



# Gladstone Wealth Partners

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Form ADV Part 2A – Disclosure Brochure

September 2024

This Form ADV Part 2A brochure (“Brochure” or “Disclosure Brochure”) provides information about the qualifications and business practices of Gladstone Wealth Partners (referred to as “Gladstone,” “we” “our,” “us,” Firm,” or “Adviser”). If you have any questions about the contents of this brochure, please contact us at by phone at (908) 719-1313.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC” or “the Commission”) or by any state securities authority. Registration with the SEC does not imply any specific level of skill or training. This Brochure provides information about Gladstone to assist you in determining whether to retain the Adviser.

Additional information about Gladstone and its investment adviser representatives (“IARs”) is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) [by searching our Firm name or our CRD No. 250787](#).

## **Item 2. Material Changes**

Gladstone Wealth Partners (“Gladstone”) filed its last annual update and distribution for its Form ADV Part 2A Firm Brochure (“brochure”) on June 25, 2024.

- Gladstone has moved our Home Office from 2500 N. Military Trail, Suite 225, Boca Raton, FL 33431 to 2000 PGA Blvd, Suite 4440, Palm Beach Gardens, FL 33408.
- Gladstone has moved our Operational Headquarters from 4 Mill Ridge Lane, 2<sup>nd</sup> Floor, Chester, NJ 07930 to 1545 US-206, Suite 300, Bedminster, NJ 07921.

From time to time, we amend this brochure to reflect changes in our business practices, changes in regulations, and routine updates as required by securities regulators. Our complete brochure or a summary of material changes will be provided to you at least annually.

At any time, you may view our current brochure online at the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching our Firm name or CRD No. 250787. You may also request a copy of our brochure at any time by contacting your investment adviser representative or us at (908) 719-1313.

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## **Item 4. Advisory Business**

### *Firm Description*

Gladstone Wealth Partners (referred to as “Gladstone,” “we,” “us,” “our,” “Firm,” or “Adviser”) is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”) pursuant to the Investment Advisers Act of 1940. Gladstone was established in 2015 and is principally owned by Integrity Wealth, LLC, an indirect wholly owned subsidiary of Integrity Marketing Partners, LLC. Gladstone is based in Boca Raton, Florida, and is organized as a limited liability company under the state laws of Delaware. Gladstone is a fee-only registered investment adviser that primarily provides asset management, retirement, financial planning, and consulting services to individuals, high-net worth individuals, corporations and other business entities, pension and profit-sharing plans, and charitable organizations (each referred to as a “client” or collectively as “clients”) as described below. As of December 31, 2023, Gladstone has \$4,003,875,594 regulatory assets under management of which \$3,989,903,107 is managed on a discretionary basis and \$13,972,487 is managed on a non-discretionary basis.

Gladstone serves as a fiduciary to investment advisory clients as defined under applicable laws and regulations. As a fiduciary, we have a duty which requires us to act in good faith with the degree of care, skill, prudence, and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use, in providing investment advice and managing client assets.

Gladstone’s business model is based on a network of investment adviser representatives (“IAR,” “representative,” or “supervised person”) with offices located throughout the United States. Investment adviser representatives operate their business as independent contractors and are subject to our supervision and oversight from a centralized location. It is important to understand that the more assets there are in your account, the more you will pay in fees. Our investment adviser representatives are paid a portion of those fees for delivering investment advisory services to you. The portion of fees that an investment adviser representative receives is not incentive-based but can vary based on the specific agreement the investment adviser representative negotiated with the Firm.

Many of our investment adviser representatives engage in business activities that may create conflicts of interest when providing client recommendations. Further information about the investment adviser

representative managing your account, as well as potential conflicts that may impact their recommendations, are outlined in the individual representative's Form ADV, Part 2B, Brochure Supplement provided to you when you opened your advisory account. Contact your investment advisor representative or us at (908) 719-1313 if you need an additional copy of your representative's Brochure Supplement.

### *Types of Advisory Services Offered*

We offer investment advisory services primarily to retail investors. These services include portfolio management services through wrap fee programs, including accounts managed directly by your Gladstone Wealth Partners' investment adviser representative and/or a sub-adviser. Through personal discussions with each client, questionnaires and/or requests for documentation, Investment adviser representatives will gather and analyze information regarding each client's current investments, goals and objectives, financial circumstances, investment experience, limitations, and risk tolerance, among other information. If appropriate, based on this analysis, the representative will either develop and directly manage the client's portfolio, which may include recommendation of one or more sub-advisers, or an investment program sponsored by a sub-adviser, and if applicable, assist the client in selecting a model portfolio offered by a recommended sub-adviser. Sub-advisers may outsource the construction, monitoring, or modification of their portfolios to other third parties at their own expense and in their discretion.

When directly managing a client account, the investment adviser representative will create a portfolio typically consisting of one or more of the following: individual equities, bonds, mutual funds, exchange traded products (ETPs), cash and cash equivalents, and/or other investment products. The representative will typically allocate the client's assets among various investments taking into consideration the overall management style selected by the client. If appropriate, the representative may recommend that all or a portion of the client's account be managed by one or more sub-advisers subject to the representative's supervision. Portfolio weighting among various investments and market sectors will be determined by each client's individual needs and circumstances.

Investment adviser representatives are required by applicable laws, rules, regulations, and Firm policies to obtain certain licenses or credentials and complete regular training in order to recommend particular investments, products, and/or services. Your investment adviser representative, depending on their licenses or training, may or may not be able to recommend or utilize certain broker/custodians, investment strategies, programs, or services. Please ask your investment adviser representative whether any limitations apply.

### *Wrap Fee Programs*

A wrap fee program is any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services, which may include portfolio management or advice concerning the selection of other investment advisers, and the execution of client transactions. In other words, transactions in a client's wrap fee account are generally effected without separate commission charge to the client and a portion of the wrap fee is generally considered as being in lieu of commissions. Depending on the program, wrap fee clients will incur certain additional costs, such as custodial fees, odd-lot differentials, step-out fees (when trades are placed with a broker other than the custodial broker), fees and expenses charged by mutual funds and exchange traded products (ETPs) to their shareholders, exchange fees, transfer taxes, wire transfer and electronic fund fees and certain administrative fees charged in connection with wire transfers or certificate issue. In general, a wrap fee account is more cost effective for the client when periodic trading activity is anticipated, though a wrap fee account may be more expensive than a non-wrap fee account when trading activity is low. Each wrap fee program offered by Gladstone Wealth Partners is described in a separate disclosure document (Form ADV, Part 2A, Appendix 1, Wrap Fee Brochure) that will be delivered to the client, as applicable. A firm brochure will also be provided for any third-party investment adviser that provides advisory services to a client as part of the wrap fee program.

Each account is managed by one or more investment adviser representative who serves as the primary point of contact between the Firm and the client and who determines which available resources to utilize in connection with providing individualized investment advisory services. Some investment adviser representatives choose to incorporate more available resources in their provision of investment advisory services than others. Investment strategies utilized by investment adviser representatives can vary greatly as warranted by individual circumstances. Not all services are available to all clients, through all investment adviser representatives, or in all jurisdictions.

Recommendations presented to clients by Gladstone Wealth Partners and the implementation of such recommendations are dependent upon the information provided by the client to build the client's financial profile, which outlines each client's current situation (e.g., income, investment objectives, and risk tolerance levels) and is used to construct a client specific action plan to aid in the selection of an investment program, portfolio and, as appropriate, a sub-adviser, that matches their restrictions, needs, and targets. Gladstone Wealth Partners encourages clients to notify their investment adviser representative promptly if they experience any material change in their financial circumstances or investment goals.

Clients may impose reasonable restrictions on the management of their account. All restrictions or requests to change investment strategies must be submitted in writing to your investment adviser representative. Based on their nature, however, clients may not set restrictions on the management of

certain sub-advisers, the subaccounts for variable annuities or the management of plan participant accounts. Should the restrictions prevent Gladstone Wealth Partners from properly servicing the client account, or if the restrictions would require Gladstone Wealth Partners to deviate from its standard suite of services, Gladstone Wealth Partners reserves the right to refuse or terminate the relationship, as applicable.

When transferring your account to be invested, generally, existing positions will be liquidated. Liquidation of your account likely will have tax consequences, which you should discuss with your tax adviser. However, if there are certain securities you own that you do not want to liquidate, you must notify your investment adviser representative in writing and they will be transferred in-kind for custody, but neither Gladstone Wealth Partners nor the sub-adviser, as applicable, will advise on those positions. Any transaction costs incurred in the liquidation of transferred assets are the responsibility of the client.

In addition to Gladstone Wealth Partners' disclosures, clients should carefully review the Form ADV, Part 2A Disclosure Brochure or Appendix 1, Wrap Fee Program Brochure, and Form CRS for any recommended sub-adviser and program for important additional information regarding the sub-adviser's services, fees, conflicts of interest and other important information. Depending on client preference, Gladstone Wealth Partners may retain the discretionary authority to hire and fire sub-advisers, as necessary, to better service our clients' accounts.

Recommended investment programs are detailed below and in separate disclosure brochures, as applicable. For all portfolio management services programs, Gladstone provides continuous and regular supervisory or management services. None of the services described herein are intended as, or meant to be, a substitute for legal, accounting, or tax advice. There can be no assurance that any advisory service or investment strategy will produce favorable results or will be successful in achieving a client's investment goals and objectives.

### *1. Strategic Wealth Management*

Strategic Wealth Management ("SWM") is a Gladstone sponsored wrap fee program where the investment adviser representative tailors advisory services to the individual needs of the client based on investment objectives chosen by the client. Accounts are custodied at LPL Financial, LLC ("LPL"), an unaffiliated SEC-registered broker dealer and FINRA/SIPC member where LPL provides clearing, custody, or other brokerage services. Clients can elect to have a discretionary or non-discretionary advisory account. A discretionary account is an account that gives the investment adviser representative the authority to make individual trade without the consent of the client. A non-discretionary account is an account where the client ultimately decides whether or not to make a trade. Depending on the investment strategy, securities used in SWM include equities, fixed income securities, mutual funds, ETPs, and alternative investments, but can include other securities

and products available on the platform. If structured products, alternative investments, or annuities are utilized as part of the investment strategy, the assets will be reported on LPL's account statements, but the actual securities are typically held with and valued by the specific issuer. There is no minimum account size in the SWM program. Clients can impose restrictions on investing in certain securities or groups of securities in the Investment Management Agreement or by notifying the investment adviser representative in writing. Given the long-term nature of many of the individual strategies employed in the program, an account may have little or no trading activity during a given period. Clients should refer to LPL's pricing guide/fee schedule for specific information regarding services that have associated fees which are separate from and in addition to the fees the client pays us.

