

Item 1: Cover Sheet

FORM ADV PART 2A
INFORMATIONAL BROCHURE



GRANITE BAY WEALTH MANAGEMENT, LLC

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March 14, 2023

This brochure provides information about the qualifications and business practices of Granite Bay Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 888.610.8881 or 603.610.8881. 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. Our registration does not imply a certain level of skill or training.

Additional information about Granite Bay Wealth Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Statement of Material Changes

Granite Bay Wealth Management, LLC is required to disclose any material changes to this ADV Part 2A here in Item 2. There are no material changes to report.

Item 3: Table of Contents

TABLE OF CONTENTS

Item 1:	Cover Sheet	1
Item 2:	Statement of Material Changes	2
Item 3:	Table of Contents	3
Item 4:	Advisory Business.....	4
Item 5:	Fees and Compensation	7
Item 6:	Performance-Based Fees.....	10
Item 7:	Types of Clients	10
Item 8:	Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9:	Disciplinary Information.....	16
Item 10:	Other Financial Industry Activities and Affiliations	16
Item 11:	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	17
Item 12:	Brokerage Practices.....	17
Item 13:	Review of Accounts	20
Item 14:	Client Referrals and Other Compensation	20
Item 15:	Custody.....	20
Item 16:	Investment Discretion	21
Item 17:	Voting Client Securities	21
Item 18:	Financial Information	21

INFORMATIONAL BROCHURE

GRANITE BAY WEALTH MANAGEMENT, LLC

Item 4: Advisory Business

A. Granite Bay Wealth Management, LLC (GBWM) has been in business as an investment advisor since 2015, though its principals, Joseph R. Skees and Paul S. Stanley have each been in the business of providing investment advice for more than 20 years. Mr. Skees and Mr. Stanley rendered investment advice under the trade name of Granite Bay Wealth Management, LLC while still affiliated with their prior firm.

B. GBWM seeks to provide clients with a thoughtful, client centered approach toward asset management and financial planning. In addition, GBWM provides investment consulting services to qualified plans and plan sponsors.

Asset Management

GBWM's client centered approach to asset management begins with investigative client consultation. A representative of GBWM will meet with the client to determine needs and goals, risk tolerance, and any investment restrictions or preferences. This process includes a risk profile that aids in the discovery of the client's actual risk profile. In some cases, the results of this profile differ from a client's stated tolerances, or even what their age or other circumstances would traditionally indicate as an appropriate risk level. Once this is completed, GBWM researches various investment options for the client based on the client's current investments and risk profile and prepares an asset allocation that will serve as a guideline for the client's ongoing investments. For the duration of the relationship, GBWM continues to communicate with the client to ensure that the client's objectives and asset allocation remain optimal for the client's evolving circumstances.

Many clients choose to work with GBWM on both asset management and financial planning, where both services are seamlessly integrated. All asset management clients whose assets are in excess of our minimum \$250,000 account size, may upon request, receive financial planning services as part of their asset management services. In the alternative, clients may choose to work with GBWM for financial planning services on a stand-alone basis, without utilizing GBWM ongoing asset management services, pursuing the financial planning process separately.

In very limited circumstances, GBWM may provide asset management services on a non-discretionary basis. Assets are managed with the same process, but clients are consulted prior to the implementation of recommendations.

Financial Planning

When working with GBWM on financial planning, clients will be led through a series of steps designed to ensure that each client's process is similar, yet the results unique. The process begins with a clear definition between GBWM and the client of each party's responsibilities. This definition is memorialized in a written agreement. GBWM will gather and analyze information, but the firm will not be able to accurately perform their obligations unless the client provides complete and accurate

information. Thereafter, GBWM will interview the client and gather documents from the client which will allow the firm to identify the client's ultimate financial goals, and also develop an outline of the client's current financial circumstances. Once the current circumstances and future circumstances are determined, GBWM will analyze this information in order to determine potential paths toward reaching that particular client's goals, and ultimately present these options and recommendations to the client.

