

**Graves Light Lenhart Wealth, Inc.**

dba



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This brochure provides information about the qualifications and business practices of Graves Light Lenhart Wealth, Inc. dba Graves Light Lenhart (hereinafter “GLL” or the “Firm”). If you have any questions about the contents of this brochure, please contact Jeff Lenhart at (540-433-3076) or by email [jeff@gllwealth.com](mailto:jeff@gllwealth.com).

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 GLL is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). GLL is a registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this item, GLL is required to discuss any material changes that have been made to this Brochure since March 31, 2022. This is an Annual Amendment Filing of Form ADV Part 2A. It replaces our previous Annual Amendment Filing on March 31, 2022.

Since March 31, 2022, we have revised our disclosure to reflect the following material changes:

- We removed the Sponsor and Manager of Wrap Program section of Item 4: Services, Fees, and Compensation, along with any references to the Wrap Program throughout the document, as we no longer sponsor or manage the Graves Light Lenhart Wrap Fee Program or any other Wrap Fee Program.
- We removed the Use of Independent Managers section of Item 4: Services, Fees, and Compensation, along with any references to Independent Managers throughout the document, as we no longer use Independent Managers to manage any portion of client assets.

We may, at any time, update this Brochure and either send you a copy or offer to send you a copy, either by electronic means (email) or in hard copy form. If you would like another copy of this Brochure, you may contact us by telephone (540-433-3076) or email ([jeff@gllwealth.com](mailto:jeff@gllwealth.com)) to request one. Alternatively, you may download the electronic version of this Brochure at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

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## Item 4. Services, Fees, and Compensation

GLL offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to GLL rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with GLL setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

GLL has been in business as a registered investment adviser since August 31, 2018, and is owned by Asa Wesley Graves VII, John Douglas Light, and Jeffrey Grant Lenhart. As of the December 31, 2022, GLL had \$933,661,749 in assets under management, of which \$903,887,214 was managed on a discretionary basis and \$29,774,535 was managed on a non-discretionary basis.

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

### Financial Planning and Consulting Services

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GLL offers clients a broad range of financial planning and consulting services, which include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Financial Reporting
- Investment Consulting
- Insurance Planning
- Retirement Planning
- Risk Management
- Charitable Giving
- Distribution Planning
- Tax Planning
- Manager Due Diligence

These services are rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below) and not offered on a stand-alone basis.

In performing these services, GLL 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. GLL recommends certain clients engage GLL for additional related services, or its Supervised Persons in their individual capacities as licensed insurance agent and or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for GLL to recommend that clients engage GLL or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services. Clients retain absolute discretion over all decisions regarding

implementation and are under no obligation to act upon any of the recommendations made by GLL under a financial planning or consulting engagement. Clients are advised that it remains the client's responsibility to promptly notify GLL of any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating or revising GLL's recommendations and/or services.

### **Wealth Management Services**

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GLL manages client investment portfolios on a discretionary or non-discretionary basis. In addition, GLL provides certain clients with wealth management services which include a broad range of financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios.

GLL primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, and options in accordance with their stated investment objectives.

Where appropriate, GLL also provides advice about any type of legacy position or other investment held in client portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by GLL unless specifically agreed upon. Clients can engage GLL to manage and/or 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, GLL directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company, or the custodian designated by the product's provider.

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

## Retirement Plan Consulting Services

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GLL 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 includes any or all of the following services:

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

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by GLL 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 GLL’s fiduciary status, the specific services to be rendered and all direct and indirect compensation GLL reasonably expects under the engagement.

## Fiduciary Responsibility for Retirement Accounts

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When we provide investment advice to a client regarding a retirement plan account or individual retirement account, GLL is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act (ERISA) and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way GLL makes money creates some conflicts with your interests, so we operate under a special rule that requires us to act in the best interest of the client and not put GLL’s interest ahead of the client’s interest.

Under this special rule’s provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put GLL’s financial interests ahead of the client’s financial interests when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interests, fees and investments;
- Follow policies and procedures designed to ensure that GLL gives advice that is in the best interest of the client;
- Charge no more than is reasonable for services provided; and
- Give the client basic information about conflicts of interest.

## Item 5. Fees and Compensation

GLL charges fees based upon the amount of assets under management. Additionally, certain of GLL's Supervised Persons, in their individual capacities, offer insurance products under a separate commission-based arrangement.