## *2. Manager Asset Select*

Manager Asset Select ("MAS") is an LPL sponsored wrap fee program that makes available to investment adviser representatives and their clients the investment advisory services and/or model portfolios of third-party portfolio management firms. MAS offers two alternatives (i) the Separately Managed Account Platform ("SMA Platform"); and (ii) the Model Portfolio Platform ("MP Platform" and collectively the "Platforms"). LPL serves as the custodian of the assets, typically provides brokerage and execution services as broker-dealer on transactions, and performs administrative services, such as billing and reporting. The Platforms' portfolio manager, and not the investment adviser representative, has authority to purchase and sell securities on a discretionary basis. The investment adviser representative assists the client to determine the client's financial circumstances, and to identify any investment restrictions on the management of the account, and, in the case of the SMA Platform, to select an investment strategy and SMA portfolio manager, or in the case of the MP Platform, to select a model portfolio provided by LPL's Research Department or third-party investment advisor(s).

Minimum account values vary based on money manager and strategy, starting at \$50,000. Each manager may set a minimum account size above the Platform minimum. Clients should note that an account will not be invested until the applicable minimum for the investment strategy of the model portfolio or model advisor has been reached. Clients should consult with their investment adviser representative to obtain more information about the applicable investment minimum based on the strategy selected.

Gladstone is unaffiliated with LPL and any third-party portfolio management firms utilized under the MAS program. Clients should refer to their account application package and applicable third-party portfolio manager firm brochure for specific information on fees imposed which are separate from and in addition to the fees the client pays to us.



### *3. Model Wealth Portfolios*

Model Wealth Portfolios (“MWP”) is an LPL sponsored wrap fee program that offers clients professionally managed asset allocation models designed by LPL or other third-party investment advisor firms. The investment adviser representative assists the client to determine the client’s financial circumstances, including investment objectives and risk/return preferences, and to identify any investment restrictions on the management of the account. The investment adviser representative exercises discretion with respect to one or more model portfolio of securities in connection with providing investment advice. Portfolios are designed by LPL’s Research Department or a third-party investment strategist consistent with the client’s stated investment objectives. MWP portfolios typically contain mutual funds, ETPs, closed-end funds, or equities, but may contain other securities. The investment adviser representative provides ongoing advice on the selection or replacement of a portfolio based on the client’s individual needs. The investment adviser representative may choose more than one portfolio strategy to be managed within a single MWP account. The investment strategist is responsible for selecting the securities within a portfolio and for making changes to the securities selected. LPL has discretion to buy and sell securities in the account according to the Portfolio selected and liquidate previously purchased securities that are transferred into the account. LPL acts as the overlay manager in coordinating the trades in the account. LPL tracks the portfolios, applying discretion only to address particular account issues, including tax rebalancing, loss harvesting, customized requests, and investment restrictions put on the account.

MWP requires a minimum asset value for an account to be managed. The minimums vary depending on the portfolio(s) selected and the account’s allocation amongst portfolios. The lowest minimum portfolio is \$10,000. In certain instances, a lower minimum for a portfolio will be permitted. An account will not be invested until the applicable minimum for the portfolio(s) and allocation has been reached. Clients should consult with their investment adviser representative to obtain more information about the applicable investment minimum based on the portfolio(s) selected and the allocation amongst portfolios.

LPL acts as custodian to MWP accounts, provides brokerage and execution services as the broker on transactions, and performs administrative services, such as quarterly performance reporting to clients. Gladstone is unaffiliated with LPL and any third-party portfolio management firms utilized under MWP. Clients should refer to their account application package and applicable third-party portfolio manager firm brochure for specific information on fees imposed which are separate from and in addition to the fees the client pays to us.

#### *4. Optimum Market Portfolios*

Optimum Market Portfolios (“OMP”) is an LPL sponsored mutual fund asset allocation wrap program that utilizes Optimum Fund Class I shares. Under the OMP program, the client authorizes LPL, as third-party portfolio manager, to purchase and sell Optimum Funds on a discretionary basis pursuant to investment objectives chosen by the client. The investment adviser representative will assist the client in determining the suitability of the OMP program for the client and assist the client in setting an appropriate investment objective based on the client’s financial circumstances. The investment adviser representative shall also exercise discretion with respect to selecting a model portfolio of mutual funds designed by LPL’s Research Department in connection with providing investment advice. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client and have the authority to rebalance the account.

A minimum account value of \$1,000 is required for the OMP program. Accounts below \$10,000 are required to have systematic contributions in place. LPL acts as custodian to OMP accounts, provides brokerage and execution services, and performs administrative services, such as quarterly performance reporting to clients. Gladstone is unaffiliated with LPL and Optimum Funds. Clients should refer to their account application package and applicable third-party portfolio manager firm brochure for specific information on fees imposed which are separate from and in addition to the fees the client pays to us.

#### *5. Guided Wealth Portfolios*

Guided Wealth Portfolios (“GWP”) is an LPL sponsored advisor-enhanced digital advice wrap program that offers clients the ability to participate in a centrally managed investment program, which is made available to users and clients through LPL Account View, a web-based, interactive account management portal. The program utilizes investment recommendations based upon the model portfolios constructed by LPL strategists and selected for the account. Communications concerning GWP are automatically generated and occur primarily through electronic means including, but not limited to, email or through the Account View platform. Your investment adviser representative is also available to discuss investment strategies, objectives, or the account in general in person or via telephone.

A preview of GWP is provided to help users determine whether they would like to become advisory clients and receive ongoing financial advice from LPL and Gladstone. Based on the user’s profile, the education tool (aka “proposal tool”) generates sample asset allocation recommendations to assist users in determining whether to utilize the advisory service. The education tool and the

advisory service are described in more detail in the GWP brochure. Users of the education tool are not considered clients of Gladstone or LPL, do not enter into an advisory agreement with Gladstone or LPL, do not receive ongoing investment advice or supervision of their assets, and do not receive any trading services.

Clients who decide to participate in advisory services complete an account application and enter into an agreement with Gladstone and LPL. As part of the account opening process, clients are responsible for providing complete and accurate information regarding, among other things, their age, risk tolerance, and investment time horizon. Based on the information provided, Gladstone determines the suitability of the program for clients and LPL determines an appropriate investment allocation and model portfolio. Model portfolios are designed and managed by LPL and typically include tactical holdings in ETPs and open-end mutual funds. Only a single model portfolio is permitted per account. By executing the account agreement, client authorizes LPL to have discretion to buy and sell securities in accordance with the model portfolio and to liquidate previously purchased non-model holdings transferred into the accounts.

A minimum account value of \$5,000 is required for the GWP program. In certain instances, a lower minimum for the GWP may be permitted. LPL acts as custodian to GWP accounts, provides brokerage and execution services, and performs administrative services, such as quarterly performance reporting to clients. Gladstone is unaffiliated with LPL. Clients should refer to their account application package and applicable third-party portfolio manager firm brochure for specific information on fees imposed which are separate from and in addition to the fees the client pays to us.

#### *6. Charles Schwab Institutional*

Charles Schwab Institutional is a Gladstone sponsored wrap fee program where the investment adviser representative tailors advisory services to the individual needs of the client's account custodied at Charles Schwab & Co., Inc. ("Schwab"), an unaffiliated SEC-registered broker dealer and FINRA/SIPC member, where Schwab provides clearing, custody, or other brokerage services. Clients can elect to have a discretionary or non-discretionary advisory account. A discretionary account is an account that gives the investment adviser representative the authority to make individual trade without the consent of the client. A non-discretionary account is an account where the client ultimately decides whether or not to make a trade. Depending on the investment strategy, securities used in the Charles Schwab Institutional program include equities, fixed income securities, mutual funds, ETPs, and alternative investments, but can include other securities and products available on the platform. If structured products, alternative investments, or annuities are

utilized as part of the investment strategy, the assets will be reported on Schwab's account statements, but the actual securities are typically held with and valued by the specific issuer. Investment adviser representatives provide investment management services tailored to the individual needs of the client based on the investment objectives chosen by the client. There is no minimum account size in the Charles Schwab Institutional program. Clients can impose restrictions on investing in certain securities or groups of securities in the Investment Management Agreement or by notifying the investment adviser representative in writing. Given the long-term nature of many of the individual strategies employed in the program, an account may have little or no trading activity during a given period. Clients should be aware that Gladstone shares confidential client information with LPL including personally identifiable information including financial information, transactions and holdings for accounts established through the Charles Schwab Institutional program for associated persons of LPL, even if the client does not establish an account through LPL. Schwab is not affiliated with Gladstone. Clients should refer to Schwab's pricing guide/fee schedule for specific information regarding services that have associated fees which are separate from and in addition to the fees the client pays us.

#### *7. Fidelity Institutional Wealth Services*

Fidelity Institutional Wealth Services ("Fidelity IWS") is a Gladstone sponsored wrap fee program where the investment adviser representative tailors advisory services to the individual needs of the client's account custodied at Fidelity Investments ("Fidelity"), where Fidelity provides clearing, custody, or other brokerage services through National Financial Services, LLC or Fidelity Brokerage Services, LLC, members FINRA, SIPC. Clients can elect to have a discretionary or non-discretionary advisory account. A discretionary account is an account that gives the investment adviser representative the authority to make individual trade without the consent of the client. A non-discretionary account is an account where the client ultimately decides whether or not to make a trade. Depending on the investment strategy, securities used in Fidelity IWS include equities, fixed income securities, mutual funds, ETPs, and alternative investments, but can include other securities and products available on the platform. If structured products, alternative investments, or annuities are utilized as part of the investment strategy, the assets will be reported on Fidelity's account statements, but the actual securities are typically held with and valued by the specific issuer. In the Fidelity IWS program, investment adviser representatives provide investment management services tailored to the individual needs of the client based on the investment objectives chosen by the client. There is no minimum account size in the Fidelity IWS program. Clients can impose restrictions on investing in certain securities or groups of securities in the Investment Management Agreement or by notifying the investment adviser representative in writing. Given the long-term nature of many of the individual strategies employed in the program,

an account may have little or no trading activity during a given period. Clients should be aware that Gladstone shares confidential client information with LPL including personally identifiable information including financial information, transactions and holdings for accounts established through the Fidelity IWS program for associated persons of LPL, even if the client does not establish an account through LPL. Fidelity is not affiliated with Gladstone. Clients should refer to Fidelity's pricing guide/fee schedule for specific information regarding services that have associated fees which are separate from and in addition to the fees the client pays us.

