

# Disclosure Brochure

March 29, 2023

**GALVIN - GAUSTAD - STEIN** LLC.

**W E A L T H M A N A G E M E N T**

This Brochure provides information about the qualifications and business practices of Galvin, Gaustad & Stein, LLC (hereinafter “GGS” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at (480)776-1445. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). GGS is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), however, such registration does not imply a certain level of skill or training.

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## **Item 2. Material Changes**

In this Item, GGS is required to discuss any material changes that have been made to the brochure since the last annual amendment filed March 29, 2022.

While there have been no material changes to the brochure since the last annual amendment filed March 29 2022, the Firm has made changes to disclose in relation to Item 14. Client Referrals and Other Compensation. We encourage you to read the Brochure in its entirety.

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## **Item 4. Advisory Business**

GGS is a registered investment adviser. Since 2010, the Firm has been providing its clients with a variety of advisory services, which include financial planning, pension consulting, and the management of investments. Prior to the rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with GGS setting forth the relevant terms and conditions of the advisory relationship (the “Agreement”).

The Firm is owned by intermediate subsidiaries, MP Stein, LLC, Stephen R Galvin Asset Management, LLC, and SLG 82, LLC, each of which is owned by Mark P. Stein, Stephen R. Galvin, and Stephen L. Gaustad. As of December 31, 2022, GGS had \$1,105,393,663 of assets under management, \$1,090,118,834 of which was managed on a discretionary basis and \$15,274,829 of which was managed on a non-discretionary basis.

While this brochure generally describes the business of GGS, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on GGS’ behalf and is subject to the Firm’s supervision or control.

### **Financial Planning Services**

GGS offers clients a range of financial planning services, which may include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Asset Allocation
- Retirement Planning
- Estate Planning
- Financial Reporting
- Investment Consulting
- Insurance Needs Analysis
- Retirement Plan Analysis
- Charitable Giving
- Risk Management
- Distribution Planning

In performing these services, GGS is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information.

Clients are advised that a conflict of interest exists if clients engage GGS to provide additional fee-based services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by GGS under a financial planning engagement or to engage the services of any such recommended professionals, including GGS itself. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising GGS' previous recommendations and/or services.

### **Retirement Plan Consulting Services**

GGS provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and may include any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning and Benefits
- Investment Management and Review
- Plan Fee and Cost Analysis
- Retirement Plan Committee Consultation
- Fiduciary and Compliance
- Participant Education

As disclosed in the Agreement, certain of the foregoing services are provided by GGS as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of GGS' fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

### **Investment Management Services**

GGS manages client investment portfolios on a discretionary or non-discretionary basis.

GGS primarily allocates client assets among individual debt and equity securities and exchange-traded funds ("ETFs"), in accordance with the investment objectives of its individual clients. On a more limited basis, the Firm allocates client assets among independent investment managers ("Independent Managers") and options, as well as the securities components of variable annuities and variable life insurance contracts. In addition, GGS may also recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios, however, clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon.

Clients may also engage GGS to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, GGS directs or recommends the allocation of client assets among the various investment options available with the product. These assets are maintained at the underwriting insurance company or the custodian designated by the product's provider.

GGS tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. GGS consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify GGS if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if GGS determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

### **Sponsor / Manager of Wrap Program**

GGS is the sponsor and manager of the Galvin, Gaustad & Stein Wrap Fee Program (the "Program"), which is an arrangement where investment advisory services, brokerage execution services and custody are provided by GGS as the sponsor for a single predetermined "wrap" fee regardless of the number of trades completed by a client. Generally, clients participating in the Program ("Wrap Program Clients") pay this

single, all-inclusive fee that includes money management fees, certain transaction costs, and custodial and administrative costs. If you participate in our Program, you will pay a single fee to us, quarterly in advance, based on the net assets under management. GGS receives a portion of the wrap fee for its services as the portfolio management to the Program as well as the sponsor of the Program. Transactions for your account are executed by a securities broker-dealer via the Program. The overall cost you will incur if you participate in our Program may be higher or lower than you might incur by separately purchasing the types of securities available in the Program. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by broker-dealers, and the advisory fees charged by investment advisers. Accounts managed through the Program are done so in substantially the same manner as those managed under a non-wrap arrangement. Additional information about the Program is available in GGS' Wrap Brochure, please see Part 2A Appendix 1 of the Firm's Form ADV.