### Wealth Management Fees

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GLL offers investment management services for an annual fee based on the amount of assets under GLL's management based on the following fee schedule:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>BASE FEE</u></b>
Up to \$1,000,000	0.90%
\$1,000,001 - \$2,500,000	0.75%
\$2,500,001 - \$12,500,000	0.50%
Above \$12,500,000	0.35%

The annual fee is based on a tiered system. All clients pay 0.90% on the first \$1,000,000 and 0.75% on the next \$1,500,000 and so on. For example, if a client had \$2,500,000 invested with GLL, the blended rate would be 0.83%.

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by GLL on the last day of the previous billing period. If assets in excess of \$50,000 of the existing portfolio value 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 interim change in portfolio value.

Additionally, for asset management services GLL provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), GLL may negotiate a fee rate that differs from the range set forth above. Clients are advised that a conflict of interest exists for GLL to recommend that clients engage GLL for additional services for compensation, including rolling over retirement accounts or moving other assets to GLL's management. Clients retain absolute discretion over all decisions regarding engaging GLL and are under no obligation to act upon any of the recommendations.

For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

## **Retirement Plan Consulting Fees**

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In those situations where GLL has agreed to manage a plan's assets, GLL charges an annual asset-based fee between 25 and 90 basis points (0.25% – 0.90%), depending upon the amount of assets to be managed.

## **Fee Discretion**

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GLL may, in its sole discretion, 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/legacy client relationship, account retention and pro bono activities.

## **Additional Fees and Expenses**

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In addition to the advisory fees paid to GLL, clients 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 include securities brokerage commissions, mark-ups and mark-downs on fixed income transactions, other transaction fees, custodial fees, reporting charges, margin costs, 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. GLL's brokerage practices are described at length in Item 12, below.

## **Direct Fee Debit**

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Clients provide GLL with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which GLL retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to GLL. Alternatively, clients may elect to have GLL send a separate invoice for direct payment.

## **Use of Margin**

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In limited circumstances, GLL will be authorized to use margin in the management of the client's investment portfolio. In these cases, the fee payable will be assessed gross of margin



such that the market value of the client's account and corresponding fee payable by the client to GLL will be increased. Where investment management fees are assessed gross of margin, a conflict of interest exists as GLL has an incentive to use margin to increase its fees.

### **Account Additions and Withdrawals**

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Clients can make additions to and withdrawals from their account at any time, subject to GLL's right to terminate an account. Additions can be in cash or securities provided that GLL reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients can withdraw account assets on notice to GLL, subject to the usual and customary securities settlement procedures. However, GLL designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. GLL 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, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

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

GLL 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**

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

### **Minimum Account Value**

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As a condition for starting and maintaining an investment management relationship, GLL imposes a minimum portfolio value of \$1,000,000. GLL may, in its sole discretion, accept clients with smaller portfolios based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities. GLL only accepts clients with less than the minimum portfolio size if GLL determines the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's

identified risk tolerance. GLL may aggregate the portfolios of family members to meet the minimum portfolio size.

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

Client accounts will be managed through the prism of a top-down philosophy, focusing on proper strategic asset allocation target ranges. Furthermore, each selected target allocation may be massaged by tactical asset allocation decisions based upon GLL's estimation of current and prospective economic and capital market variables. Unless there are extraordinary circumstances, actual asset allocations of the accounts are not expected to deviate by more than fifteen percent from the strategic asset allocation parameters identified as appropriate by both GLL and the client. However, allocation targets may be temporarily violated under unusual market conditions for purposes of reducing overall portfolio risk (i.e., higher than normal levels of cash). If such actions are taken, GLL will promptly communicate the implementation and rationale for the change.

For the equity component, GLL's tactical allocation constraints are anticipated to be approximately 0.5 to 2.0 times the actual industry weighting of the S&P 500. GLL often utilizes a core/satellite strategy which utilizes ETF securities to form the skeleton of the portfolio, complimented with individual stocks to overweight certain industry and/or market capitalization targets. No individual security is expected to constitute more than eight percent of the portfolio, with the notable exception of ETF securities (due to their diversified nature), unless dictated by client circumstances (i.e., company stock, tax considerations, etc.).

However, it should be noted that diversification cannot eliminate the risk of fluctuating prices and uncertain returns.

#### **Investment Methodology and Strategies**

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GLL's portfolio management process is focused on long-term results. While officially style agnostic, GLL's individual equity selection process tends to favor high-quality securities as opposed to fast-growing companies with volatile fundamentals. Individual equity security selection will be determined through a combination of fundamental, technical, and quantitative analysis. In addition, GLL's process can incorporate client preferences, within reason.