#### *8. Gladstone Capital Management*

The Gladstone Capital Management program ("GCM") is a Gladstone sponsored wrap fee program that provides the client with access to the Investment Strategies of Kessler Investment Group, LLC ("KIG"), an independent manager and professional third-party portfolio management firm for the individual management of the client's account.<sup>1</sup> The investment adviser representative will assist client in selecting an appropriate Investment Strategy from a list of strategies made available by KIG. KIG, as a third-party portfolio manager, will manage client assets on a discretionary basis. The investment adviser representative will provide initial and ongoing assistance regarding investment strategy selection process and serves as the point of contact between the client and KIG regarding changes to the client's investment objective, financial circumstances, and investment restrictions (if any). Typically, equities, fixed income securities, mutual funds, and ETPs are utilized to execute the investment strategies, but other securities may be used. Clients have the ability impose restrictions on investing in certain securities or groups of securities by indicating preferences in the Agreement. A separate account will be established for each investment strategy selected and each account will be managed independently of any other accounts of the client.

When utilizing the GCM program, clients can select Schwab or Fidelity to serve as custodian and executing broker for assets in the account.

Minimum account values range from \$10,000 to \$100,000 depending on the investment strategy selected; however, in certain instances, the minimum account value may be lower or higher. Clients should refer to their account application package and KIG brochure for specific information on fees imposed by third parties which are separate from and in addition to the fees the client pays to us.

#### *9. Third Party Asset Management Programs*

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<sup>1</sup> Additional information about Kessler Investment Group, LLC (CRD#: 11536696/ SEC#: 8001-71393) is available on the SEC Investor Website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Gladstone makes available to investment adviser representatives and their clients Third Party Asset Management Programs (“TAMPS”) which provide access to professional third-party portfolio managers on the Schwab and Fidelity platforms. TAMP sponsors offer access to a variety of model portfolios with varying levels of risk from which to choose. TAMP program accounts are managed by one or more third-party portfolio managers on a discretionary basis, and they may consist of a variety of different security types, including stocks, bonds, mutual funds, ETPs and derivatives. In most instances, the third-party portfolio manager will require a minimum account value for an account to be managed. Minimum account values typically range from \$10,000 to \$100,000 but can be more or less depending on the portfolio manager and/or model strategy selected. Gladstone is not the sponsor of TAMP programs. Gladstone may act in a “sub-adviser” or “promoter” capacity to accounts under the TAMP program.

- a) *Sub-adviser*: Under an adviser or sub-adviser relationship between us and the sponsor of the TAMP program, your Gladstone investment adviser representative provides you with continuous and regular supervisory or management services with respect to your account along with the third-party portfolio manager. This means that your Gladstone investment adviser representative will obtain financial information from you to determine your investment objectives and risk tolerance and is responsible for the selection and retention of the third-party portfolio manager. Clients can select either Charles Schwab & Co. or Fidelity Institutional as broker/custodian for accounts in the TAMP program. Gladstone is unaffiliated with TAMP sponsors, broker/custodians, and third-party portfolio managers utilized under the TAMP program.
- b) *Promoter*: When acting as a promoter, your Gladstone investment adviser representative provides asset monitoring services only and does not provide you with continuous and regular supervisory or management services. As part of these services, your Gladstone investment adviser representative provides an endorsement by referring you to one or more suitable third-party investment advisers based on your investment objectives and risk tolerance and subject to compliance with applicable requirements under the SEC’s investment adviser marketing rule (Advisers Act Rule 206(4)-1). See “Item 14. Client Referrals and Other Compensation” for more information on TAMP programs where your Gladstone investment adviser representative acts as a promoter.

### *Planning and Consulting Services*

Financial planning and consulting services are based on a flat rate or as a percentage of the asset under advisement as negotiated between the client and investment adviser representative and documented in the corresponding Agreement. Financial planning and consulting services can vary greatly depending

on the client's specific situation and can include estate planning, college/education planning, retirement planning, charitable giving, business succession planning, and portfolio analysis. Gladstone investment adviser representatives do not advise on business value analysis, business liquidations or provide tax, accounting, or legal advice to clients, but these components can be referred to third parties. Fees are negotiable and based on the complexity of services and listed in the Financial Planning and Consulting Agreement.

Fees for financial planning and consulting services are paid to Gladstone Wealth Partners and we pay a portion of that fee to your investment adviser representative. The agreed upon fee is due either up front when you sign the Agreement, following the delivery of financial planning or consulting services (which may or may not include a written plan), or other mode specified on the Agreement/invoice. Clients seeking to receive ongoing financial planning or consulting may choose to pay a recurring fee for services. We will not charge you more than \$1,200 six or more months in advance of delivering the financial plan. Agreements may be terminated at any time upon written notice given by either party to the other.

Investment adviser representatives may recommend their own services including products and services offered through Gladstone and in their individual capacities as insurance agents or registered representatives of LPL, and/or other professionals to implement recommendations. Clients are free to implement none, some, or all recommendations and may do so through us or through other providers of such services. Charges may be lower or higher if recommendations are implemented away from your Gladstone investment adviser representative.

In circumstances where a Gladstone investment adviser representative recommends specific investments and is otherwise involved in implementing the plan or recommendations, the opportunity for the investment adviser representative to receive additional compensation because of such recommendations creates a material conflict between the client's interests and those of the investment adviser representative. In addition, if a client separately purchases a product or service recommended by the investment adviser representative to implement a recommendation, the client will be charged commissions or fees in connection with those transactions and services that are separate from and in addition to the fees charged by Gladstone for financial planning and consulting services.

#### *Retirement Plan Consulting Services*

Gladstone offers Retirement Plan Consulting Services to qualified retirement plans including, as appropriate: assisting clients with plan design, selection of suitable investments, periodic monitoring of those investments, and general education to plan participants ("3(21) services"). Gladstone does not provide discretionary investment management of portfolios offered within qualified retirement plans ("3(38) services"). Retirement plan consulting fees may be based on a percentage of the assets held in

the Plan, or on a flat rate basis, as negotiated between the plan sponsor and investment adviser representative and documented in the Retirement Plan Consulting Agreement.

Gladstone is not a custodian to plan assets. The plan sponsor is responsible for selecting a qualified custodian for plan assets. The custodian for plan assets is responsible for providing the plan with periodic confirmations and statements.

Agreements may be terminated at any time upon written notice given by either party to the other.

## **Item 5. Fees and Compensation**

### *Asset Management Fees*

Gladstone is a fee only advisory firm, meaning we do not receive commissions, marketing and distribution fees, or other compensation from the investments and services we recommend. By refusing compensation other than client fees, we are better able to provide you with unbiased financial advice. Our fee for asset management is assessed at an annual percentage fee of up to 2.00% of assets under management. Fees are assessed on all asset types, including securities, cash, and cash equivalents. Fees are paid quarterly in advance and are negotiable and are established in writing in our Investment Management Agreement or broker/custodian agreement with you prior to our working together. The fee that you negotiate with your investment adviser representative may be more or less than the fees charged by other investment adviser representatives or consultants at Gladstone or other firms for similar services. Investment adviser representatives take various factors into consideration when establishing their fee including, but not limited to, the complexity of the engagement, market value of assets, the level and scope of the overall asset management and/or consulting services to be rendered, and other objective and subjective factors. Investment adviser representatives have a conflict of interest in establishing their fee in that the higher the fee is to you, the more profitable their business is. You should understand that your asset management fee is a wrap fee that may be higher than a comparative broker-dealer per transaction commission cost during periods of low or no trading activity. Fees for asset management services can be structured utilizing a flat asset-based fee or on tiered fee basis, with a reduced percentage rate based on the account reaching certain thresholds. In most instances investment adviser representatives receive a portion of the fee paid to Gladstone for their services. You have the option to purchase investment products that we recommend through other unaffiliated brokers or agents.

By signing our Investment Management Agreement, you authorize us to deduct fees quarterly and in advance from your account. We will have no other authority to deduct monies from your account, except to request the custodian disburse funds directly to you or your agents upon your specific written instructions. Either you or we may terminate the client agreement at any time. In the event of termination, you are responsible for monitoring the securities in your account, and we as the investment adviser will have no



further obligation to act or advise with respect to that account. If the agreement is terminated prior to the last day of the calendar quarter, a prorated portion of the fee previously paid for that quarter based on the number of calendar days remaining will be refunded to you or your account.

Since Gladstone began providing these services, it has had other fee structures in effect, which may have been lower or higher or different than that described above. As new fee structures are put into effect, they are generally made applicable only to new clients, and fees to existing clients are generally not affected.

#### *Other Fees and Expenses You Pay in Connection with Asset Management*

Gladstone offers wrap program options to its advisory clients. In most circumstances, our broker/custodians do not charge separately for custody, trade execution, clearance, and settlement of transactions but are compensated by charging Gladstone an asset-based fee (see “Item 12 – Brokerage Practices” for more information on “Asset-Based Pricing”). Each of our broker/custodian’s asset-based fee arrangements are independently negotiated and are based on the condition that the Firm collectively maintains a minimum dollar amount of assets at the broker/custodian. Certain types of accounts, such as Personal Choice Retirement Accounts (PCRA), Retirement Plan Services (RPS), Stock Plan Services (SPS), Health Savings Brokerage Accounts (HSBA), and Managed Account Services, as well as asset types, such as unit investment trusts (UITs), American depository receipts (ADRs), alternative investments (AI), and other non-standard assets are exempt from asset-based pricing and subject to separate custody and/or commission charges by the broker/custodian that the client is responsible for paying. The broker/custodian does not share commission or ticket charges with Gladstone or its investment adviser representatives.

Clients should also be aware that they are responsible for paying all other applicable transaction costs, custodian fees, mutual fund expenses, brokerage commissions, third-party manager fees, administrative fees, and other miscellaneous fees, charges, or expenses associated with their account. This includes, but is not limited to, charges imposed directly by a mutual fund, index fund, or exchange traded product, administrative fees and expenses, commissions, ticket charges, third-party manager advisory fees, algorithm-driven advisory fees, transaction fees for trades executed away from the prime broker (i.e., “step-out trades”), mark-ups, mark-downs, spreads paid to market makers, international settlement charges, foreign currency exchange transaction fees, international dividend/reorganization fees, access fund fees, M&E&A charges, retirement account fees, wire and electronic fund transfer fees, overnight check fees, overnight carrier fees, margin account balance fees, interest charges, account termination fees, retirement account closeout fees, rollover expenses, and any and all other administrative, account maintenance, cash management services, investment-specific, and miscellaneous fees and charges associated with your account.

