying instruments or assets. Accordingly, options on highly volatile instruments or assets may be more expensive than options on other instruments or assets and of limited utility in hedging against fluctuations in their prices.

GCM is not obligated to establish hedges for portfolio positions and may not do so. To the extent that hedges are implemented, their success is somewhat dependent on GCM's ability to correctly predict movements in the direction of currency and interest rates and the equity markets or sectors thereof.

**Market or Interest Rate Risk.** The price of most fixed income securities moves in the opposite direction of the change in interest rates. For example, as interest rates rise, the price of fixed income securities falls. If GCM holds a fixed income security to maturity, the change in its price before maturity may have little impact on GCM's performance; however, if GCM has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to GCM.

**Fixed Income Call Option Risk.** Many bonds, including agency, corporate and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually

retains this right to refinance the bond in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, GCM is exposed to reinvestment rate risk – GCM will have to reinvest the proceeds received when the bond is called at lower interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

**Maturity Risk.** In certain situations, GCM may purchase a bond of a given maturity as an alternative to another bond of a different maturity. Ordinarily, under these circumstances, GCM will make an adjustment to account for the interest rate risk differential in the two bonds. This adjustment, however, makes an assumption about how the interest rates at different maturities will move. To the extent that the yield movements deviate from this assumption, there is a yield-curve or maturity risk. Another situation where yield-curve risk should be considered is in the analysis of bond swap transactions where the potential incremental returns are dependent entirely on the parallel shift assumption for the yield curve.

**Inflation Risk.** Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if GCM purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation-linked bonds, adjustable bonds or floating rate bonds, GCM is exposed to inflation risk because the interest rates the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

**Investments in Non-U.S. Investments.** From time to time, GCM may invest and trade a portion of its assets in non-U.S. securities and other assets (through ADRs and otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and foreign issuers and markets are subject. Such risks may include:

Political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets. Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments. Foreign securities and other assets often trade in currencies other than the U.S. dollar, and GCM may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect GCM's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of GCM's investments to decline. Some foreign

currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in value or liquidity of GCM's foreign currency holdings. If GCM enters into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if GCM enters forward contracts for the purpose of increasing return, it may sustain losses.

Non-U.S. securities, commodities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

**Risk of Default or Bankruptcy of Third Parties.** GCM may engage in transactions in securities, commodities, other financial instruments and other assets that involve counterparties. Under certain conditions, GCM could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, commodities, other financial instruments and/or other assets were to become illiquid. In addition, GCM could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which GCM does business, or to which securities, commodities, other financial instruments and/or other assets have been entrusted for custodial purposes. For example, if GCM's prime broker and custodian were to become insolvent or file for bankruptcy, GCM could suffer significant losses with respect to any securities held by such firm.

**Regulatory Risks:**

**Strategy Restrictions.** Certain institutions may be restricted from directly utilizing investment strategies of the type in which GCM may engage. Such institutions, including entities subject to ERISA, should consult their own advisors, counsel and accountants to determine what restrictions may apply and whether an investment in GCM is appropriate.

**Trading Limitations.** For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject GCM to loss. Also, such a suspension could render it impossible for GCM to liquidate positions and thereby expose GCM to potential losses.

**Tax Risk.** The tax aspects of an investment in GCM are complicated and each investor should have them reviewed by professional advisers familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles as applicable.

**Conflicts of Interest:** In the administration of client accounts, portfolios and financial reporting, GCM faces inherent conflicts of interest which are described in this brochure. Generally, GCM mitigates these conflicts through its Code of Ethics which provides that the client's interest is always held above that of the Firm and its associated persons.

**Supervision of Trading Operations.** GCM, with assistance from its brokerage and clearing firms, intends to supervise and monitor trading activity in the portfolio accounts to ensure compliance with firm and client objectives. Despite GCM's efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in portfolio accounts.

Depending on the nature of the investment management service selected by a client and the securities used to implement the investment strategy, clients will be exposed to risks that are specific to the securities in their particular investment portfolio.

#### **Security Specific Risks:**

**Liquidity:** Liquidity is the ability to readily convert an investment into cash. Securities where there is a ready market that is traded through an exchange are generally more liquid. Securities traded over the counter or that do not have a ready market or are thinly traded are less liquid and may face material discounts in price level in a liquidation situation.

