

# Disclosure Brochure

March 31, 2023



**GITTERMAN**  
WEALTH MANAGEMENT

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This brochure provides information about the qualifications and business practices of Gitterman Wealth Management, LLC dba Gitterman Asset Management (hereinafter "GWM" the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm's Director of Operations, Jennifer Easley at (848) 248-4869. 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 GWM is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

## Item 2. Material Changes

This Item discusses any material changes which have been made to the Disclosure Brochure since GWM's last amendment filed March 29, 2022. There have been no material changes.

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## Item 4. Advisory Business

GWM is a full-service investment advisory and wealth management firm that has been in business as an SEC registered investment adviser since April 2010. The Firm was founded by a group of seasoned investment professionals, including GWM's current principal owners, Jeffrey L. Gitterman and Elias S. Rauch. GWM's mission is to help its clients create and preserve assets through a consultative process, designed to make the most appropriate recommendations based on their individual needs, goals and risk temperance. The Firm seeks to provide clients with informative, unbiased research and select the best financial solutions from a wide universe of financial products and services.

GWM's wealth management business provides services to the higher education marketplace and high-net-worth individuals. Through Gitterman Asset Management (GAM), the Firm provides SMART Investing Solutions to serve the broader advisor and institutional market.

As of December 31, 2022, GWM had \$555,681,551 in assets under management, all of which was managed on a discretionary basis.

Prior to engaging GWM to provide any of the foregoing services, clients are required to enter a written agreement with GWM setting forth the relevant terms and conditions of the advisory relationship (the "Agreement").

While this brochure generally describes the business of GWM, certain sections also describe the activities of *Supervised Persons*, which refer to any of GWM'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 the Firm's behalf and is subject to GWM's supervision or control.

### Wealth Management Services

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The Firm manages clients' investment portfolios on a discretionary basis. In addition, the Firm provides clients with investment management services which generally includes a broad range of financial planning and consulting services as well as discretionary management of investment portfolios.

GWM primarily allocates clients' investment management assets among mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, and independent separate account managers ("*Independent Managers*"), as well as the securities components of variable annuities and variable life insurance contracts, in accordance with the investment objectives of the client. In addition, GWM may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. GWM also provides advice about any type of investment held in clients' portfolios.

From time to time, GWM may also provide its wealth management services to certain outside accounts. These are accounts not custody at the Firm's primary custodian (Fidelity Institutional Wealth Services) and are custody at a qualified custodian at the client's choosing. The Client provides GWM with limited power of attorney to access the account for trading. GWM is limited in the types of investments allowed to be used in these accounts based on the client's relationship with the custodian.

GWM also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, GWM either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

GWM tailors its advisory services to the individual needs of clients. GWM 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. GWM ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify GWM if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon GWM's management services.

## ***Use of Independent Managers***

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As mentioned above, GWM utilizes certain *Independent Managers* to actively manage a portion of its clients' assets. In addition to this brochure, clients may also receive the written disclosure documents of the respective *Independent Managers* engaged to manage their assets.

GWM evaluates a variety of information about *Independent Managers*, which may include 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. GWM also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

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

## **SMART Investing Solutions**

The SMART (**S**ustainability **M**etrics **A**ppplied to **R**isk **T**olerance)<sup>®</sup> Investing Solutions is a proprietary suite of model portfolios focused on ESG (Environmental, Social and Governance) investing offered to GWM's clients. The Firm's investment committee oversees the investment philosophy underpinning the models as well as the policies, procedures and due diligence processes employed.

GWM also provides its proprietary SMART Investing Solutions Services to unaffiliated third-party advisors via sub-advisory services and other distributions channels, who provide the portfolios to their clients. GWM delivers its SMART Investing Solutions in the following manner:

### **Sub-Advisory**

**Research:** GWM provides the model line-up to sub-advised advisors when portfolio changes are made (i.e., at the start of the relationship or owing to a rebalance). The sub-advised advisor performs all trading for the client accounts invested in the model and fulfills the duties associated with its fiduciary client relationship management. The fee for this service is 10 basis points ("bps") per year with a minimum fee of \$833.33. The fee is charged in arrears either quarterly or monthly, depending on the agreement with the sub-advised advisor.