The list below does not include a description of every potential additional fee or expense applicable to client

accounts; rather, this is a general description of the most common fees inherent to the types of accounts and transactions we offer. As noted throughout this brochure, clients should refer to applicable account opening documents, broker/custodian fee schedules, prospectuses, third-party portfolio manager brochures, and any other disclosure documents for specific details regarding applicable fees and expenses in connection with your account, product, transaction type, or third-party manager.

#### *Mutual Fund Share Class Fees*

Gladstone has available for purchase through its broker/custodian platforms, mutual funds which are no-load or load-waived share classes. Most mutual fund share classes charge marketing and distribution fees (i.e., 12b-1 fees) which are paid to the broker/custodian and not directly or indirectly paid to Gladstone or its investment adviser representatives. 12b-1 fees are not credited back to client accounts. Clients should also be aware that advisory assets may be held in a mutual fund share class that charges higher 12b-1 fee when a lower-cost share class is available on the broker/custodian's platform for the same fund. While Gladstone endeavors to use the lowest-cost share class available and periodically reviews its fund holdings to convert higher cost shares to lower cost shares in accordance with its duty of best execution, the Firm cannot ensure that all clients will hold the lowest cost shares available on the broker/custodian's platform at any given time. Further, some third-party money managers and algorithm-driven strategists are more careful about utilizing the lowest cost share class than others.

In many cases, a particular broker/custodian's platform will not make available the least expensive share class that the mutual fund company offers. Share classes are selected by broker/custodians to be available on their platforms in most cases because the share class pays the broker-dealer compensation for the administrative and record keeping services the broker-dealer provides to the mutual fund. Gladstone is not paid revenue sharing compensation paid by mutual fund distributors to broker-dealers for these services.

If a client transfers into an investment advisory account a previously purchased mutual fund and there is an applicable contingent deferred sales charge ("CDSC") on the fund, client will pay that charge when the mutual fund is sold. If the account is invested in a mutual fund that charges a fee if a redemption is made within a specific time period after the investment, the client will be charged a redemption fee. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund.

Many funds available in Gladstone's advisory programs may be purchased by clients directly from the fund company. Therefore, clients could generally avoid an additional layer of fees by not using the advisory services of Gladstone and by making their own decisions regarding the investment.

Gladstone encourages all clients to closely review the investment's prospectus or offering documents for all such investments with their investment adviser representative and to consider aggregate costs. Clients should contact their investment adviser representative with any questions about any particular product's fees and expenses.

#### *Exchange Traded Product Fees*

Exchange traded products (ETPs) have internal operational expenses and fees that vary considerably. Operational expenses are typically deducted from the fund assets and investors do not pay fees directly to a fund manager. Since ETPs are traded on an exchange like stocks, they may also be subject to brokerage fees.

#### *Third-Party Managers Fees*

Clients with assets in third-party portfolio manager programs are subject to a portfolio manager fee and platform fee. These fees typically range from 15 to 100 basis points ("bps") of account assets per year but can be higher or lower. These fees are separate and in addition to the advisory fee you pay us. Under the GCM program clients do not pay a separate portfolio manager or platform fees. Investment adviser representatives typically pay Gladstone a minimum asset-based fee of 15 bps of the investment adviser representative's total assets under management in the GCM program for access to the Investment Strategies, technology, and professional asset management services offered by KIG. This type of fee arrangement presents a conflict in that the Financial Advisor has an incentive to charge clients a higher advisory fee to offset expenses incurred when utilizing the GCM program.

#### *Step-Out Trades*

Broker/custodians will charge you a flat dollar amount or commission as a "prime broker" or "step-out" fee for each trade that is executed by a different broker-dealer but where the securities bought or the funds from the securities sold are settled into your account. These fees are in addition to the asset management fees you pay us. Gladstone's investment adviser representatives do not "step out" trades; however, some of the professional third-party portfolio managers do step out trades at the portfolio manager's discretion, subject to their best execution obligations. Step-out trading practices differ from Manager to Manager. Some third-party Managers do not engage in step-out trading while others do. Clients should review the firm brochure for the any third-party portfolio manager selected prior to investing for more information regarding their step-out trade practices including additional costs that will be incurred by the client.

#### *Insurance Product Fees*

Insurance companies impose internal fees and expenses including, but not limited to, policy fees, contingent deferred sales charges, early redemption fees, fees for guaranteed income riders, underlying investment fees, and mortality, expense, and administration charges (M&E&A charges.) Other riders or annuity expenses may apply. These fees are in addition to the management fees you pay us. Complete details of annuity internal expenses are specified and disclosed in each insurance company's prospectus.

#### *Margin Loans and Collateralized Lending*

If you enter into a margin loan, the broker/custodian will receive interest charged on your outstanding margin loan balance. The amount of interest paid to the broker/custodian will vary depending on the outstanding loan balance and other factors that will affect the interest rate charged to you for the margin loan. We encourage clients to read their particular broker dealer's Margin Interest Rate Disclosure for more information regarding applicable charges on debit and credit balances. With collateralized lending, in most instances the broker/custodian will be compensated by receiving payments from the lender based on the amount of your outstanding loan balance. The total amount of compensation received by the broker/custodian can vary depending on the terms of the agreement including the interest rate charged to you by the lender. Gladstone is not affiliated with any lender or broker /custodian and does not receive compensation directly in connection with a margin loan or pledged asset line of credit. Clients are strongly encouraged to review the lender's agreements and disclosure documents to understand the fees and expenses they are paying.

Your investment adviser representative has an incentive to recommend that you use a margin loan and/or pledged asset line of credit for liquidity purposes rather than liquidating your holdings or using other sources of liquidity. Your investment adviser representative will benefit from your margin loan or collateralized loan because you do not have to liquidate assets in your account to pay for things with cash, which would diminish the assets held in the account and the potential fees that could be earned by your investment adviser representative from holding or engaging in future transactions with those assets.

#### *IRA and Qualified Retirement Plan Fees and Rollover Expenses*

There are additional fees relating to IRA and qualified retirement plan accounts that you normally incur such as annual maintenance fees, fees for loans processed, and retirement account closeout fees. These fees are in addition to underlying investment fees and the management fees you pay us. Other fees may apply. You will find these fees disclosed in the broker/custodian's account application paperwork provided to you associated with these accounts.

Investors may face increased fees and expenses when they rollover assets from an employer-sponsored retirement plan, transfer an IRA to an IRA, or convert to a Roth IRA managed by

Gladstone. Investors should be aware that even if there are no costs associated with the rollover or transfer itself, there will be costs associated with account administration and investment management. In addition to the management fees charged by Gladstone or another adviser, some underlying investment products charge additional internal fees and expenses. Custodial and transaction fees may also apply. Withdrawal options, required minimum distributions, tax treatment (particularly with reference to employer stock) may differ. We do not receive payments in the form of commissions, 12b-1 fees, sales loads, revenue sharing payments, or mark ups or mark downs in exchange for rendering fiduciary investment advice. You should also be aware that your investment adviser representative has a financial incentive to rollover your account or plan because the investment adviser representative will be paid on those assets.

If you are considering rolling over assets from an existing employer-sponsored retirement plan, you should understand that Gladstone's investment adviser representatives will provide you with general education regarding the pros and cons of available options to transfer or rollover tax qualified assets and will not recommend one option over the other.

Your decision to rollover assets from an employer-sponsored retirement plan should be based on your individual financial circumstances, needs and goals and understanding of the options available to you including: (i) remaining invested in the plan; (ii) rolling over plan assets to a plan of a new employer (if applicable); (iii) rolling over assets to an IRA with a financial institution; or (iv) receiving a cash distribution (which may be fully taxable).

If you decide to rollover assets from an employer-sponsored plan into an IRA account, assets will no longer be subject to protections of ERISA or different types of protection from creditors and legal judgments. We strongly encourage you to consult an independent tax or legal advisor prior to rolling over qualified plan assets. Securities held in a retirement plan can often not be transferred into an IRA and commissions and sales charges are typically charged by the plan's broker when liquidating such securities in the plan prior to the transfer of assets. These fees are in addition to commissions and sales charges previously paid on transactions in the plan.

You should understand that you are making an independent decision regarding your rollover options, including any decision to roll out of your current employer-sponsored plan. Your investment adviser representative will speak with you regarding the pros and cons of available rollover options as detailed in the IRA Adoption Application and other applicable disclosures in the account application packet. Investment adviser representatives will not provide you with advisory services in connection with a rollover of employer-sponsored plan assets prior to you making an independent decision to roll assets into an account with us.

### *Cash Sweep Arrangement Fees*

Gladstone makes available through unaffiliated broker/custodians for cash in an account to be automatically swept to an interest-bearing Federal Deposit Insurance Corporation (FDIC) insured deposit account and, for certain types of accounts, a money market fund. We do not receive a separate fee or compensation for cash sweep arrangements. Clients should understand that interest rates available in these arrangements may be lower than interest rates available if the client makes deposits directly with a bank or other depository institution outside of these arrangements or invests in a money market fund or other cash equivalent. Clients should compare terms, interest rates, required minimum amounts and other features of these arrangements with other types of accounts and investments for cash.

### *Account Termination Fees*

Fees to terminate an account are a one-time fee charged to an account holder if he/she terminates or transfers an account. The termination fee is levied and retained by the financial institution that custodies the client's assets. Termination fees are spelled out in the client agreement with the broker/custodian that is entered into when the account is opened.

### *Calculation of Asset Management Fees*

LPL deducts the asset management fee and other fees and charges associated from the account. LPL calculates and deducts the asset management fee in the method described in LPL's account agreement unless other arrangements are made in writing. If a client wishes to be billed for the asset management fee, rather than a deduction directly from the account, the client needs to make a request to LPL through their investment adviser representative. LPL deducts the account fee quarterly in advance. If the account agreement is terminated before the end of the quarterly period, LPL will pay the client a prorated refund of any pre-paid quarterly asset management fee based on the number of days remaining in the quarter after the termination date. However, if the account is closed within the first six months by the client or as a result of withdrawals that bring the account value below the required minimum, LPL reserves the right to retain the pre-paid quarterly asset management fee for the current quarter in order to cover the administrative costs of establishing the account. Payment of fees may result in the liquidation of a client's securities if there is insufficient cash in the account. Clients receive an account statement from LPL at least quarterly. The statement includes the amount of any fees debited or credited from the client's' account pursuant to written authorization. As a courtesy and upon client written request, LPL permits "Group Fee" arrangements for certain eligible investment advisory accounts for "Approved Family Members." These arrangements allow a group of related accounts to each be billed (i) a flat advisory fee, or (ii) a blended Account Fee based on a tiered schedule of fees, based on the aggregation of account asset values of a group.