### **Use of Independent Managers**

As mentioned above, GGS may select certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager are set forth in a separate written agreement between the designated Independent Manager and either GGS or the client.

GGS evaluates various information about the Independent Managers it chooses to manage client portfolios, 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. GGS also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

GGS 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. GGS seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

## Item 5. Fees and Compensation

GGS offers its services on a fee basis, which include hourly and/or fixed fees, as well as fees based upon assets under management.

### Financial Planning Fees

GGS charges either a negotiable hourly and/or fixed fee to provide clients with stand-alone financial planning services. These fees are largely determined by the scope and complexity of the agreed upon services, generally \$300 on an hourly basis and up to \$10,000 on a fixed fee basis.

The specific terms and fee structure are negotiated in advance and set forth in the Agreement with GGS. Generally, GGS requires one-half of the financial planning fee payable upon execution of the Agreement and the balance due at the time the financial plan is delivered, or the underlying services are rendered to completion, not to exceed six months. If the client engages GGS for additional investment advisory services, GGS may offset all or a portion of its fees for those services based upon the amount paid for the financial planning services.

### Fees for Investment Management and Retirement Plan Consulting

GGS provides investment management and/or retirement plan consulting services for an annual fee based on the portfolio value of the assets under the Firm's management. The fee varies based on the following linear fee schedule(s):

#### *Discretionary Services*

PORTFOLIO VALUE	ANNUAL FEE
\$0 - \$500,000	1.25%
\$500,001 – \$2,500,000	1.00%
\$2,500,001 - \$5,000,000	0.80%
More than \$5,000,000	Negotiable

#### *Non-Discretionary Services*

PORTFOLIO VALUE	ANNUAL FEE
\$0 - \$500,000	1.50%
\$500,001 – \$2,500,000	1.25%
\$2,500,001 - \$5,000,000	1.05%
More than \$5,000,000	Negotiable

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by GGS on the last day of the previous billing quarter. The Firm includes cash in a clients account in determining the valuation for billing purposes. The Firm may, in its sole discretion, not include



cash in determining the fee, especially where a client has a high percentage of cash for reasons other than the Firm's investment management decision.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the change in portfolio value. For the initial term of an engagement, the fee is calculated on a pro rata basis. In the event the Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client.

For clients who engage the Firm for non-discretionary services, the Firm offers an introductory period during which the Firm applies its fee schedule for its discretionary services. This introductory period is generally the first ninety (90) days of the engagement.

Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage GGS for additional services for compensation, including rolling over retirement accounts or moving other assets to the Firm's management. Clients retain absolute discretion over all decisions regarding engaging the Firm and are under no obligation to act upon any of the recommendations.

#### **Fee Discretion**

GGS, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and pro bono activities.

#### **Additional Fees and Expenses**

In addition to the advisory fees paid to GGS, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks, and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, charges imposed directly by a mutual fund or ETF in a client's account, as 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 Firm's brokerage practices are described at length in Item 12, below.

#### **Fee Debit**

Clients provide GGS with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The Financial Institutions that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to GGS. Alternatively, clients may elect to have GGS send them an invoice for direct payment.

### **Account Additions and Withdrawals**

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

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

GGS does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7. Types of Clients**

GGS provides its services to individuals, trusts, pension and profit sharing plans, and corporations and other business entities.

### **Minimum Portfolio Size**

As a condition for starting and maintaining an investment management relationship, GGS imposes a minimum portfolio size of \$500,000. The Firm, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention and pro bono activities. GGS only accepts clients with less than the minimum portfolio size if, in the sole opinion of the Firm, the smaller portfolio size will not result in a substantial increase of investment risk beyond the client's identified risk tolerance. GGS may aggregate the portfolios of family members to meet the minimum portfolio size.

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

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

GGG has developed a proprietary security selection methodology based primarily on fundamental analysis. Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer.