**Trading Models:** GWM or its partners perform all trading in the client accounts and the sub-advised advisor fulfills the duties associated with its fiduciary client relationship management. GWM charges a sub-advisory fee of 20 bps for assets sub-advised. The fee is prorated and charged monthly, in arrears, based upon the average daily balance of the assets under management during the preceding month. The fee is billed directly to the client's account. Models with Natixis Advisors, L.P. are charged a flat fee of 70 bps, which includes GWM's fee, the overlay fee (18 bps) and Separately Managed Account management fees ranging from 23 bps to 50 bps per annum. GWM's fee can vary as it's based on the remaining balance after Natixis and the Separately Managed Account management fees are covered. Investment Advisers management fees, mutual fund and ETF expenses and custodial and trading fees may also apply.

A conflict of interest exists to the extent that GWM or its *Supervised Persons* recommend the SMART Investing models for its own clients. GWM enters into an agreement with the Trading Platform directly or with the sub-advised advisor and the Trading Platform via a tri-party sub-advisory agreement, depending on the Trading Platform.

### **Model Strategist Services**

GWM also distributes its SMART Investing Solutions via certain platforms (i.e., Envestnet) where there is no direct relationship between the financial professional offering the portfolios to their clients and GWM. The fees earned on assets invested in SMART Investing Solutions under these arrangements is 10 basis points.

## Item 5. Fees and Compensation

GWM offers its services on a fee basis, which may include fixed fees, as well as fees based upon assets under management. In addition, certain of GWM's *Supervised Persons*, in their individual capacities, may offer securities brokerage services and insurance products under a commission arrangement. See the section "Commissions or Sales Charges for Recommendations of Securities" for more information regarding how GWM's *Supervised Persons* may be compensated by brokerage services or insurance products.

### Wealth Management Fees

GWM provides wealth management services for an annual fee based upon a percentage of the assets being managed by GWM. The standard fee schedule is as follows:

PORTFOLIO VALUE	ANNUAL FEE
Up to \$999,999	1.00%
\$1,000,000 - \$1,999,999	0.90%
\$2,000,000 - \$3,499,999	0.80%
\$3,500,000 - \$4,999,999	0.70%
\$5,000,000 - \$7,499,999	0.60%
Above \$7,500,000	0.50%

Investments in Gladstone LD Corp PFD and Fidelity Target Date Mutual Funds are billed a flat annual fee of 0.50%. Fixed income only portfolios are charged an annual fee of 0.50%. Crystal Capital Partners Portfolios are charged an annual fee of 0.75%.

Accounts are billed monthly, in arrears, based upon the average daily balance of the assets under management during the preceding month, as valued by the account's custodian. (In certain circumstances the Firm's fees are prorated and charged quarterly in arrears based on the prior quarter's account balance, as valued by the account's custodian). If assets are deposited into or withdrawn from an account after the inception of a month, the fee payable with respect to such assets is adjusted to reflect the change in portfolio value.

Where GWM provides wealth management services to certain outside accounts (as described in Item 4 above), the fee is a flat 40 basis points prorated and charged quarterly in arrears based on the last day of the prior quarters account balance, as valued by the account custodian.

GWM, 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.).

## **SMART Investing Solutions**

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As discussed in item 4 (above), GWM provides its SMART Investing models to unaffiliated third-party advisors for use in their client's accounts. Prior to engaging GWM to provide the services listed in item 4 (above), the unaffiliated third-party advisor is required to enter into a written agreement with GWM setting forth the terms and conditions of the engagement (including fees).

Fees for each service is as follows:

*Sub-Advisory - Research:* As previously mentioned, GWM charges a sub-advisory fee of 10 bps with a minimum fee of \$833.33 per year. The fee is charged in arrears either quarterly or monthly, depending on the agreement with the sub-advised advisor.

*Sub-Advisory - Trading Models:* GWM charges a sub-advisory fee for assets sub-advised. The fee is charged monthly, in arrears, based upon the average daily balance of the assets under management during the preceding month. The fee is charged directly to the sub-advised client and is in addition to the sub-advised advisor fee. Models with Natixis Advisors, L.P. are charged a flat fee of 70 bps, which includes GWM's fee, the overlay fee (18 bps) and Separately Managed Account management fees ranging from 23 bps to 50 bps per annum. GWM's fee can vary as it's based on the remaining balance after Natixis and the Separately Managed Account management fees are covered.

*Model Strategist Services:* As discussed in Item 4 above, the fees earned on assets invested in SMART Investing Solutions via certain platforms is 10 basis points.

## **Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), GWM's clients utilize the brokerage and clearing services of an independent broker-dealer.