For clients receiving a complete financial plan on a stand-alone basis, the process results in a financial planning document that identifies and explains the recommendations. Planning services that are limited to a specific aspect of a client's financial life may not warrant a plan document, but results and recommendations will be reviewed with a GBWM professional. In either case, it is the client's choice whether to follow the recommendations, and if they choose to do so, whether they will seek assistance from GBWM in implementing the recommendations. Clients who elect to work with GBWM for financial planning and asset management services will have the benefit of GBWM leading an integrated process, whereby financial planning and the direction of asset management are combined, and thus a separate planning document not created. This integration includes the management of the assets identified in the plan in accordance with the directives of the plan, and an ongoing review of the client's goals and maintaining a portfolio that is in keeping with those goals. Asset management processes are described more fully in Item 8 of this brochure.

Subject matters raised will include some or all of the subject fields identified by the Certified Financial Planner Board's Standards of Professional Conduct, which include financial statement preparation and analysis, risk management, employee benefits, investments, income taxes, retirement and estate planning. Frequently, a thorough financial plan will require the assistance of other professionals in implementation. Because GBWM's professionals are neither attorneys nor accountants, no part of their services includes tax or legal advice. However, an attorney may be required for the purpose of executing an estate plan, or an accountant needed for additional tax consultation. If requested, GBWM will provide a recommendation for such a professional, but the client is under no obligation to accept that recommendation. GBWM does not receive any sort of referral fees from professionals it recommends. If you engage any professional recommended by GBWM, and a dispute arises thereafter relative to such engagement, you agree to seek recourse exclusively from and against the engaged professional.

Asset Management – Institutional Intelligent Portfolios™ Program

GBWM has recognized certain clients and their younger family members new to the investing space or with limited assets need an alternative to their traditional asset management methodology and program. For these clients and their families, GBWM will provide portfolio management services through an investment service called Institutional Intelligent Portfolios™, an automated, online investment management platform for use by independent investment advisors offered by Schwab Performance Technologies (the "Program" and "SPT," respectively). Through the Program, GBWM will offer clients a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange traded funds ("ETFs") and a cash allocation. The client's portfolio is held in a brokerage account opened by the client at SPT's affiliate, Charles Schwab & Co., Inc. ("CS&Co"). We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co or their affiliates (together, "Schwab"). The minimum investment required to open an account in the Institutional Intelligent Portfolios Program is \$5,000, therefore enabling certain clients to begin a formal investment program.

We, and not Schwab, are the client's investment advisor and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis.

We have contracted with SPT to provide us with the technology platform and related trading and account management services for the Program. This platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire that helps us determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

Clients do not pay fees to SPT in connection with the Program, but GBWM charges clients a fee for our services as described below under Item 5 Fees and Compensation. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in the client's brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution.

We do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at CS&Co that are not enrolled in the Program. If we do not meet this condition, then we pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of our clients' assets in the Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co.

Retirement Plan Consulting Services

The fiduciaries of self-directed retirement plans (which can include 401(k) plans) are required to, among other things, determine a selection of investments from which the plan's participants choose for their personal allocation in their individual participant account. GBWM provides assistance to plan sponsors in meeting this obligation through a consultative relationship, which includes the selection of the plan investment options in accordance with the plan's objectives, as well as the ongoing monitoring of those options to assist the plan sponsor in determining when changes to these options are needed. This advice is rendered on a non-discretionary basis, meaning the plan sponsor is free to

accept or reject GBWM's recommendations.

C. All engagements are tailored to the specific needs of an individual client. GBWM does not use "model" portfolios where all clients in the model contain the exact same investments. Clients may place reasonable restrictions on the management of assets, including regarding specific securities or types of securities. However, clients should understand that significant restrictions cannot only decrease the ability of GBWM to meet the client's goals, but also increase the costs associated with managing the client's portfolio.

D. GBWM neither participates in, nor sponsors a wrap fee program.

E. As of December 31, 2022, GBWM managed \$252,513,654 in client assets including \$240,239,543 on a discretionary basis.

Item 5: Fees and Compensation

A. Fees Charged

Financial Planning – Stand Alone

Clients who are engaging GBWM for financial planning services without asset management services will do so on an hourly basis. Hourly rates range from \$300 – \$400, depending upon the professional rendering the service. An estimate of total hours to complete the assignment will be determined at the start of the engagement. The estimate is subject to change, depending upon the circumstances that arise during the engagement. Fees are negotiable and will depend on the anticipated complexity of your plan.