For accounts in the Charles Schwab Institutional or Fidelity Institutional Service programs, fees are due

and payable in advance and are based upon the ending account values as of the close of business on the last day of the previous calendar quarter. Fees are calculated by Gladstone and deducted from the account by the qualified custodian. Fees for the initial quarter are adjusted pro rata based upon the number of calendar days in the quarter that the Investment Advisory Agreement goes into effect. If assets are deposited into or withdrawn from an account after inception of a billing period in an amount equal to or greater than \$5,000, the fee payable with respect to such assets is prorated to reflect the change in portfolio value. Payment of fees may result in the liquidation of a client's securities if there is insufficient cash in the account. The advisory relationship may be terminated by the client or by us at any time on thirty (30) days prior written notice. The client receives a pro rata refund of any pre-paid unearned advisory fees based on the number of days remaining in the quarter after the termination date. Clients receive an account statement from the qualified custodian at least quarterly. The statement includes the amount of any fees debited or credited from the client's account pursuant to written authorization.

For TAMPs where Gladstone is operating as advisor or sub-adviser, fees are due and payable in advance and are based upon the ending account values as of the close of business on the last day of the previous calendar quarter. The sponsor and portfolio manager fees are calculated by Adviser's Agent and the Adviser's fee is calculated by Gladstone and deducted from the managed account by the qualified custodian. Fees for the initial quarter are adjusted pro rata based upon the number of calendar days in the quarter that the Investment Advisory Agreement goes into effect. If assets are deposited into or withdrawn from an account after inception of a billing period in an amount equal to or greater than \$5,000, the fee payable with respect to such assets is prorated to reflect the change in portfolio value. Payment of fees may result in the liquidation of a client's securities if there is insufficient cash in the account. The advisory relationship may be terminated by the client or by us at any time on thirty (30) days prior written notice. The client receives a pro rata refund of any pre-paid unearned advisory fees based on the number of days remaining in the quarter after the termination date. Clients receive an account statement from their qualified custodian at least quarterly. The statement includes the amount of any fees debited or credited from the client's account pursuant to written authorization.

For all programs, Gladstone's process to value client holdings and assess fees based on those valuations are based on the market value assessed by the qualified custodians of the assets. Gladstone neither participates in the valuation nor adjusts those valuations. Cash balances, such as money market funds, are considered an asset class and are included in client's asset-based fee calculation. If an account is closed within the first six months by the client or as a result of withdrawals that bring the account value below the required minimum, we reserve the right to retain the pre-paid quarterly account fee for the current quarter in order to cover the administrative costs of establishing the account.

#### *Financial Planning and Consulting Fees*

Financial planning and consulting fees are negotiable and are generally determined based on the nature and extent of the services being provided, the complexity of the client's circumstances, as well as other aspects of the client's current and historical relationship with Gladstone. Any changes made to a financial plan or consulting services will be discussed with the client in advance, and a new agreement will be signed to reflect the changes. Agreements may be terminated at any time upon advanced written notice given by either party to the other. Fees for financial planning and consulting services are typically a flat fee and are agreed upon prior to entering into an agreement. Clients have the option of paying the fixed fee either one time or in an installment frequency (e.g., quarterly, or semi-annual). Fees for financial planning and consulting services are payable to Gladstone and a portion of the fee is paid to the investment adviser representative. Fees are payable by check or credit card/debit card. Payments made by credit card/debit card are processed through a third-party payment processor. The payment processor does not give the Firm the ability to withdraw client funds. The client approves or denies the payment request directly with the payment processor. Gladstone never sees client banking or credit card information because clients enter that information themselves on the third-party payment processor's client portal. After a client authorizes the amount and frequency of the credit card/debit card payment, their investment adviser representative is charged transaction fees, typically an ACH fee of 1.5% or credit card fee of 3.5% + \$0.30/transaction. Transaction fees are charged by the payment processor and are subject to change. We believe that this presents a material conflict of interest in that an investment adviser representative has an incentive to charge clients a higher fee when utilizing a third-party payment processor to offset the transaction charges that he/she is charged.

#### *Retirement Plan Consulting Fees*

Fees for retirement plan investment advisory services are negotiable and paid in the form of an annual percentage fee of assets held in the plan or flat dollar rate as negotiated between the plan sponsor and investment adviser representative. Fees are assessed on all assets under Firm management, including securities, cash, and money market balances. Clients should understand that the negotiated fee may be higher or lower than the fees charged by other investment adviser representatives or consultants for similar services. Fees will be payable to Gladstone in advance or in arrears on the frequency agreed upon by the plan sponsor and Gladstone. Gladstone will pay a portion of the fee to the investment adviser representative. If asset-based fees are negotiated, payment generally will be based on the value of the plan assets as of the close of business on the last business day of the period as valued by the custodian of the assets. However, if the fee is paid by the plan or the client through a third-party service provider, such fee will be calculated as determined by the provider. Depending on the capabilities and requirements of the plan's record-keeper or custodian, fees may be automatically calculated by the record-keeper and charged as a deduction from plan assets or ERISA budget account based on the plan's authorization.

Plans are subject to fees and charges imposed by third parties other than Gladstone in connection with



investment recommended. These third-party fees can include fund or annuity subaccount management fees, 12b-1 fees, administrative servicing fees, plan recordkeeping and other service provider fees. These fees are separate and in addition to retirement plan consulting fees paid to us. Further information regarding charges and fees assessed by a fund or annuity are available in the appropriate prospectus and should be considered by the plan before making the investment. No third-party payments will be received by Gladstone in connection with the services provided, such as commissions or 12b-1 fees. Gladstone may receive additional non-cash compensation from service providers to facilitate training and education meetings for Gladstone's investment adviser representatives. Non-cash compensation is not dependent on a plan's investment in any fund, product, or custodian.

### Termination

Unless stated otherwise in the applicable agreement, Gladstone Wealth Partners or the client may terminate the agreement for portfolio management services for any reason within thirty (30) days' written notice to the other party. The date of receipt of the written notice will be the effective date of termination. Upon termination of advisory services, we, the broker/custodian, or the sub-adviser will determine the amount of any outstanding fees due to/from the client. Transactions in progress will be completed in the normal course of business. Please refer to your sub-adviser's disclosure documents for their termination policies.

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

### *Performance-Based Fees*

Performance-based fees are based on a share of the capital gains or capital appreciation of the assets of a client. Our fees are calculated as described in Item 5 above.

### *Side-By-Side Management*

Side-by-side management typically refers to a situation in which the same adviser manages accounts that are billed based only on a percentage of assets under management and at the same time manages other accounts for which fees are performance-based, which can give rise to certain conflicts of interest.

Gladstone Wealth Partners does not provide side-by-side management.

## **Item 7. Account Requirements and Types of Clients**

Gladstone's service offerings currently extend to individuals, high net worth individuals, trusts, corporations, businesses, pension and profit-sharing plans, and charitable organizations. Gladstone requires a minimum initial investment of \$0 to \$100,000, depending on the program or third-party money manager utilized. Gladstone and the third-party money manager (if any) may waive minimum initial investment requirements at its discretion.

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

### *Methods of Analysis and Investment Strategies*

Gladstone offers the same suite of services to all its clients; however, each investment adviser representative independently determines based on his own investment strategies, methods of analysis, and preferences, in conjunction with each client's specific profile and financial circumstances, which services and products to recommend. Accounts are managed independently, and investment adviser representatives are under no obligation or requirement to buy or sell the same investments for accounts, even when the investment strategy may be similar. Your investment adviser representative, working together with you, provides personalized and individualized investment advice and can employ a variety of investment strategies based on a client's investment objectives, financial circumstances, risk tolerance, financial needs, and specific circumstances. Such strategies typically include long-term and/or short-term purchases and sales of securities.

Investment adviser representatives must meet certain selection, review, and qualification criteria prior to becoming associated with the Firm and must successfully complete ongoing training. For more information about the education and background of the investment adviser representative managing your account you should refer to the investment adviser representative's brochure supplement provided to you when you opened your account.

In addition to your investment adviser representative's training, skill and experience, your investment adviser representative has access to various technical research, due diligence materials, and publications to evaluate the performance of securities, third-party managers, as well as to make investment decisions on your behalf. Some investment adviser representatives choose to incorporate more of the Firm's available resources in their provision of advisory services to their clients than others do. Investment adviser representatives are under no obligation or requirement to utilize the same methods of analysis, investment strategies, or buy or sell the same investments or select the same third-party portfolio managers for all accounts, even when the investment strategy may be similar. Your investment adviser representative will purchase or sell securities in your account based on your (i) investment objective, (ii) risk tolerance, (iii) liquidity needs, (iv) time horizon, and (v) other factors. Investment adviser representatives conduct additional screenings and analysis to identify products, professional third-party portfolio managers, and investment strategies that are suitable for a particular client's financial circumstances, investment guidelines, and preferences.

Gladstone does not calculate or review the performance record of investment adviser representatives; however, through its custodians, provides clients with individual quarterly performance information on a

time-weighted basis. Performance information is intended to inform clients as to how their investments have performed for a given period, both on an absolute basis and compared to leading investment indices.

#### *Portfolio Manager Analysis and Evaluation*

Gladstone's Investment Committee conducts initial and ongoing due diligence on wealth management platforms and wrap program sponsors to validate their business models, costs, research and due diligence processes, and ability to identify and access attractive products and professional third-party portfolio managers that offer a variety of investment strategies and risk exposures. Gladstone does not conduct due diligence, calculate, or review the performance for each security, product, or third-party portfolio manager available on the third-party service provider's platform; but rather, relies heavily on the rigorous quantitative and/or qualitative due diligence and research conducted by the wealth management platform's professional research and portfolio management consultants. Ultimately, Gladstone's investment adviser representatives are responsible for conducting additional screenings and analysis to identify products, investment strategies, and third-party portfolio managers that are suitable for a particular client's financial circumstances, investment guidelines, and individual preferences.