For individual equities, GGS' process typically involves three primary components: (1) A stock screening process based on academic studies and GGS research, which highlights quantitative metrics that historically have led to long-term, risk-adjusted outperformance. Examples include favoring stocks with low volatility, consistent dividend growth, strong profitability and solid earnings quality. (2) A company-specific discounted cash flow model to determine our fair value estimate for a company's stock price based on a combination of GGS and sell-side consensus forecasts. GGS believes the best valuation method is to discount a company's expected future cash flows at an appropriate discount rate based on risk. (3) A deep-dive qualitative analysis of the company focusing on items such as: i) competitive advantages that support revenue growth, margins and returns on capital; ii) shareholder- friendly management teams with strong track records; iii) red flags such as high customer, supplier, geographic or shareholder concentration, lawsuits, debt or accounting issues; and iv) recent news and upcoming potential catalyst events. Stocks that look most favorable to GGS based on all three of the above selection tests have a high likelihood of being purchased in client portfolios, subject to individual client suitability, cash availability and portfolio risk constraints.

For individual bond selection, GGS focuses its research on the financial health of the issuer including debt levels, debt covenants, payment schedules and GGS' belief in the company's ability to repay the particular bond the Firm is buying for clients. GGS primarily invests in the individual company debt of investment grade corporations. GGS attempts to maximize yield while minimizing both interest rate and credit risk, as well as making sure the security fits in the client's overall portfolio from a risk and diversification standpoint.

For mutual funds and ETFs, GGS' research process typically involves an analysis of the security's expense ratio, total assets and trading liquidity as well as the issuer's management team, style drift, past performance, reputation and financial strength.

A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company or fund may be good, evolving market conditions may negatively impact the security.

GGG develops individual investment strategies based upon each client's specific risk profile and investment objectives. As discussed above, the Firm employs an analytical approach based upon fundamental analysis. GGS generally seeks to target individual stocks and bonds, and ETFs, which are designed to achieve each client's stated goals.

## **Risks of Loss**

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses. Past performance is in no way an indication of future results. Over time, assets will fluctuate and be worth more or less than the initial invested amount. Depending on the investment type, differing risk levels will exist. GGS cannot offer any guarantees or promises that a client's financial goals and objectives will be met. GGS does not represent or guarantee that any services provided or analysis methods can predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Clients are advised that certain assumptions may be made regarding interest and inflation rates, past trends, and the performance of the market and economy. There is no guarantee of client account future performance or any level of performance, the success of any investment decision or strategy used, overall account management, or that any investment mix or projected or actual performance shown will lead to expected results or perform in any predictable manner.

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of potential losses. The following list of investment risks, which is not all-inclusive, is provided for careful consideration by a prospective client before retaining our services or contemplating investments in general. (Please note: The below items are presented not in order of importance.)

### *Market Risks*

Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the investment value regardless of the issuer's operational success or financial condition. The price of a security, option, bond, or mutual fund can drop due to tangible and intangible events and situations. External factors cause this risk, independent of a security's underlying circumstances. The profitability of a significant portion of GGS' 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 GGS will be able to predict those price movements accurately.

### *Bank Obligations Risks*

Bank Obligations including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are affected by interest rates and may be adversely affected by downturns in the US and foreign economies or banking regulations changes.

### *Bankruptcy Risks*

Bankruptcy of a broker or custodian could causes excessive costs or loss of investor funds. If a broker with which the Advisor has an account becomes insolvent or bankrupt, the Advisor may be unable to recover all or even a portion of the assets maintained by clients with that broker. Similarly, if a custodian housing a client's securities or other assets becomes bankrupt or insolvent, the client may be unable to recover all or even a portion of the assets held by the custodian.

### *Conflicts of Interest Risks*

In administering client portfolios and financial reporting, advisers face inherent interest conflicts. They mitigate these conflicts through comprehensive written supervisory compliance policies and procedures and COE, which provides that the client's interest is always held above that of the firm and its Associates.

### *Cybersecurity Risks*

GGs and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. A cybersecurity breach could expose both GGS and its clients' accounts to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability as well as regulatory inquiry and/or action. While GGS has established a business continuity plan in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, GGS cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers and/or the issuers in which GGS invests.

### *Diversification and Concentration*

Concentrating investments in a single industry may result in losses due to factors that affect an entire industry. Each particular industry or sector may be affected by unique risks, and the value of investments in a particular industry will differ from the value of the overall stock market. Fluctuations in specific market sectors are often more extreme than fluctuations in the overall market. Therefore, concentrating investments in a single industry exposes an investor to the risk that a single set of events or circumstances will decrease the value of the investor's overall portfolio.