GWM may only implement its investment management recommendations after the client has arranged for and furnished GWM with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include but are not limited to any broker-dealers or independent custodians, broker-dealers directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").



Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as 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. The *Financial Institutions* also charge transaction fees to execute trades. These charges and fees are exclusive of and in addition to GWM's fee.

## **Fees for Management During Partial Months 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 GWM and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*.

Clients may make additions to and withdrawals from their account at any time, subject to GWM's right to terminate an account. Additions may be in cash or securities provided that GWM reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. GWM 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. Clients may withdraw account assets on notice to GWM, subject to the usual and customary securities settlement procedures. However, GWM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

## **Commissions or Sales Charges for Recommendations of Securities**

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Clients can engage certain persons associated with GWM (but not GWM) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with GWM. Under this arrangement, clients may implement securities transactions through certain of GWM's *Supervised Persons* in their respective individual capacities as registered representatives of Vanderbilt Securities, LLC. ("*Vanderbilt*"), an SEC registered broker-dealer and member of FINRA. *Vanderbilt* may charge brokerage commissions to affect these securities transactions and thereafter, a portion of these commissions may be paid by *Vanderbilt* to such *Supervised Persons*. Prior to effecting any transactions clients are required to enter into a new account agreement with *Vanderbilt*. The brokerage commissions charged by *Vanderbilt* may be higher or lower than those charged by other broker-dealers. In addition, certain of GWM's *Supervised Persons* may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. GWM's *Supervised Persons* may also recommend no-load mutual funds as part of these securities brokerage services.

A conflict of interest exists to the extent that GWM recommends the purchase of securities where GWM's *Supervised Persons* receive commissions or other additional compensation as a result of GWM's

recommendations. GWM has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients.

For accounts covered by ERISA (and such others that GWM, in its sole discretion deems appropriate), GWM provides its investment advisory services on a fee-offset basis. In this scenario, GWM may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by GWM's *Supervised Persons* in their individual capacities as registered representatives of *Vanderbilt*.

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

GWM 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

GWM provides its services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, business entities and other investment advisers.

### Minimums Imposed by Independent Managers

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GWM does not impose a minimum portfolio size or minimum annual fee. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than GWM. In such instances, GWM 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

### Investment Strategy

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GWM manages client assets, not through a specific trading strategy, but through the use of model portfolios, and *Independent Managers*. The model portfolio framework begins with the evaluation of near, mid and long-term investment goals. Models are then made to asset classes and managers based on their ability to meet these needs. Models may be adjusted from time to time due to market conditions, new opportunities or other variables. Any factor that may impact returns is taken into account at each stage of the process.

Forward looking returns for broad asset classes (fixed income, public equity, real assets, credit, absolute return and alternatives) are developed based upon a forward-looking building block approach, which seeks to isolate the expected sources of return (yield, growth, valuation change, manager value added). Risks are assessed and assigned, with history used as a guide only. Allocations within models are periodically modified to take advantage of new opportunities that arise or to take into account the emergence of niche manager skills.

GWM employs a due diligence program to evaluate prospective and existing *Independent Managers* which includes but is not limited to on-site visits and annual questionnaires requesting performance, operational and compliance related information and documentation.

### Methods of Analysis

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GWM follows a disciplined process and considers a variety of factors in model creation and security selection. The underlying metrics on which the Firm relies are largely based on a series of analyses generally aligned with Modern Portfolio Theory, as well as a range of inherently technical analytical measures. Specifically, the Firm examines the following indicators, without limitation:

- Modern Portfolio Theory (“MPT”)
  - *Alpha* (i.e., measure of performance on a risk-adjusted basis)
  - *Beta* (i.e., measure of volatility in relation to broad market conditions)
  - Standard Deviation (i.e., measure of historic volatility)
  - R-Squared (i.e., measure of price movements relative to a benchmark index)
- Portfolio Manager
  - Tenure
  - Experience
  - Depth of Management
- Equity
  - Asset Overlap Study
  - Index Benchmarking (e.g., Peer review)
  - Turnover Ratio (e.g., Tax-Efficiency and Capital Gain Exposure)
  - Expense Ratio
- Fixed Income
  - Duration, Convexity and Yield
  - Credit Quality and Tax-Exempt Status (e.g., AMT Free, Tax Free)
  - Turnover Ratio (e.g., Tax-Efficiency)
  - Expense Ratio
- Tactical
  - Alpha Creation Potential
  - Hedging Capability
  - Non-Correlation Potential

## *Modern Portfolio Theory (MPT)*

MPT is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. 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 does 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, GWM's investment process is structured in such a way to integrate those assumptions and real-life considerations for which MPT analytics do not account.