Gladstone's Investment Committee conducts initial research, due diligence and ongoing monitoring of portfolio managers and investment strategies offered under the GCM program. The Committee conducts a multi-factor quantitative and qualitative evaluation of the third-party manager's investment philosophy and process, personnel quality, and firm stability through interviews with investment professionals, on-site visits, and/or conference calls. The Committee will also conduct return analysis, and holdings-based analysis and attribution. Managers undergo continued due diligence, including regular monitoring of performance versus benchmarks, material changes to personnel, processes, and the overall firm.

#### *Risk of Loss*

Clients should understand that all investments involve risk of loss of principal and clients should be prepared to bear the loss of some or assets invested. The investment performance and the success of any account or particular investment cannot be predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. The investment decisions and recommendations made, and the actions taken are subject to various market, liquidity, currency, economic, and political risks, and will not necessarily be profitable. It should be expected that the types of risks to which an account is subject, and the degree to which any particular risks impact an account, will change over time depending on various factors, including investment objective, investment techniques and asset classes utilized by the investment adviser representative or third-party portfolio manager, the timing of the account's investments, prevailing market and economic conditions, reputational considerations, and the occurrence of adverse social, political, regulatory, or other developments. Past performance of any investment is not indicative

of future performance.

Investment adviser representatives and third-party portfolio managers invest in many different types of securities, including mutual funds, ETPs, listed and non-listed equities, investment-grade and non-investment grade fixed income, closed end funds, options, annuities, and alternative investments. Investing in securities involves risk of loss of principal that the client should be prepared to bear. An offering's prospectus, or other disclosure document, will outline the terms of the investment including specific risk factors. Clients are strongly encouraged to review all prospectuses and other offering documents to fully understand risks associated with any investment prior to investing. Clients are advised that the risk factors listed below are not a complete description of all risks associated with investment strategies or investment vehicles utilized. Additional risks are detailed in each fund prospectus or disclosure memorandum that should be carefully considered before investing.

*Market Risk.* This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.

*Interest Rate Risk.* This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.

*Credit Risk.* This is the risk that an investor could lose money if the issuer or grantor of a fixed income security is unable or unwilling to meet its financial obligations.

*Liquidity Risk.* This is the risk that an investor would not be able to sell or redeem an investment quickly without significantly affecting the price. Liquidity risk is heightened when markets are distressed. Generally, alternative investments have higher liquidity risk than equities, fixed income securities, mutual funds, or ETPs.

*Concentration Risk.* To the extent a client account concentrates its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country, or region, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry, or such government could be considerably greater than if they did not concentrate their investments to such an extent.

*Money Market Instruments.* Money market instruments are generally considered low risk but are not guaranteed and may be subject to loss and/or change in market value. Money market instruments may temporarily suspend your ability to sell shares if the fund's liquidity falls below

required minimums because of market conditions or other factors. The Firm considers money market instruments an asset class and charges an asset-based fee on these positions. Depending on interest rates and other market factors, investments in money market instruments have been, and may continue in the future to be, lower than the aggregate fees and expenses charged for a client's participation in an advisory program. This may result in a client experiencing a negative overall return with respect to cash reserves invested in money market instruments.

*Alternative Strategy Mutual Funds.* Certain mutual funds available invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be appropriate for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes, and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry. These types of funds tend to have higher expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track record or performance history.

*Closed-End/Interval Funds.* Clients should be aware that closed-end funds may not give investors the right to redeem their shares, and a secondary market may not exist. Therefore, clients may be unable to liquidate all or a portion of their shares in these types of funds. While the fund may from time-to-time offer to repurchase shares, it is not obligated to do so (unless it has been structured as an "interval fund"). In the case of interval funds, the fund will provide limited liquidity to shareholders by offering to repurchase a limited amount of shares on a periodic basis, but there is no guarantee that clients will be able to sell all of the shares in any particular repurchase offer. In some cases, there may be an additional cost to investors who redeem before holding shares for a specified amount of time. The repurchase offer program may also be suspended under certain circumstances.

*Exchange Traded Products.* Exchange Traded Funds ("ETFs") and Exchange Traded Notes ("ETNs,") (collectively Exchange Traded Products ("ETPs,") are investment funds traded on stock exchanges. Investing in ETPs carry the risk of capital loss. Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest, illiquidity, poor trade execution in adverse market conditions. While ETPs often provide diversification, the fund can be concentrated in a particular asset category or class within a category. A fund's risk can depend on how closely its return is coupled with given indexes, the riskiness of each index and how closely the indexes tend to move together. In addition, because ETPs are traded on exchanges, they may trade at prices above or below their net asset value ("NAV"). As a result, investors in ETPs may purchase fund shares at prices above their NAV or sell shares at prices below their NAV.

Although many ETPs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETPs, in particular those that invest in commodities, are not registered as an investment company. ETPs may be closed and liquidated at the discretion of the issuing company.

*Leveraged and Inverse ETPs and Mutual Funds.* Leveraged ETPs and mutual funds, sometimes labeled “ultra” or “2x” for example, are designed to provide a multiple of the underlying index’s return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETPs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as a tracking error. Continual resetting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions may be magnified over time. Some deviations from the stated objectives, to the positive or negative, are possible and may or may not correct themselves over time. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETPs and mutual funds.

*Cryptocurrency ETPs.* Cryptocurrency ETPs are exposed to cryptocurrency, decentralized digitized assets that often rely on blockchain technology. Cryptocurrency ETPs are highly speculative and extremely volatile. Cryptocurrency is part of a new and evolving industry, and neither the technology nor regulatory regime for cryptocurrency is settled. Cryptocurrency ETPs may trade in over-the-counter markets and may not be afforded all of the investor protections of other exchange traded products. Certain futures linked ETPs invest in cryptocurrency futures, which could magnify risks.

*Standardized Options.* Clients should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and the account will no longer hold the security. When purchasing options there is the risk that the entire premium paid (the purchase price) for the option can be lost if the option is not exercised or otherwise sold prior to the option’s expiration date. When selling (i.e., “writing”) options, the risk of loss can be much greater if the options are written uncovered

(i.e., “naked”). The risk of loss can far exceed the amount of the premium received for an uncovered option and in the case of an uncovered call option the potential loss is unlimited.

*Structured Products.* Structured products are securities derived from another asset, such as a security or basket of securities, an index, a commodity, a debt issuance, or foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. The credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer’s ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer’s credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by FDIC are subject to applicable FDIC limits.

*Business Development Companies (BDCs).* BDCs are types of closed-end investment companies. Generally, BDCs invest primarily in the debt and equity of private and/or small U.S. companies and may offer distribution rates generated through potentially significant credit and liquidity risk exposures amplified through leverage. As with other high-yield investments, such as floating-rate/leveraged loan funds, private REITs and limited partnerships, investors are exposed to significant market, credit, interest rate, and liquidity risks. In addition, BDCs run the risk of over-leveraging their relatively illiquid portfolios. Due to the illiquid nature of non-traded BDCs, investors’ exit opportunities may be limited to only periodic share repurchases by the BDC. A tender offer pursuant to a share redemption program may be oversubscribed so that the BDC accepts only a pro rata portion of the shares a client tenders during a redemption program. In such cases, a client may experience significant delays (including, potentially, indefinite delays) to exit the investment. In addition, share redemption programs may be shut down at any time at the discretion of the issuer’s board. Also, BDCs may fund distributions from offering proceeds or borrowings, which may constitute a return of capital and reduce the amount of capital available to

make investments. In some cases, there may be an additional cost to investors who redeem before holding the shares for a specified number of years.

*High-Yield Debt.* High-yield debt is issued by companies or municipalities that do not qualify for “investment grade” ratings by one or more rating agencies. The below investment grade designation is based on the rating agency’s opinion of an issuer that it has a greater risk to repay both principal and interest and a greater risk of default than those issuers rated investment grade. High yield debt carries greater risk than investment grade debt. There is the risk that the potential deterioration of an issuer’s financial health and subsequent downgrade in its rating will result in a decline in market value or default. Because of the potential inability of an issuer to make interest and principal payments, an investor may receive back less than originally invested. There is also the risk that the bond’s market value will decline as interest rates rise and that an investor will not be able to liquidate a bond before maturity.

*Real Estate Investment Trusts (“REITs”).* Investments in real estate funds and REITs face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles of performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the credit and equity markets; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; and the impact of present and future environmental legislation and compliance with environmental laws. Non-Traded REITs are not required to provide annual valuations until two years and 150 days after reaching the minimum capital raise required to begin purchasing properties. Non-Traded REITs may fund distributions from offering proceeds or borrowings, which may constitute a return of capital and reduce the amount of capital available to invest in new assets. Clients should be aware that these securities may not be liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the security, there may be certain repurchase offers made from time-to-time. However, there is no guarantee that the client will be able to redeem the security during the repurchase offer. Issuers may repurchase shares at a price below net asset value. The repurchase program may also be suspended under certain circumstances.

*Hedge Funds and Non-Traded Managed Futures.* Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices, currency and interest rate risk, lack of liquidity, and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing



important tax information. At the discretion of the issuer of the fund, there may be certain repurchase offers made; however, there is no guarantee that an investor will be able to redeem the fund during the repurchase offer. In some cases, there may be an additional cost to investors who redeem before holding shares for a specified amount of time. Issuers typically accept redemption requests only periodically (monthly or quarterly), and often have discretion to suspend redemptions in times of market stress. Even after a redemption request is accepted, the redemption proceeds may not be available for a significant period of time following the effective date of the redemption. A portion of the redemption proceeds may also be withheld to account for potential future adjustments to the valuation of the security. Funds of hedge funds are pooled investments in several hedge funds. Expenses in funds of hedge funds are typically higher than mutual funds. Because they may invest in a number of private hedge funds, funds of funds also bear a part of the fees and expenses of those underlying hedge funds.

*Annuities.* Annuities are technically insurance products, not designed for short-term investing. Their performance can approximate that of equities and fixed income. Common inherent risks in annuities include (i) the risk the insurer will become insolvent (credit risk), (ii) the risk that inflation will be higher than the annuity's guaranteed rate (purchasing power risk), (iii) the risk that funds will be tied up for years with little ability to access them (liquidity risk), and (iv) the risk that surrender penalties will create losses of funds are withdrawn early (surrender risk). Clients should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.