GLL's fixed income strategies are largely determined by individual client needs. For example, high net worth individuals entering into their retirement years often require investment-grade municipal bonds for maximum after-tax income. In addition, clients with defined liabilities maturing at a known period in the future require a fixed income portfolio with proper duration and/or cash flow matching.

GLL's fixed income investing philosophy is primarily focused on unleveraged yield maximization, duration matching, and asset allocation/portfolio risk reduction strategies. Instruments utilized will range from government bonds (both coupon and zero-coupon), investment-grade corporate securities, diversified portfolios of High-Yield securities, municipal bonds (when appropriate), GNMMAs, and CMO securities. Importantly, our strategies often incorporate relatively modest allocations to below-investment grade fixed income securities or other aggressive investments.

### **Risk of Loss**

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The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to GLL's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging GLL to provide investment management services on their behalf.

*Market Risks.* Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of GLL's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that GLL will be able to predict these price movements accurately or capitalize on any such assumptions.

*Volatility Risks.* The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

*Cash Management Risks.* GLL may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

*Equity-Related Securities and Instruments.* GLL may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and

financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

*Fixed Income Securities.* Fixed income securities are subject to various risks, including the following risks:

*Credit Risk.* The creditworthiness of the issuer and/or guarantors will impact the value of the fixed-income securities. Such creditworthiness can be impacted by a variety of economic, market, and issuer-specific circumstances. Such creditworthiness can also be impacted by actions taken by credit rating agencies. The downgrade of an issuer or its securities by a rating agency can negatively impact the value of related fixed income securities.

*Default Risk.* If an issuer or any guarantor is unable to make principal and interest payments in a timely fashion, the value of the subject securities could be significantly impaired.

*Interest Rate Risk.* This is the risk that a security's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve, or in any other interest rate relationship.

*Call and Prepayment Risk.* Call and prepayment risk is concerned with the holders having their bonds paid off earlier than the maturity date. This is due to decreasing market rates, which cause the issuer to call the bonds.

*Inflation Risk.* Inflation Risk is also known as Purchasing Power Risk, this risk arises from the decline in value of a securities cash flow due to inflation, which is measured in terms of purchasing power.

*Credit Spread Risk.* This type of credit risk deals with how the spread of an issue over the treasury curve will react. Spreads tend to widen in poor performing economies.

*Liquidity Risk.* This risk is concerned with an investor having to sell a fixed income security at a price below its indicated value, the indication having come from a recent transaction.

*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 potentially 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.

*Options.* Options allow investors to buy or sell a security at a contracted "strike" 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 (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of 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/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

*Use of Margin.* While the use of margin borrowing for investments can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

### **Item 9. Disciplinary Information**

GLL 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**

This item requires investment advisers to disclose certain financial industry activities and affiliations.

### **Licensed Insurance Agents**

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A number of GLL's Supervised Persons are licensed insurance agents and offer certain insurance products on a fully disclosed commissionable basis. A conflict of interest exists to the extent that GLL recommends the purchase of insurance products where its Supervised Persons are entitled to insurance commissions or other additional compensation. GLL has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

## **Item 11. Code of Ethics**

GLL 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. GLL's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material nonpublic information by GLL 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 GLL's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, GLL's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with GLL's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

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

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

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and (iv) shares issued by other unaffiliated open-end mutual funds.

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

## **Item 12. Brokerage Practices**

### **Recommendation of Broker-Dealers for Client Transactions**

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GLL recommends that clients utilize the custody, brokerage and clearing services of Charles Schwab & Co., Inc. through its Schwab Advisor Services division ("Schwab") for investment management accounts. The final decision to custody assets with Schwab is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. GLL is independently owned and operated and not affiliated with Schwab. Schwab provides GLL with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which GLL considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab enables GLL to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. Schwab has also agreed to reimburse clients for exit fees associated with moving accounts to Schwab. The reimbursement is only available up to a certain amount for all of GLL's clients over a twelve-month period. Fees are reimbursed on a first-come-first-served basis so that no clients are favored. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by GLL's clients to Schwab comply with GLL'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 GLL 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. GLL seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom GLL and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist GLL in its investment decision-making process. Such research will be used to service all of GLL's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because GLL does not have to produce or pay for the products or services.