### *Technical Analysis*

Technical analysis involves the examination of historical market data and trading variables rather than an assessment of a security's intrinsic value. Technical analysis involves variation diagnostics, regression and correlation measures, and various charting techniques, which are used to identify perceived market patterns and trends. These metrics may be based on swings in investor sentiment or cyclical economic movements, rather than the fundamental conditions of a particular manager or company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that GWM will be able to accurately predict such a reoccurrence.

### *SMART Investing Solutions*

The SMART<sup>®</sup> investing philosophy is delivered using model portfolios focused on ESG (Environmental, Social and Governance) investing. Environment focuses on climate impact and greenhouse gas emissions, energy efficiency, air and water pollution, water scarcity, biodiversity, and site restoration issues. Social focuses on human rights, local community impact and employment, child labor, working conditions, health and safety, and anti-corruption issues. Governance focuses on the alignment of interest, executive compensation, board independence and composition, and other shareholder rights issues.

An asset allocation investment strategy is a broadly diversified portfolio with limited tactical moves, that attempts to take advantage of macroeconomic imbalances in order to enhance investor return.

Using ESG filters, the strategies rely on a forward-looking asset class and long-term capital market assumptions, which seek to isolate the expected sources of return (fixed income, public equity, real assets, credit, absolute return and alternatives, etc.) Factor and attribution analysis, scenario stress testing, and fundamental analysis are used in order to isolate the sources of risk and return within the strategy (yield, growth, value, momentum, size, valuation, etc.) as well as help us to isolate and analyze the risk within a firm. These tools allow us to assess and assign risk using both a historical and a forward-looking lens when making portfolio decisions.

GWM employs an extensive due diligence program at the manager level to evaluate prospective and existing managers which includes but are not limited to; on-site visits, annual/ quarterly questionnaires requesting performance, operational and compliance related information and documentation. Non-financial holdings analysis, and ongoing attribution and manager dialogue reports.

The Firm utilizes third party research as part of its analysis process.

## Risk of Loss

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### *General Investment Risk*

While GWM applies its investment techniques and risk analysis in making investment decisions, there can be no guarantee, and no guarantee is made, that they will produce the desired results. GWM uses ESG (environmental, social and governance) topics to help reduce risks, identify opportunities and align portfolios with values. Many factors can intervene to mitigate or frustrate the achievement of such social and/or environmental objectives.

GWM's investments are subject to investment-specific price fluctuations as well as to macro-economic, market and industry-specific conditions including, but not limited to, national and international economic conditions, domestic and international financial policies and performance, conditions affecting particular investments such as the financial viability of national and international politics and governmental events and changes in income tax laws.

### *Mutual Funds and Exchange-Traded Funds (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 trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Market Risks*

The profitability of a significant portion of GWM'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 GWM will be able to predict those price movements accurately.

### *Use of Independent Managers*

GWM may recommend the use of *Independent Managers* for certain clients or as part of an asset allocation strategy. GWM will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, GWM does not have the ability to supervise the *Independent Managers* on a day-to-day basis, if at all.

### *Use of Private Collective Investment Vehicles*

GWM 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.

### *Real Estate Investment Trusts (REITs)*

GWM may recommend an investment in, or allocate assets among, various real estate investment trusts ("REITs"), the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

### *Management Through Similarly Managed "Model" Accounts*

GWM manages certain accounts through the use of similarly managed "model" portfolios, whereby the Firm allocates all or a portion of its clients' assets among various mutual funds and/or securities and Independent Managers on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients' net after tax gains. While the Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact GWM if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

### *Global Health Risk*

Disease outbreaks that affect local economies or the global economy may materially and adversely impact the Firm's investment portfolios and/or business. These types of outbreaks have the potential to cause severe decreases in core business activities such as manufacturing, purchasing, tourism, business conferences and workplace participation, among others. These disruptions also have the potential to lead to instability in the marketplace, including market losses and overall volatility. In the face of such instability, governments may take extreme and unpredictable measures to combat the spread of disease and mitigate the resulting market disruptions and losses. In the event of a pandemic or an outbreak, there can be no assurance that GWM or its service providers will be able to maintain normal business operations for an extended period of time or will be able to retain the services of key personnel on a temporary or long-term basis due to illness or other reasons. The full impact of a pandemic or disease outbreaks is unknown, which could result in a high degree of uncertainty for potentially extended periods of time.