**Currency:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Limited Liquidity of Interests.** An investment in a partnership usually involves substantial restrictions on liquidity and its interests are not freely transferable. There is no market for these interests and no market should be expected to develop. Additionally, transfers are usually subject to the consent of the general partner at the general partner's sole discretion.

#### **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers such as GCM are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of GCM or the integrity of its management. GCM has items to report under this Item.

In September 2005, Bill Gunderson settled for \$25,000 a customer arbitration claims that alleged violations of investment-related statutes and regulations while he was affiliated with Torrey Pines Securities, Inc.

In December 2004, Bill Gunderson settled for \$20,000 a customer arbitration claims that alleged violations of investment-related statutes and regulations while he was affiliated with Torrey Pines Securities, Inc.

On February 12, 2013 the Securities and Exchange Commission ("SEC") filed a Form U6 to de-register the Firm after the Firm's assets under management fell below the minimum required to fall under SEC jurisdiction.

On February 14, 2014, the California Department of Business Oversight imposed a civil penalty On GCM resulting from the untimely transfer of firm registration from the SEC to the California Department of Business Oversight resulting in GCM providing investment advice in the State of California without a license. The firm paid the penalty of \$65,000.

On July 26, 2016 the firm settles a customer complaint where the customer felt their accounts were invested too aggressively and their portfolio should have increased by 300%.

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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

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

GCM does not utilize nor select third-party investment advisers.

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 reasonable expected to impair the rendering of unbiased and objective advice.

#### **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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

GCM has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to report their personal securities transactions and holdings quarterly to GCM's Chief Compliance Officer, and requires the Chief Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to GCM's Chief Compliance Officer. Each supervised person of GCM receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during that year. Clients and prospective clients may obtain a copy of GCM's Code of Ethics by contacting the Chief Compliance Officer.



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

GCM does not buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of GCM 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. GCM 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.

### **Personal Trading**

GCM does not recommend specific securities to clients and therefore representatives of GCM do not buy or sell securities for themselves that they also recommend to clients.

## **ITEM 12: BROKERAGE PRACTICES**

GCM recommends that Clients establish accounts with TD Ameritrade in order to maintain custody of Client assets and effect trades for their accounts. Factors considered by GCM in recommending custodian brokers include but are not limited to, the reasonableness of their commissions, their financial strength, product availability, research and other services available to both the Client and the Firm. GCM places trades for its clients' accounts subject to its duty to seek best execution and its other fiduciary duties. The Firm will generally place client trades with the appointed custodian broker since the custodian broker, such as TD Ameritrade, does not charge separately for custody services so long as client transactions are executed by the custodian broker.

In using brokers or dealers to execute transactions, GCM will seek to achieve the best execution possible but this does not require it to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is the policy and practice of GCM to strive for the best price and execution for costs and discounts which are competitive in relation to the value of the transaction and which comply with Section 28(e) of the Securities Exchange Act of 1934, as amended. Nevertheless, it is understood that GCM may pay compensation on a transaction in excess of the amount of compensation that another broker or dealer may charge so long as it is in compliance with Section 28(e), and GCM makes no warranty or representation regarding compensation paid on transactions. In negotiating mark-ups or mark-downs, GCM will take into account the financial stability and reputation of brokerage firms and the brokerage and research services provided by such brokers, although the client may not, in any particular instance, be the sole direct or indirect beneficiary of the research services provided. GCM has no obligation to deal with any broker or group of brokers in executing transactions in portfolio securities. It should be noted that from time-to-time GCM may receive soft dollar benefits i.e., research products or software etc. for executing trades through certain broker dealers.

GCM requires TD Ameritrade be used as the qualified custodian for Client accounts and executes transactions on behalf of Client accounts through TD Ameritrade.

### **Order Aggregation**

Transactions for each client generally will be effected independently, unless GCM decides to purchase or sell the same securities for several clients at approximately the same time. GCM 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 GCM’s client’s differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. The nature of the clients and/or trading activity on behalf of client accounts is such that trade aggregation does not garner any client benefit.