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

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

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GLL receives without cost from Schwab administrative support, computer software, related systems support, as well as other third-party support as further described below (together "Support") which allow GLL to better monitor client accounts maintained at Schwab and otherwise conduct its business. GLL receives the Support without cost because GLL renders investment management services to clients that maintain assets at Schwab. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits GLL, but not its clients directly. Clients should be aware that GLL's receipt of economic benefits such as the Support from a broker dealer creates a conflict of interest since these benefits may influence GLL's choice of broker-dealer over another that does not furnish similar software, systems support or services, especially because the support is contingent upon clients placing a certain level(s) of assets at Schwab. In fulfilling its duties to its clients, GLL endeavors at all times to put the interests of its clients first and has determined that the recommendation of Schwab is in the best interest of clients and satisfies GLL's duty to seek best execution.

Specifically, GLL receives the following benefits from Schwab: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and



access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to GLL other products and services that benefit GLL but may not benefit its clients' accounts. These benefits may include national, regional, or Firm specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of GLL by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist GLL in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of GLL's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of GLL's accounts, including accounts not maintained at Schwab. Schwab also makes available to GLL other services intended to help GLL manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to GLL by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to GLL. While, as a fiduciary, GLL endeavors to act in its clients' best interests, GLL's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

### **Brokerage for Client Referrals**

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GLL does not consider, in selecting or recommending broker-dealers, whether GLL receives client referrals from the Financial Institutions or other third party.

## Directed Brokerage

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The client may direct GLL 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 GLL 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 GLL (as described above). 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. Subject to its duty of best execution, GLL may decline a client’s request to direct brokerage if, in GLL’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).

## Trade Aggregation

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Transactions for each client will be effected independently, unless GLL decides to purchase or sell the same securities for several clients at approximately the same time. GLL 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 GLL’s client’s 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 GLL’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that GLL determines to aggregate client orders for the purchase or sale of securities, including securities in which GLL’s Supervised Persons may invest, GLL 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. GLL does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that GLL determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which 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, GLL may exclude the account(s) from the allocation and 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.

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

#### **Account Reviews**

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GLL monitors client portfolios on a continuous and ongoing basis while regular internal account reviews are conducted on at least a quarterly basis. Such reviews are conducted by GLL's Principals. GLL strives to have in-person or video conference meetings with clients every 12 months with a preference for more frequent consultations. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with GLL and to keep GLL informed of any changes thereto. GLL contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

#### **Account Statements and Reports**

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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 also receive written or electronic reports from GLL 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 any documents or reports they receive from GLL or an outside service provider.

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

#### **Client Referrals**

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GLL does not currently provide compensation to any third-party solicitors for client referrals.

## **Other Compensation**

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GLL receives economic benefits from Schwab. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

## **Item 15. Custody**

GLL is only deemed to have custody of client funds and securities for the sole purpose of debiting advisory fees from client's accounts. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period. In addition, as discussed in Item 13, GLL will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from GLL.

## **Standing Letters of Authorization**

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GLL is also deemed to have custody due to clients giving GLL limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client.

In such circumstances, GLL will implement the steps in the SEC's no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize GLL to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) GLL will have no authority or ability to designate or change the identity or any information about the third party; vi) GLL will keep records showing that the third party is not a related party of GLL or located at the same address as GLL; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

## **Item 16. Investment Discretion**

### **Discretionary**

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GLL is given the authority to exercise discretion on behalf of clients. GLL is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in

client accounts without first seeking their consent. GLL is given this authority through a power-of-attorney included in the agreement between GLL and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). GLL 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;
- The broker-dealer that executes trades (in the case of a prime brokerage relationship)

### **Non-Discretionary**

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If client decides to grant trading authorization on a non-discretionary basis, GLL is required to contact the client before implementing changes in their account. Therefore, client will be contacted and required to accept or reject GLL's investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, GLL will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If client's accounts are managed on a non-discretionary basis and GLL is unable to reach the client or the client is slow to respond to GLL's request, such delay can have an adverse impact on the timing of trade implementations, and GLL may not achieve the same execution price.

### **Item 17. Voting Client Securities**

GLL does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact GLL at the contact information on the cover of this brochure with questions about any such issuer solicitations.

### **Item 18. Financial Information**

GLL is not required to disclose any financial information due to the following:

- GLL does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;

- GLL does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- GLL has not been the subject of a bankruptcy petition at any time during the past ten years.