*Margin Accounts.* Clients should be aware that margin borrowing involves additional risks. Margin borrowing will result in increase gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account goes down. The client's broker/custodian acts as the client's creditor and has the authority to liquidate all or part of the account to repay any portion of the margin loan, even if timing would be disadvantageous to the client.

*Pledged Asset Lines of Credit.* Entering into a pledged asset line and pledging securities as collateral involves a high degree of risk. At any time, including in the event that the loan value of collateral is insufficient to satisfy the minimum loan value of collateral or to support the outstanding loans, the lending institution may demand immediate payment of all or any portion of the outstanding obligations, or require additional cash or securities to be added to the pledged account.

*Reliance on Outside Data Providers.* We receive all account and transactional data and other information regarding account valuation from unaffiliated custodians (outside data providers.) The inherent risk is that we have no independent means to ensure that such data is error-free or discover

that such data is in other ways incomplete or inaccurate.

*Technology and Cyber Security Risks.* Clients should be aware of the risk of actual and attempted cyber-attacks, including denial of service attacks, harm to technology infrastructure and data from misappropriation or corruption, and reputational harm. Due to Gladstone’s interconnectivity with service providers, client accounts could be adversely impacted and subject to identity theft and fraud if any service provider is subject to a cyber-attack or other information security event. Although Gladstone takes risk management and security measures against cyber security breaches, systems could be subject to physical or electronic breaches resulting in a failure to maintain the security and confidentiality of data assets. Technology failures or cyber security breaches, deliberate or unintentional, could delay or disrupt our ability to do business or service our clients.

*Terrorism, Disease Epidemics and Other Catastrophic Risks.* These are the risks of loss that may be incurred, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism, and other catastrophic events such as a pandemic. These catastrophic risks of loss can be substantial and could have a material adverse effect on Gladstone’s business and on the performance of your account.

## **Item 9. Disciplinary Information**

Gladstone has no legal or disciplinary information to disclose.

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

Most Gladstone Wealth Partners investment adviser representatives are associated with LPL Financial (“LPL”) as broker dealer registered representatives (“Dually Registered Persons”).<sup>2</sup> LPL is an SEC-registered investment adviser and FINRA member broker-dealer that is not affiliated with Gladstone. Clients can choose to engage Dually Registered Persons in their individual capacities as registered representatives of LPL to execute investment recommendations on a commission basis. In this capacity, a Dually Registered Person’s recommendation that a client purchase securities in a brokerage account presents a material conflict of interest, as the receipt of commissions provides an incentive for the Dually Registered Person to recommend investment products based on commissions, 12b-1 fees from mutual fund sales, and other forms of remuneration rather than on a particular client’s need. In some cases, clients may pay higher commissions and transaction costs for executing transactions through LPL than through other

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<sup>2</sup> Additional information about LPL Financial (CRD#: 6431/SEC#: 801-10970, 8-17668) and its registered representatives is available on FINRA’s BrokerCheck® Website at <https://brokercheck.finra.org> and the SEC’s Investment Adviser Public Disclosure Website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

broker-dealers and in most cases, than through a discount broker-dealer. Clients are under no obligation to purchase brokerage products from Gladstone's investment adviser representatives. Clients are reminded that they can purchase investment products recommended by Gladstone investment adviser representatives through other, non-affiliated broker-dealers or insurance agents.

Some investment adviser representatives of Gladstone are licensed insurance agents ("Agents") to sell non-variable insurance products and recommend life, accident and health, and property and casualty insurance as independent agents for various insurance companies and agencies. When such recommendations or sales are made, a material conflict of interest exists as the Agent earns commissions for the sale of insurance products, which creates an incentive to recommend such products. In addition, as it relates to the financial planning services described above, Gladstone provides advice from time-to-time with respect to insurance matters. Certain insurance products recommended by Agents may be issued or sponsored by Gladstone's parent company, Integrity Marketing Partners, LLC, or one of its insurance affiliates. Agents do not receive any special or additional compensation for recommending Integrity products over another product vendor.

In limited circumstances, certain investment adviser representatives of Gladstone are also associated with LPL as dually registered investment advisory representatives to provide advisory services as an investment manager under Section 3(38) of ERISA. When acting in this capacity, investment adviser representatives offer discretionary retirement planning services to plan sponsors for a fee as investment advisor representatives of LPL.

Gladstone maintains a material relationship with Kessler Investment Group, LLC ("KIG"), an SEC registered investment adviser (CRD#: 153696/SEC#: 801-71393), where KIG serves as sub-adviser to investment strategies offered to individual separate accounts under the GCM program. In return for portfolio management services, Gladstone charges clients an annual asset-based fee and pays 30% of that fee to KIG on a quarterly basis. Clients do not pay more for portfolio management services under this fee arrangement and investment adviser representatives earn the same compensation regardless of which program or services they offer. A material conflict of interest exists where Gladstone's Chief Investment Officer, Craig Kessler, and certain other investment adviser representatives, are dually registered investment advisor representatives of Gladstone and KIG and utilize KIG as the sub-adviser for accounts in the GCM program where KIG will earn related compensation.

Certain investment adviser representatives of Gladstone have their own legal business entities including, but not limited to, accounting and legal firms. Supervised Persons must disclose outside business activities to Gladstone before undertaking any such activity so that a determination may be made that the activities do not interfere with any of the individual's responsibilities with the Advisor and any conflicts of interests may be addressed. Outside business activities that create a material conflict of interest or that provide a substantial source of the Supervised Person's income or time are disclosed in the Supervised Person's brochure supplement. Clients should understand that outside businesses are legal entities of the investment

adviser representative and not Gladstone. Gladstone does not endorse or recommend the services of any investment adviser representative outside of their role as a Supervised Person of Gladstone. No client is under any obligation to purchase any products or services from Gladstone's investment adviser representatives in their individual business capacities.

#### **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Gladstone has adopted a code of ethics that emphasizes the high standards of conduct the Firm seeks to observe. Gladstone personnel are required to conduct themselves with integrity and follow the principles and policies detailed in the Firm's code of ethics. A copy of the code of ethics is available upon request by contacting the Firm at (908) 719-1313.

Gladstone's code of ethics addresses conflicts of interest the Firm has identified or that could likely arise specific to its business activities and service model. Firm personnel are required to follow guidelines governing their conduct in areas including, but not limited to conflicts of interest, compliance with state and federal statutes, laws and regulations, personal trading activities, and possession of and actions with regard to material nonpublic information.

Gladstone's code of ethics requires, among other things, "Access Persons" (as defined by the SEC) to periodically report their personal securities transactions and holdings to the Firm for review. Gladstone does not maintain "restricted lists," implement "blackout periods" or require prior written approval ("pre-clearance") for personal securities transactions other than participation in private placements or initial public offerings ("IPOs"). Gladstone does not participate in allocations of IPOs. Gladstone does not hold or trade securities in proprietary accounts. From time to time, investment adviser representatives may trade in securities for their own accounts that they also trade in client accounts, and they also trade in different securities that they do not feel are appropriate for certain clients. The conflict presented in this practice could lead to a client not participating in the appreciation of a particular security, or the investment adviser representative purchasing or selling a security and receiving a better price than the client.

Investment adviser representatives may aggregate transactions for a client with other clients to improve the quality of execution. Clients should be aware that the investment adviser representative's personal accounts (including related accounts, such as those of family members) can be included in such a block order. Although the same average price would be applied to client accounts and the investment adviser representative's personal accounts, the inclusion of an investment adviser representative's personal account(s) in a block order can present a conflict of interest. It is possible that the inclusion of the personal account could negatively impact the price of the security or result in the client being allocated less of an order. If a partially filled order is allocated on a random basis, the inclusion of the personal account could make it less probable that a client account is randomly selected, and the investment adviser representative's

personal account could be randomly selected instead of a client account. Gladstone addresses this conflict by disclosing it to you. Please ask your investment adviser representative if you would like more information on the investment adviser representative's trading practices in this respect.

Gladstone's Chief Investment Officer, Craig Kessler, is a dually registered investment advisor representative of Gladstone and KIG, an unaffiliated institutional money manager where KIG serves as sub-adviser to accounts in the GCM program. SWM Accounts that are in whole or in part managed by Craig Kessler are independently managed and often include the same or similar securities and allocations as GCM investment strategies. Clients are advised that in instances where the same securities are purchased or sold in SWM accounts as those in GCM accounts, SWM account transactions will occur after KIG trades the GCM accounts. This act may provide clients in GCM program accounts with a better trading price than clients in the SWM program.

## **Item 12. Brokerage Practices**

### *Recommendation of Broker/Custodians*

Gladstone has entered a relationship with LPL Financial, Fidelity, and Charles Schwab to serve as executing broker-dealer and qualified custodian for asset management program accounts. Gladstone does not have discretionary authority to select the broker/custodian for custody and execution services. While Gladstone's investment adviser representative s may make a recommendation as to the selection of a broker/custodian, it is ultimately the client's decision to select and direct the custodian as the sole and exclusive broker-dealer to execute, clear, and settle transactions for program accounts and to authorize Gladstone to buy and sell securities when we instruct them to.

Clients should be aware that if an investment adviser representative is also a registered representative of LPL, he/she may not be permitted to use a custodian other than LPL. Whether or not the investment adviser representative is able to use a custodian other than LPL is determined by Gladstone and LPL and is based on the experience and production level of the investment adviser representative, among other factors. In such cases where a custodian other than LPL is selected by the client and the investment adviser representative is a registered representative of LPL, Gladstone will pay 5 bps of the value of assets under management held at said custodian to LPL as an oversight fee. Certain account types are exempt from the calculation. This payment comes from the portion of the advisory fee that would otherwise be paid to the investment adviser representative. This presents a conflict of interest in that an investment adviser representative has a financial incentive to recommend LPL as a custodian. Notwithstanding, Gladstone and its investment adviser representatives will recommend a custodian to clients only if it believes it is in the client's best interest.

### *Asset-Based Pricing*

Investment adviser representatives pay a platform fee (“asset-based fee” aka “asset-based pricing”) to Gladstone which it passes in part to the broker/custodian to cover transaction and execution costs (commissions/ticket charges) on a calculation based on the investment adviser representative’s aggregate assets under management. Investment adviser representatives pay an asset-based fee regardless of how much or little they trade client accounts. We believe that an asset-based fee structure reduces potential conflicts of interest that may arise with individual ticket/transaction charges that can influence an investment adviser representative’s decision whether or not to trade an account.