### *Inflation & Interest Rate Risk*

Security prices and portfolio returns will likely vary in response to inflation and interest rates changes. Inflation causes future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed-income investments to decline.

## *Equity*

Equity Investment Risk generally refers to buying shares of stocks by an individual or firm in return for receiving a future payment of dividends and capital gains if the stock's value increases. An inherent risk is involved when purchasing a stock that may decrease value; the investment may incur a loss.

## *Mutual Funds and ETFs*

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

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The 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 actual 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 20,000 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.

## *Bonds – 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 a client 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, clients are exposed to inflation risk because the interest rate 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.

## *Corporate Bond Risks*

Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" before maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

### *Options Risks*

Options allow investors to buy or sell a security at a contracted strike price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge against potential losses or to speculate on the performance of the underlying securities. Option transactions involve inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase or decrease to the level of the respective strike price. Holders of option contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

### *Use of Independent Managers Risks*

GGs may recommend the use of Independent Managers. In these situations, GGS continues 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 strategies. In addition, GGS generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

## **Item 9. Disciplinary Information**

GGS has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

GGS has no other financial industry activities and affiliations.



## Item 11. Code of Ethics

GGG 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. GGS’ Code of Ethics states that GGS owes a fiduciary duty to its clients, and 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 GGS’ personnel (called “Access Persons”) to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, GGS Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a manner 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 Access Persons to be completed without any appreciable impact on the markets of such securities. Therefore, under certain 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 where there may be a potential for conflict, no Access Person may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the Access Person) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Access 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.

GGG shall provide a copy of its Code of Ethics to any clients and prospective clients upon request.

## Item 12. Brokerage Practices

GGG recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services (“Fidelity”) for investment management accounts. GGS is independently owned and operated and not affiliated with Fidelity. While we recommend that you use Fidelity as custodian/broker, you will decide whether to do so and open your account with Fidelity by entering into account agreement directly with them. GGS does not open the account for you. Even though your account is maintained at Fidelity, we can still use other brokers to execute trades for your account as described below (see “your brokerage and custody costs”)

Factors which GGS considers in recommending Fidelity or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Fidelity enables GGS 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.

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

GGG periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct GGS in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm 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 GGS (as described below). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Clients that direct their brokerage should also be aware that GGS will generally place such trades after the completion of trades for clients that do not direct their brokerage. Subject to its duty of best execution, GGS may decline a client’s request to direct brokerage if, in the Firm’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).

Consistent with our fiduciary responsibility of investing in the client's best interest and within the client's risk parameters, in exchange for investing in certain exchange traded funds and/or mutual funds, GGS may receive investment research products and/or services which assist GGS in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but fund expenses 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 GGS does not have to produce or pay for the products or services. 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 GGS does not have to produce or pay for the products or services.

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

GGS may receive from Fidelity, without cost to GGS, computer software and related systems support, which allow GGS to better monitor client accounts maintained at Fidelity. GGS may receive the software and related support without cost because GGS renders investment management services to clients that maintain assets at Fidelity. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit GGS, but not its clients directly. In fulfilling its duties to its clients, GGS endeavors at all times to put the interests of its clients first. Clients should be aware, however, that GGS' receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence GGS' choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

Additionally, GGS may receive the following benefits from Fidelity through the Fidelity Institutional Wealth Services Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

### **Fidelity WAS Program**

GGS has entered into an agreement with Fidelity to participate in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which GGS receives referrals from Fidelity Personal and Workplace Advisors LLC ("FPWA"), a registered investment adviser and Fidelity Investments company. GGS pays a fee to participate in the WAS Program. GGS's participation in the WAS program raises conflicts of interest. Pursuant to the agreement, GGS has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when GGS's fiduciary duties would so require, and GGS has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA's affiliates to another custodian; therefore, GGS has an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit GGS's duty to select brokers on the basis of best execution.