### *Cybersecurity Risk*

GWM and its service providers may be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cyberattacks affecting investment adviser, a client's custodian, or intermediaries or other third-party service providers may adversely impact a client's experience and/or investment. For instance, cyberattacks may interfere with the processing of a client's transactions, cause the release of private information or confidential company information, impede trading, subject the adviser to regulatory fines or financial losses, and cause reputational damage. GWM may also incur additional costs for cybersecurity risk management purposes. While GWM and its service providers have established business continuity plans and risk management systems designed to prevent or reduce the impact of cybersecurity attacks, such plans and systems have inherent limitations due in part to the ever-changing nature of technology and cybersecurity attack tactics, and there is the possibility that certain risks have not been adequately identified or prepared for. Furthermore, GWM cannot control any cybersecurity plans or systems implemented by its service providers.



## Item 9. Disciplinary Information

GWM 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. GWM does not have any required disclosures to this Item.

## Item 10. Other Financial Industry Activities and Affiliations

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

### Registered Representatives of Broker Dealer

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Certain of GWM's *Supervised Persons* are registered representatives of *Vanderbilt*. This arrangement is further discussed in response to Item 5 (above).

### Receipt of Insurance Commissions

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Certain of GWM's *Supervised Persons*, in their individual capacities, are licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed basis, the purchase of certain insurance products. A conflict of interest exists to the extent that GWM or its *Supervised Persons* recommend the purchase of insurance products where GWM or its *Supervised Persons* receive insurance commissions or other additional compensation.

### Fees from Independent Managers

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As discussed above, GWM recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain *Independent Managers*. In certain circumstances GWM's compensation is included in the advisory fee charged by such *Independent Managers*. There may be a conflict of interest to choose such *Independent Managers*.

## Item 11. Code of Ethics

GWM has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its *Supervised Persons*. GWM's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its *Supervised Persons* and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of GWM's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm's *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and

procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person will access to this information may knowingly affect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

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.

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

### Item 12. Brokerage Practices

GWM generally utilizes the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") for investment management accounts.

Factors which GWM considered in utilizing *Fidelity* include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity* enables GWM to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity* may be higher or lower than those charged by other *Financial Institutions*. GWM does not recommend brokers to its clients.

The commissions paid by GWM's clients comply with GWM's duty to seek "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where GWM 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. GWM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

GWM periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* considering its duty to seek best execution.

The client may request GWM in writing to use a particular *Financial Institution* to execute some or all transactions for the client, and GWM may comply if it has a relationship with the particular *Financial Institution*. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and GWM 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 GWM (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, GWM may decline a client’s request to direct brokerage if, in GWM’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be affected independently, unless GWM decides to purchase or sell the same securities for several clients at approximately the same time. GWM 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 GWM’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 GWM’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that GWM determines to aggregate client orders for the purchase or sale of securities, including securities in which GWM’s *Supervised Persons* may invest, GWM 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. GWM does not receive any additional compensation or remuneration as a result of the aggregation. In the event that GWM 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, GWM 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 seeking best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist GWM in its investment decision-making process. Such research generally will be used to service all of GWM'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 GWM does not have to produce or pay for the products or services.

## **Commissions or Sales Charges for Recommendations of Securities**

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As discussed above, certain *Supervised Persons* in their respective individual capacities, are registered representatives of *Vanderbilt*. These *Supervised Persons* are subject to FINRA Rule 3280 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless *Vanderbilt* provides written consent. Therefore, clients are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through *Vanderbilt* unless they first secure written consent from *Vanderbilt* to execute securities transactions through a different broker-dealer. Absent such written consent or separation from *Vanderbilt*, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than *Vanderbilt* under *Vanderbilt's* internal supervisory policies. GWM is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

## **Software and Support Provided by Financial Institutions**

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GWM may receive the following benefits from *Fidelity* through the Fidelity Institutional Wealth Services Division: access to institutional trade cost; receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Wealth Services participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; access to educational content; and access to an electronic communication network for client order entry and account information.