### **Directed Brokerage**

GCM allows clients to direct brokerage. In the event that a client directs GCM to use a particular broker or dealer, GCM may not be authorized under those circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct GCM to use a particular broker or dealer and other clients who do not direct Advisor to use a particular broker or dealer which may result in higher trading expenses to the client who directs brokerage. GCM may place orders for transactions in certain securities initially only for those accounts which are held in custody at banks or at brokerage firms that permit GCM to place trades for accounts held in custody at that firm with other brokerage firms. Therefore, accounts held in custody at firms which do not permit GCM to place transactions with other brokerage firms may not be able to participate in the initial transaction and may not be able to participate in the same gains or losses as other Clients whose accounts are not so restricted. In cases where trading or investment restrictions are placed on a client’s account, GCM may be precluded from aggregating that Client’s transaction with other accounts which may result in less favorable security prices and/or higher transaction costs.

### **Agency Cross Transactions**

Our associated persons are prohibited from engaging in agency cross transactions, meaning we cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

## **ITEM 13: REVIEW OF ACCOUNTS**

Account reviewers are members of the firm's Investment Committee or are registered Investment Adviser Representatives. Currently, Mr. Gunderson is the only member of the Investment Committee. Account reviews are performed quarterly by advisor, Bill



Gunderson, President. He considers the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Accounts are reviewed quarterly or more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's financial or personal situation.

Clients receive periodic reports on at least a quarterly basis. The written reports may include account valuation, performance stated in dollars and as a percent, net worth statement, portfolio statement, and a summary of objectives and progress towards meeting those objectives. Clients receive statements of account positions no less than quarterly from the account custodian.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

GCM participates in the institutional advisor program (the "Program") offered by TD Ameritrade. TD Ameritrade offers to independent investment advisor services which include custody of securities, trade execution, clearance and settlement of transactions. GCM receives some benefits from TD Ameritrade through its participation in the Program.

As part of the Program, GCM may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between GCM's participation in the Program and the investment advice it gives to its clients, although GCM receives economic benefits through its participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving GCM participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have GCM's fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to GCM by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by GCM's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit GCM but may not benefit its client accounts. These products or services may assist GCM in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help GCM manage and further develop its business enterprise. The benefits received by GCM or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, GCM endeavors at all times to put

the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by GCM or its related persons in and of itself creates a conflict of interest and may indirectly influence the GCM's choice of TD Ameritrade for custody and brokerage services.

GCM via written arrangement, retains third parties to act as solicitors for GCM's investment management services. All compensation with respect to the foregoing will be fully disclosed to each client to the extent required by applicable law. GCM will ensure each solicitor is properly registered in all appropriate jurisdictions.

## ITEM 15: CUSTODY

GCM does not accept or permit the Firm or its associated persons from obtaining physical custody of client assets including cash, securities, acting as trustee, provide bill paying service, have password access to control account activity or any other form of controlling client assets. All checks or wire transfers to fund client accounts are required to be made out to the account custodian. However, when authorized by the client in writing to do so, GCM will withdraw advisory fees directly from client accounts. For those clients, GCM is deemed to have custody because the Firm has the authority and ability to debit its fees directly from clients' accounts. To mitigate any potential conflicts of interests, all GCM client account assets will be maintained with an independent qualified custodian. Further, TD Ameritrade will deliver at least quarterly account statement directly to the client, which will include all transactions that took place in the account during the period covered and reflect any advisory fees deducted and paid to TD Ameritrade. Clients are encouraged to review their account statements for accuracy and let GCM if you have any questions.

When advisory fees are deducted directly from client accounts at client's custodian, GCM will be deemed to have limited custody of client's assets. Because client fees will be withdrawn directly from client accounts, in states that require it, GCM 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 GCM.

## **ITEM 16: INVESTMENT DISCRETION**

GCM contracts for discretionary authority to transact portfolio securities accounts on behalf of clients. Discretionary authority is granted by GCM's investment management agreement. GCM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. The firm's discretionary authority regarding investments may however be subject to certain limitations. These limitations are recognized as the restrictions and prohibitions placed by the Client on transactions in certain types of business or industries. All such restrictions are to be agreed upon in writing at the account's inception. Clients will execute a limited power of attorney to evidence discretionary authority.

## **ITEM 17: VOTING CLIENT SECURITIES**

GCM will not vote nor advise clients how to vote proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. GCM does not give any advice or take any action with respect to the voting of these proxies. For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. GCM promptly passes along any proxy voting information to the clients or their representatives.

## **ITEM 18: FINANCIAL INFORMATION**

GCM does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. GCM does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.