Asset Management

GBWM's asset management fees are based on a percentage of the gross market value of a client's assets managed by GBWM, and the fee range generally varies from 0.50% to 1.50% on an annual basis. Fees are negotiable, and may be higher or lower, based on the nature of the account, and the origin of the client, as many clients that have worked with GBWM's professionals in the past and may continue with the fee percentages imposed by the principal's prior firms. Other factors affecting fee percentages include the size of the account, complexity of asset structures, and other factors.

In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of GBWM), GBWM may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client and disclosed prior to services rendered.

Retirement Plan Consulting Services

Generally, GBWM's Retirement Consulting (asset management) fees are based on a percentage of the gross market value of a plan's assets managed by GBWM. Fees are negotiable and will be determined by the scope and nature of the services provided, the size of the account, the complexity of the plan document and other factors. Services may also be performed on an hourly basis in limited circumstances.

Clients should be advised that some clients will not be charged fees for services provided by GBWM. These pro bono clients may be family members, charitable groups, smaller accounts connected to larger, fee paying clients, or other clients at our discretion.

B. Fee Payment

Financial Planning

Generally, fifty percent (50%) of the anticipated financial planning fee will be payable upon signing the Financial Planning Agreement, with the remainder due upon completion of the financial plan. For hourly engagements, the final amount due will be based upon actual hours expended. For fixed fee engagements, the final amount due will be fifty percent (50%) of the fixed fee.

Asset Management

Asset management fees may be paid via a direct debit from a client account, or by some other mutually agreeable method. All asset management fees will be calculated on a quarterly basis, in advance, and the value used will be the gross asset value as of the last market day of the previous quarter. The “gross” asset value relates to the limited number of clients who, at their own election, choose to have margin accounts, which may increase the amount of assets through borrowing. This means that if your annual fee is 1.00%, then each quarter we will multiply the value of your account by 1.00%, then divide 4 to calculate our fee. For assets deposited into or withdrawn from an account after the inception of a billing period, the fee payable is prorated based on the number of days remaining in the billing period. Any adjustments in fees related to the withdrawal of assets in an account will be credited against the next billing period’s investment advisory fees. Additionally, to the extent there is cash in a client’s account, it will be included in the value for the purpose of calculating fees only if the cash is part of an investment strategy. Clients selecting to pay fees in another method will remit payment to GBWM separately.

The client will also receive a statement from their account custodian showing all transactions in their account, including the fee. For clients electing to have fees directly debited from an account, those fees will be debited from the account(s) designated by the client. Clients may elect to have fees for each account paid by that account or paid by another account. Once the fee calculation is made, GBWM will instruct the account custodian to deduct the fee from the applicable account(s) and remit that fee to GBWM.

Clients selecting to pay fees in another method will remit payment to GBWM separately. All invoices are due upon receipt. GBWM reserves the right to discontinue services for non-payment of fees.

C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities. You will be responsible for fees including transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or commissions for the purchase or sale of a stock. Expenses of a fund will not be included in management fees, as they are deducted from the value of the shares by the mutual fund manager. For complete discussion of expenses related to each mutual fund, you should read a copy of the prospectus issued by that fund. GBWM can provide or direct you to a copy of the

prospectus for any fund that we recommend to you. Effective October 7, 2019, Schwab eliminated commissions for online trades of U.S. equities, ETFs and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, you will not have to pay any commissions to Schwab.

As described in Item 4 Advisory Business, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in the client's brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution.

Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

D. *Pro-rata Fees*

If a client engages GBWM to provide asset management services during a billing quarter, the fees for that quarter will be pro-rated according to the number of days left until the next quarter. Likewise, if a client terminates services during a quarter, the client will receive a refund for fees collected in advance but related to services that would have been provided from the date of termination through the end of the billing quarter. In either case, GBWM will calculate the total fee that would be due for the quarter, divide the fee by the number of days in the quarter to arrive at a daily rate, count the number of days the client was or will be a client during that quarter (as applicable) and multiply that number by the daily rate. GBWM will cease to perform services, including processing trades and distributions, upon termination. Assets not transferred from terminated accounts within 30 (thirty) days of termination may be "de-linked", meaning they will no longer be visible to GBWM and will become a retail account with the custodian.