## **Trade Aggregation**

Transactions for each client will be effected independently, unless GGS decides to purchase or sell the same securities for several clients at approximately the same time. GGS 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 the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among GGS’ clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which GGS’ Supervised Persons may invest, the Firm 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. GGS does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm 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, the Firm 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

## **Mutual Fund Share Class Selection**

Mutual Funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B and class C shares), funds may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount. Institutional share classes usually have a lower expense ratio than other share classes. When recommending investments in mutual funds, it is our policy to review and consider available share classes. Our policy is to select the most appropriate share classes based on various factors including but not limited to: minimum investment requirements, trading restrictions, internal expense structure, transaction charges, availability and other factors. When considering all the appropriate factors, we can select a share class other than the ‘lowest cost’ share class. In order to select the most appropriate share class, we consider retail, institutional or other share classes of the same mutual fund. Regardless of such considerations, clients should not assume that they will be

invested in the share class with the lowest possible expense ratio. Clients should ask their adviser whether a lower cost share class is available instead of those selected by GGS. GGS periodically reviews the mutual funds held in client accounts to select the most appropriate share classes in light of its duty to obtain best execution.

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

### **Account Reviews**

For those clients to whom GGS provides investment management services, GGS monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom GGS provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of GGS’ investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with GGS and to keep GGS informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from GGS and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from GGS or an outside service provider.

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

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

### **Fidelity Wealth Advisors Solutions® Program**

GGS has entered into an agreement with Fidelity to participate in the Fidelity Wealth Advisor Solutions® Program (the “WAS Program”), through which GGS receives referrals from Fidelity Personal and Workplace Advisors LLC (“FPWA”), a registered investment adviser and Fidelity Investments company. GGS is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control GGS, and FPWA has no responsibility or oversight for GGS’s provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a solicitor for GGS, and the Firm pays referral fees to FPWA for each referral received based on the Firm’s assets under management attributable to each client referred by FPWA or members of each client’s household. The WAS Program is designed to help investors find an independent investment adviser, and any referral from FPWA to GGS does not constitute a recommendation by FPWA of GGS’s particular investment management services or strategies. Under this arrangement, GGS pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as “fixed income” assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, GGS has agreed to pay FPWA an annual fee of \$50,000 amount in connection with its participation in the WAS Program. These referral fees are paid in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940, and any corresponding state securities law requirement. Furthermore, these referral fees are paid by GGS and does not result in any additional charge to the client.

At the time of the referral, FPWA will disclose that they are not a current client of GGS; they will receive cash compensation for the referral; and the receipt of compensation for a referral creates a conflict of interest. In addition, FPWA will provide prospective client with a copy of a written disclosure statement disclosing the terms and conditions of the arrangement between GGS and FPWA including the compensation FPWA will receive from GGS and any material conflicts of interest on the part of FPWA as a result of the referral arrangement.

To receive referrals from the WAS Program, GGS must meet certain minimum participation criteria, but GGS may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC (“FBS”). As a result of its participation in the WAS Program, GGS has a conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and GGS has an incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to GGS as part of the WAS Program. Under an agreement with FPWA, GGS has agreed that it will not charge clients more than the standard range of advisory fees disclosed in this brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, GGS has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when GGS’s fiduciary duties

would so require, and GGS has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA's affiliates to another custodian; therefore, GGS has an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit GGS's duty to select brokers on the basis of best execution.

#### **Other Economic Benefit**

GGS receives economic benefits from Fidelity for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

#### **Receipt of Insurance Commission**

The Firm and its Supervised Persons receive insurance commissions on Long Term Care sold in the past. However, GGS' Supervised Persons are no longer licensed insurance agents, we do not recommend the purchase of certain insurance products to advisory clients on a commission basis.



## **Item 15. Custody**

GGG is deemed to have custody over a client's assets when it is authorized to directly debit a client's account for payment of the GGS's fee. GGS' Agreement and/or the separate agreement with any Financial Institution may authorize GGS through such Financial Institution to debit the client's account for the amount of GGS' fee and to directly remit that management fee to GGS in accordance with applicable custody rules.

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

## **Item 16. Investment Discretion**

GGG may be given the authority to exercise discretion on behalf of clients. GGS is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. GGS is given this authority through a power-of-attorney included in the agreement between GGS and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). GGS 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**

GGS is required to disclose if it accepts authority to vote client securities. GGS does not vote client securities on behalf of its clients. Clients receive proxies directly from the Financial Institutions.

## **Item 18. Financial Information**

GGS 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 of services rendered;
- 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.