## **Soft Dollar Arrangement**

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In addition to the benefits described above, GWM also may be offered other non-monetary benefits by *Financial Institutions* that it may engage securities transactions on behalf of clients. These benefits may take the form of special execution capabilities, clearance, settlement, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, online access to computerized data regarding client's accounts, performance measurement data, consultations, economic and market information, portfolio strategy advice, industry and company

comments, technical data, recommendations, general reports, efficiency of execution and error resolution, availability of stocks to borrow for short trades, custody, travel, recordkeeping and similar services.

The availability of these benefits may influence GWM's decision to select or recommend one *Financial Institution* over another based on GWM's interest rather than on a client's interests in receiving most favorable execution. Nevertheless, GWM seeks to ensure that the fees and costs for services provided to clients by *Financial Institutions* offering these benefits are not materially greater than they would be if the services were performed by *Financial Institutions* not offering these services. The use of brokerage commissions to compensate research and brokerage service providers also gives rise to an additional conflict of interest in that these services may directly or indirectly benefit GWM and/or other client accounts not held at the *Financial Institution*.

### **Item 13. Review of Accounts**

#### **Account Reviews**

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For those clients to whom GWM provides investment management services, GWM monitors those portfolios as part of an ongoing process while regular account reviews are conducted at least annually. Clients who maintain higher asset levels with GWM may also receive more frequent in-person or telephone consultations from GWM. Such reviews are conducted by one of GWM's *Supervised Persons*. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with GWM and to keep GWM informed of any changes thereto. GWM 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.

#### **Statements and General Reports**

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Unless otherwise agreed upon, 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 GWM provides investment advisory services may also receive a supplemental report from GWM that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance from time to time. Clients should compare the account statements they receive from their custodian with those they receive from GWM.

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

#### **Client Referrals**

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In the event a client is introduced to GWM by either an unaffiliated or an affiliated promoter, the Firm may pay that promoter a referral fee in accordance with applicable securities laws, including Rule 206(4)-1 of the Investment Advisers Act of 1940. Unless otherwise disclosed, any such referral fee is paid solely from GWM'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 promoter, the promoter is required to provide the client with GWM's written brochure(s) and a copy of a promoter's disclosure statement containing the terms and conditions of the referral arrangement. Any affiliated promoter of GWM is required to disclose the nature of his or her relationship to prospective clients at the time of the referral and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the referral.

GWM has entered into an unaffiliated promoter agreement. Unless otherwise disclosed, any such referral fee is paid solely from the broker-dealer or investment management company investment management fee and does not result in any additional charge to the client. Should any of GWM's clients have an account at either the broker-dealer or investment management company, GWM will not receive a referral fee. GWM will receive its standard wealth management fee as stated in item 5 above.

### **Other Economic Benefit**

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From time to time, GWM holds client appreciation or educational events. GWM may receive economic benefits from certain Mutual Fund Companies, Technology Vendors, Investment Platforms, Independent Managers, Financial Institutions and Alternative Investment firms to conduct these events. These benefits are used to secure event space, cover cost of meals, travel, event production, marketing and speaker expense. GWM may profit from these events. Clients should be aware that GWM's receipt of this support creates a conflict of interest since this benefit may influence GWM's use of products or services by these firms in the management of client accounts.

GWM may receive economic benefits from non-investment advisory clients for providing advice or other services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12 (above).

### **Item 15. Custody**

Custody occurs when an adviser or related person directly or indirectly holds client funds or securities or has the ability to gain possession of them. GWM does not have direct custody over client funds or securities.

The Firm is not a broker or custodian and does not take physical custody of clients' assets. Clients maintain physical possession of their assets at custodial banks or brokerage firms selected by the client. GWM's clients work with various broker/dealers, banks and other qualified custodians who provide periodic statements of all securities and funds held. Clients should receive, at least quarterly, statements from the qualified custodian that holds and maintains investment assets. GWM urges its clients to carefully review statements, which represent official custodial records, and compare them to the account statements that GWM provides.

## Item 16. Investment Discretion

GWM retains the authority to exercise discretion on behalf of client's wealth management accounts. GWM is considered to exercise investment discretion over a client's account if it can affect transactions for the client without first having to seek the client's consent. GWM is given this authority through a power-of-attorney included in the agreement between GWM and the client as well as the independent broker-dealer and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). GWM takes discretion over the following activities:

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

## Item 17. Voting Client Securities

GWM is required to disclose if it accepts authority to vote client securities ("proxy voting"). GWM does not vote client securities on behalf of its clients.

## Item 18. Financial Information

GWM 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.