E. *Compensation for the Sale of Securities*

To permit GBWM clients to have access to as many investment solutions as possible, certain professionals of GBWM are registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), a FINRA member broker-dealer. Because PKS supervises the activities of these professionals as registered representatives of PKS, the relationship may be deemed material. However, PKS is not affiliated with GBWM or considered a related party. PKS does not make investment decisions for client accounts. Registered representative status enables these professionals to receive customary commissions for the sales of various securities, including those they recommend to clients. Commissions charged for these products will not offset management fees owed to GBWM, but GBWM will also not include assets purchased on a commission basis through a GBWM professional associated with PKS when calculating the amount of asset management fees due.

Receipt of commissions for investment products that are recommended to clients gives rise to a

conflict of interest for the representative, in that the individual who will receive the commissions is also the individual that is recommending that the client purchase a given product. This conflict is disclosed to clients verbally and in this brochure. Clients are advised that they may choose to implement any investment recommendation through another broker-dealer that is not affiliated with GBWM professionals. GBWM attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge their fiduciary responsibility toward each client.

Item 6: Performance-Based Fees & Side by Side Management

GBWM will not charge performance-based fees.

Item 7: Types of Clients

Clients advised include individuals, trusts, and ERISA plans and their sponsors. GBWM requires each client to place at least \$250,000 with the firm. This minimum may be waived in the discretion of GBWM.

Additionally, the minimum investment required to open an account in the Institutional Intelligent Portfolios Program is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000. Clients eligible to enroll in the Program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

It is important for clients to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

A. Methods of Analysis and Strategies

Each client's portfolio is created through the evaluation of the client's needs that in some cases takes place during a financial planning process. For those clients who have not engaged GBWM to provide financial planning services, portfolio construction originates with an evaluation of each client's investment objectives as well as the client's risk tolerance. Risk tolerance is determined through a client driven questionnaire. Both sources are part of developing a portfolio that takes into consideration the client's investment horizons, ability, and desire to withstand the volatility that can come with investing, and overall goals for each specific portfolio. Where possible, GBWM prefers to include financial planning as part of the asset management process to ensure that all client objectives are being considered. Whether a slow evolution or via a life event, the planning process is designed to thoughtfully incorporate these changes into the investments in the client's portfolio. GBWM wants this process to be a fully cooperative one, and therefore clients of all account sizes are advised to keep GBWM informed of changes in financial circumstances, as these changes could affect the client's asset allocation and financial plan. Additionally, part of the GBWM process may include, where appropriate, involving multiple generations in order to facilitate family financial planning. This can increase the financial education of the later generations and manage expectations. However,

potential for conflicts of interest exist with the exchange of intergenerational information. GBWM attempts to minimize these conflicts by treating each household as its own fiduciary relationship. Information can only be shared across generations with each household's consent.

Because GBWM believes that asset allocation is the single most important factor in determining the long-term results for a client, determining an asset allocation is of paramount importance. GBWM describes for clients three basic asset allocation approaches: Conservative, Moderate, and Aggressive. Each approach is designed to carry a different amount of volatility, and potentially different ways of limiting that volatility, depending on the market conditions at the time. For example, a Conservative portfolio is one where the exposure to asset classes that are particularly prone to volatility, such as stocks, is limited, so that an investor with a Conservative portfolio should not experience the same swings in value as the overall equity markets. An Aggressive portfolio is one where volatility is not of the same concern, as an Aggressive investor is likely to be one with a significantly longer time horizon for investing than their Conservative counterpart. The Moderate approach is a continuum between Conservative and Aggressive.

It is important to note that the asset allocation approaches are not "models" in the sense that clients are not grouped into each approach and always traded together without consideration for each client's specific needs and restrictions. Rather, they assist in expressing to clients how asset allocation, volatility, time horizon and goals meet and together create a portfolio.

The specific securities in each of the five approaches above, and in turn client accounts, are determined by GBWM's view of each type of exposure and its current place in each type of portfolio. GBWM refers to certain asset categories which will comprise each portfolio in differing amounts.

These include, but are not limited to:

Stocks:

- U.S. Large Cap Value
- U.S. Large Cap Growth
- U.S. Small Cap Value
- U.S. Small Cap Growth
- International Developed Market
- International Emerging Market

Bonds:

- U.S. Government Agencies/Treasuries
- Inflation-Adjusted
- U.S. High Rated Corporate
- U.S. Low Rated Corporate
- International Developed Market
- International Emerging Market

It may be a traditional belief that an emerging market mutual fund or Exchange Traded Fund (otherwise known as an "ETF") would be inappropriate for a client using the Conservative approach. However, GBWM believes that proper portfolio construction involves not only diversification, but limiting exposure to assets or asset classes that are highly correlated to one another (meaning that they will behave in a similar manner in similar conditions, thus actually increasing risk). While GBWM is prepared to render advice with regard to any security type, in choosing specific securities GBWM

generally recommends mutual funds and ETFs. GBWM may also recommend the use of options for some client portfolios. In some circumstances the choice between a mutual fund and an ETF is whether GBWM believes there is value added in that particular asset class and specific fund, to the mutual fund's advisor's active management of that fund, as opposed to an ETF which is not actively managed. ETFs may have lower overall costs, but active management can be beneficial, which is why the evaluation of securities for client accounts includes specific consideration as to the balance of being cost-effective with potential added value.

GBWM may also recommend the use of options for some client portfolios.

For the Bond/Fixed Income targeted portion of an account, we often sell cash-secured puts with low strike prices (deep out of the money). This strategy is particularly used when treasury rates and bond yields are comparatively low. In lieu of chasing yield from higher risk bonds, we often sell puts on diversified ETFs. Cash is set aside to secure the short put which collects income for an account. We believe the chance of being assigned and having the cash used to buy the stock ETF to be a reduced risk by setting the strike price low – often at a 10% discount to current market price of the underlying security. Risk is also reduced by keeping expiration dates short – often 3 months. We believe the annualized put income can outperform bond indexes.

For the Stock portion of an account, we often introduce exposure to equities using four approaches:

1. Buy and Hold. We buy a security for the potential of capital appreciation and collect any dividends paid over time.
2. Sell a covered call (buy/write). We buy a security and sell a call. We have the potential of capital appreciation up to the limit of the strike price, but we collect upfront income from selling the call. We also collect any dividends paid over time.
3. Sell a cash-secured put (sometimes margin-secured put). We view this as the most conservative of the four approaches. Instead of buying the security at the current price, we sell a put agreeing to buy the security at a lower price over a certain time period and collect option income for that trade. If the underlying security declines to the strike and an investor now buys the security, then it was better for the investor to be paid option income to buy a security at a lower price than simply buying the security at the inception however, there is no opportunity for capital appreciation with share price increases and a put seller also cannot collect dividends.
4. Buy a deep-in-the-money LEAPS call. We understand buying calls are risky and could result in 100% losses. However, we mitigate some of that risk by buying a call options which expire further into the future. Expiration dates are longer than one year (often two years), giving us extended time for the underlying security to increase or to sell the call and limit downside. We intentionally set the strike price very low – often half of the price as the underlying security, allowing us to reach a breakeven faster. There is no income collected from options or dividends when using this strategy. There is great opportunity for leveraged growth if the underlying security's share price increases.

Part of the security selection process is also the consideration of what assets the client already has in the portfolio. Clients may come to GBWM with a variety of investments, with a variety of custodians. Where possible and advisable, GBWM will advise the transfer of assets in-kind, meaning the asset will not be sold before the account is moved to the custodian under GBWM's advisement.

Some securities may be kept in the portfolio because of tax issues or other costs associated with a transition. To the extent these securities are not sold, GBWM will attempt to build a portfolio taking these securities into consideration and advise the client if there are additional risks associated with keeping a specific security.

B. Material Risks

GBWM's primary strategies do not include frequent trading of securities. It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that while GBWM does not consider short-term trading a strategy for its clients, trades may be made with frequency if conditions and client goals merit it. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. GBWM endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Margin Risk.** "Margin" is typically used to maximize returns on a given investment by using securities in a client account as collateral for a loan from the custodian to the client. The proceeds of that loan are then used to buy more securities. In a positive result, the additional securities provide additional return on the same initial investment. In a negative result, the additional securities provide additional losses. Margin, therefore, carries a higher degree of risk than investing without margin. Any client account that will use margin will do so in accordance with Regulation T. GBWM

only recommends the use of margin as part of its portfolio construction process when the client has an allocation to options. In such circumstances, margin is used only on a temporary basis to secure an option transaction. However, clients may on occasion wish to utilize margin to facilitate some other need or goal. In these cases, the margin will increase the value of the assets in the account, which means the management fees calculated, which are based on account value, will also increase.

- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an advisor who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the advisor to reach satisfactory investment conclusions.

- **Options.** The use of options transactions as an investment strategy involves a high level of inherent risk. Although the intent of many of the options-related transactions implemented by GBWM is to hedge against principal risk, certain options-related strategies (i.e., straddles, short positions, etc), may in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. Clients participating in an options strategy should *carefully* consider all information regarding the strategy and its risks prior to participating.

- **Small Companies.** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company's future. For example, a company's management may lack experience, or the company's capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited as compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short-term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.

- **Concentration Risk.** While GBWM selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of sector specific issue analysis. This means that a client's equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.

- **Transition Risk.** As assets are transitioned from a client's prior advisors to GBWM, there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Where possible, GBWM will maintain securities that come from the client's existing accounts and will not sell a security merely to push the portfolio into line with other accounts GBWM manages. However, in some instances, selling a security is advisable despite costs. GBWM's goal is to minimize costs, which means that the overall transition process to GBWM may take some time as cost considerations are compared with client needs. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of GBWM may adversely affect the client's account values, as GBWM's recommendations may not be able to be fully implemented.

- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns. In addition, significant restrictions may lead to GBWM needing to increase the management fee rate.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had if the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.

C. Security Types

As discussed above, GBWM primarily recommends mutual funds and ETFs. However, GBWM may also utilize stocks, bonds, exchange-traded notes (ETNs), Real Estate Investment Trusts (REITs) and/or options.

Risks Associated with Securities

Exchange Traded Funds: Prices may vary significantly from the Net Asset Value due to market condition. Certain Exchange Traded Funds may not track underlying benchmarks as expected. ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which the clients invest.

Mutual Funds: When a client invests in open-end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). When selecting mutual funds that have multiple share classes for recommendation to clients, the Adviser will take into account the internal fees and expenses associated with each share class, as it is our policy to choose the lowest-cost share class available, absent circumstances that dictate otherwise.

Equity Securities: Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger

companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.

Fixed Income: The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by the Fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.

Item 9: Disciplinary Information

There are no disciplinary items to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-dealer

Neither the principals of GBWM, nor any related persons are registered, or have an application pending to register, as a broker dealer or as an associated person of the foregoing entities.

Please see response to Item 5E with regard to the affiliation of certain GBWM professionals with PKS.

B. Futures Commission Merchant/Commodity Trading Advisor

Neither GBWM nor the principals of GBWM, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Relationship with Related Persons

Some individuals associated with GBWM are separately licensed as an independent insurance agent. As such, these individuals may conduct insurance product transactions for GBWM, in their capacity as a licensed insurance agent, and will receive customary commissions for these transactions in addition to any compensation received through GBWM. This means that when making financial planning recommendations, these GBWM professionals may recommend that a client purchase insurance products, which can be purchased through that same professional for a commission. The receipt of additional compensation for insurance commissions is a conflict of interest, and clients should be aware of this conflict when considering whether to engage GBWM or utilize a GBWM professional to implement any insurance recommendations. GBWM attempts to mitigate this conflict by disclosing the conflict verbally and in this brochure, as well as requiring all employees to confirm their fiduciary responsibility to each client.

- D. Recommendations of other Advisors

This item is not applicable, as GBWM does not recommend the use of third-party managers.

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

- A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.
- B. This item is not applicable. GBWM does not recommend to clients that they invest in any security in which GBWM or any principal thereof has any financial interest.
- C. On occasion, an employee of GBWM may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

Item 12: Brokerage Practices

- A. Recommendation of Broker-Dealer

GBWM does not maintain custody of client assets, though GBWM may be deemed to have custody if a client grants GBWM authority to debit fees directly from their account (see Item 15 below). Assets will be held with a qualified custodian, which is typically a bank or broker-dealer. GBWM recommends that investment accounts be held in custody by Schwab Advisor Services ("Schwab"), which is a qualified custodian, but also may recommend other custodians if the specific client's needs merit such a recommendation. GBWM is independently owned and operated and is not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when GBWM instructs them to, which GBWM does in accordance with its agreement with you. While GBWM recommends that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. GBWM does not open the account for you, although GBWM may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

Client accounts enrolled in the Program are maintained at, and receive the brokerage services of, CS&Co, a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co as custodian/broker to enroll in the Program, you will decide whether to do so and will open your account with CS&Co. by entering into an account agreement directly with them. We do not open the account for you. If you do not wish to place your assets with CS&Co, then we cannot manage your account through the Program. CS&Co may

aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Program.

How we select brokers/custodians

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including both quantitative (i.e., costs) and qualitative (execution, reputation, service) factors. We do not consider whether Schwab or any other broker-dealer/custodian refers clients to GBWM as part of our evaluation of these broker-dealers.

Your brokerage and custody costs

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer, but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians").

Products and services available to us from Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like GBWM. They provide GBWM and our clients with access to its institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help GBWM manage or administer our clients' accounts, while others help GBWM manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to GBWM. Following is a more detailed description of Schwab's support services:

Services that benefit you

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services that may not directly benefit you

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that provide access to client account data (such as duplicate trade confirmations and account statements).

- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services that generally benefit only us

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Our interest in Schwab's services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. With respect to the Program, as described above under Item 4 Advisory Business, we do not pay SPT fees for its services in connection with the Program so long as we maintain \$100 Million in client assets in accounts at CS&Co that are not enrolled in the Program. We may have an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

Directed Brokerage

GBWM will, on occasion, allow directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and GBWM will not seek better execution services or prices from other broker-dealers or be able to "batch" the

client's transactions for execution through other broker-dealers with orders for other accounts managed by GBWM. As a result, 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.

We do not consider whether Schwab or any other broker-dealer/custodian refers clients to GBWM as part of our evaluation of these broker-dealers.

B. Aggregating Trades

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, execute one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence. (For example, if a *pro rata* division would result in a client receiving a fraction of a share, or a position in the account of less than 1%.) Schwab does not provide GBWM clients with a decreased commission rate for aggregated trades.

Item 13: Review of Accounts

- A. All accounts will be reviewed by a senior professional on at least a quarterly basis.
- B. It is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger an additional review.
- C. Clients will receive written reports (which may be delivered, with client consent, electronically via GBWM's web portal) on at least a quarterly basis which will include information related to portfolio performance, the market conditions during the quarter and future market outlook.

Item 14: Client Referrals and Other Compensation

- A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.

GBWM receives an economic benefit from Schwab in the form of the support products and services it makes available to GBWM and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit the firm, and the related conflicts of interest are described above (see Item 12—Brokerage Practices). The availability of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

- B. Compensation to Non-Advisory Personnel for Client Referrals.

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

Item 15: Custody

Under government regulations, GBWM is deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account or we act pursuant to a Standing Letter of Authorization ("SLOA") or similar instrument. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on your quarterly report prepared by GBWM against the information in the statements provided directly from Schwab. Please alert us to any discrepancies.

In addition to the account custodian's custody procedures, clients issuing SLOAs will be requested to confirm, in writing, that the accounts to which funds are distributed are parties unrelated to GBWM.

Item 16: Investment Discretion

Please see Item 8, which describes GBWM's approach to asset management.

GBWM manages accounts on a discretionary basis. This means that GBWM will make decisions and implement those decisions to buy, sell or hold securities, cash or other investments without consulting with the client before implementation. This discretion is limited, in that we will only implement recommendations that meet a client's investment objectives. Clients will be required to execute an agreement with GBWM and account opening documents with the custodian granting a limited power of attorney to GBWM for the purpose of trading in the account. As discussed in Item 8, clients may place reasonable restrictions on the management of their accounts.

Item 17: Voting Client Securities

A. Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. GBWM will not accept authority to vote client securities.

B. Clients will receive their proxies directly from the custodian for the client account. GBWM will not give clients advice on how to vote proxies.

Item 18: Financial Information

GBWM does not require the prepayment of fees more than six (6) months or more in advance and, therefore, has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to

impair our ability to meet our contractual obligations to our clients.