Depending on the broker/custodian, charges for asset-based pricing may exclude certain account and asset types, such as non-transaction fee (“NTF”) mutual funds and ETPs. To mitigate any financial incentive for investment adviser representatives to select NTF funds over other funds that may have lower internal fees, investment adviser representatives pay a platform fee to Gladstone based on their total assets under management regardless of asset type (e.g., the asset-based fee does not exclude NTF funds). We believe this fee structure further reduces conflicts of interest which may arise that can influence an investment adviser representative recommending a particular broker/custodian or utilizing specific assets. We believe this fee structure mitigates conflicts of interest and financial incentive for an investment adviser representative to utilize any specific asset type.

Clients are advised that while Gladstone endeavors to use the lowest-cost mutual fund share class available and periodically reviews its fund holdings to convert higher cost shares to lower cost shares in accordance with its duty of best execution, the Firm cannot ensure that all clients will hold the lowest cost shares available on the broker/custodian’s platform at any given time.

#### *Best Execution*

Gladstone recognizes that there are areas that represent potential conflicts of interest when considering its duty to obtain best execution of client trades. To this end, Gladstone has negotiated asset-based pricing arrangements with broker/custodians where transactions are executed without commissions or transaction fees (see “Asset-Based Pricing” above). Through evaluation of a list of quantitative and qualitative factors, Gladstone believes that the broker/custodians that it makes available on its platform offer the most comprehensive package and best balance of costs, accuracy and speed of execution, access to markets and liquidity, quality of services, financial stability, and reputation. Gladstone regularly evaluates these factors as part of its duty to secure best execution of client trades. Clients should be aware that while Gladstone reviews to ensure that available broker/custodians have execution procedures that are reasonably designed to obtain the best execution possible, there can be no assurance that best execution will be achieved.

#### *Research and Other Soft Dollar Benefits*

Gladstone receives products and services from broker/custodians, many of which assist Gladstone to better

monitor and service client accounts. Products and services may be received without cost, at a discount, and/or at a negotiated rate, and can include investment-related research, pricing information and market data, software and other technology that provide access to client account data, consulting services, attendance at conferences, meetings, and other educational and/or social events, marketing support, computer software, and other products and services used by Gladstone in furtherance of its investment advisory business operations. Products and services are provided to Gladstone based on the overall relationship between Gladstone and the broker/custodian and not the result of soft dollar arrangements or any other express arrangements that involve the execution of client transactions as a condition to the receipt of such products and services. Gladstone will continue to receive products and services regardless of the volume of client transactions executed with a particular broker/custodian. Clients do not pay more because we receive these benefits. There is no corresponding commitment made by Gladstone to a broker/custodian or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of these arrangements.

#### *Brokerage for Client Referrals*

Gladstone and its related persons do not receive client referrals for recommending broker-dealers.

#### *Directed Brokerage*

Clients should understand that not all advisors require their clients to direct brokerage and that directed brokerage may result in the client not being able to achieve the most favorable execution and that there are additional costs associated with directed brokerage trading. Gladstone has determined to generally follow a policy of holding client assets in individual accounts at the broker/custodian that are identified to the client instead of in an omnibus account in Gladstone's name to increase transparency and security for clients but at the cost of reducing Gladstone's capability and leverage to negotiate brokerage arrangements. Custodying client assets in individually identified accounts at specific custodians can also limit the choice of investment products, such as certain classes of mutual funds that are available on that custodian's platform and may result in a client not being able to invest in certain investment products.

#### *Aggregation of Orders*

Purchases, sales, and other orders made for your account may be aggregated with purchase, sales, and other orders in the same investments for other clients. When transactions are aggregated, the actual prices applicable to the aggregated orders will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the investments involved at the average price obtained. Occasionally, an aggregated order may only be partially filled. Under such circumstances, the investments are allocated, to the extent feasible, among the applicable clients on a pro rata basis. Investment adviser representatives may determine not to aggregate transactions, for example, based on the size of the trades, the liquidity of the

securities, and the discretionary or non-discretionary nature of the trades. If orders are not aggregated, some clients purchasing securities around the same time may receive a less favorable price than other clients. Clients are encouraged to refer to the agreements they enter into as well as the disclosure brochure for any third-party manager utilized for information on the third-party manager's trade aggregation practices.

#### *Allocation of Investments*

Investment adviser representatives engage in an investment advisory business apart from managing your account. This creates a conflict of interest with the investment adviser representative's time devoted to managing your account and the allocation of time and investment opportunities among other client accounts managed by the investment adviser representative. The investment adviser representative will attempt to resolve such conflicts in a manner that is fair to all clients. Investment adviser representatives provide personalized and individualized advisory services and take action with respect to other clients that may differ from advice given or the timing or nature of action taken with respect to your account. Investment adviser representatives are not obligated to purchase or sell any security that the investment adviser representative may acquire for their own account or for the account of any other client, if in the absolute discretion of the investment adviser representative, it is not practical or desirable to acquire a position in such security for the account.

#### *Principal Transactions and Cross Transactions*

Gladstone does not engage in principal transactions or cross transactions.

#### *Trade Errors*

Gladstone reimburses accounts for losses resulting from Gladstone's trade errors but does not credit accounts for such errors resulting in market gains. The gains and losses may be reconciled within Gladstone's custodian firm account and Gladstone may retain the net gains and losses.

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

Investment adviser representatives review wrap fee accounts on an ongoing basis and complete a review of each client account at least annually to determine the continued appropriateness of the account and if it remains in the client's best interest. An investment adviser representative's underlying premise for the continued suitability of a wrap account is based on the totality of services provided, not on any single service or component of the overall fee.

The investment adviser representative will contact the client periodically to determine if there have been any changes in the client's financial situation or investment objectives so that the investment strategy of the account may be adjusted accordingly. Additional contact may be triggered at the client's request, or by



material market, economic, or political events, or by other events.

Once an advisory relationship is established, there are no restrictions on a client's ability to contact Gladstone or the investment adviser representative. Under certain circumstances, the client may request direct contact with Gladstone, a third-party manager, or a strategist. However, these consultations will occur at the sole discretion of Gladstone or the applicable third-party manager or strategist.

Each client will receive written reports directly from the broker/custodian that detail the client's positions and activity. Many investment adviser representatives also provide their clients with periodic performance reports, which may show performance across multiple accounts within a household. Clients are advised that these are not official account records and to always compare those reports to the ones provided by the qualified custodians, which are the official records of the accounts.

Program accounts are subject to a risk-based exception reporting system that flags client accounts or households based on Firm-specified criteria, including, but not limited to, trading inactivity and/or missing annual review reports. The exception reporting identifies accounts or households where additional analysis by a Gladstone supervisor may be appropriate.

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

##### *Client Referrals*

Gladstone maintains investment advisory referral arrangements with unaffiliated third-parties, including but not limited to, individual professionals, professional firms, and corporate institutions. For each such referral arrangement a solicitor or "promoter" will receive compensation in the form of a flat fee or as a percentage of advisory fees received from the referred client when the client elects to utilize Gladstone for investment advisory services. Because Gladstone is engaged by and compensates the third-party promoter for the referral, it presents a conflict of interest. Referral arrangements are pursuant to a written agreement between Gladstone and the third-party in accordance with the requirements set forth in Rule 206(4)-1 under the Advisers Act. Under the written agreement, the promoter is responsible for delivering to the referred Client, at the time the solicitation was presented, certain disclosures with regard to (i) whether the promoter is a client of Gladstone, (ii) compensation provided for the referral and a description of the compensation arrangement, and (iii) any other material conflicts of interest the promoter may have that results from the promoter's relationship with Gladstone or with the Gladstone investment adviser representative.

Gladstone has relationships with various third-party investment advisers that manage or sponsor various types of TAMPs. Gladstone investment adviser representatives may solicit clients for such programs or services in which case the investment adviser representative will not be providing continuous and regular supervisory or management services or have discretionary authority over assets with respect to individual

security selection. The investment adviser representative provides asset monitoring services only with respect to certain TAMPs and all advisory agreements are entered into by clients solely and directly with the third-party investment adviser. Asset monitoring services allow Gladstone investment adviser representatives to assist the client in establishing one or more portfolio(s) with one or more third-party investment adviser, for a percentage of the fee that the client will pay to the third-party portfolio manager(s). This benefit presents a conflict of interest. Investment adviser representatives monitor the activity in the account and meet with the clients to discuss results and update changes to the client's investment objectives or circumstances. Clients receive a separate firm brochure for the independent third-party money manager(s) selected, a written solicitor disclosure statement describing the nature of our relationship, the terms of our compensation, including a description of the compensation that Gladstone will receive for referring you to the third-party investment adviser.

Gladstone established relationships with lenders and lending platforms to help facilitate client access to unsecured (personal) loans, residential real estate loans, and securities-backed loans. Clients should understand that any such referral made by a Gladstone investment adviser representative is an ancillary service, and it is not an, nor it is part of, any advisory program or advisory service. Gladstone investment adviser representatives act as an intermediary but do not act as a fiduciary to the client when making such a referral and will not provide advice or oversee any lending arrangement between the client and lender. Clients may not use proceeds from a loan to purchase securities. For unsecured loans and securities-based loans, Gladstone is eligible to receive a one-time compensation payment based on a certain percentage of the loan amount for each loan that Gladstone investment adviser representatives refer to the lender or lending platform. This compensation rate does not vary between lenders. Gladstone investment adviser representatives are not compensated for these referrals.

#### *Other Compensation*

Most of Gladstone's investment adviser representatives are also registered representatives of LPL and are eligible to participate in incentive programs offered through LPL where cash and non-cash compensation is received such as production bonuses, deferred compensation, stock options to purchase shares of LPL's parent company, and other things of value, such as free or reduced-cost attendance at LPL's national sales conference or top producer forums and events. Such compensation is typically based on overall business produced and/or on the amount of assets placed through LPL. To this end, there is a financial incentive for many Financial Advisors to recommend that you establish and maintain an account at LPL. Financial Advisors will recommend that clients establish and maintain their account at LPL only if they believe it is in the client's best interest.

Gladstone investment adviser representatives who are also a registered representative with LPL may receive payments from LPL in connection with his/her transition to LPL as a registered representative. Registered

representatives often receive an initial loan and/or transition payment from LPL to assist with the costs associated with transitioning client assets to LPL's custodial platform ("Transition Assistance"). The amount of Transition Assistance that LPL pays to any registered representative can vary greatly but is typically between 5 – 15 bps of verified or unverified assets. Transition Assistance may also be provided by LPL, at its discretion, to Dually Registered Persons for investment advisory assets custodied at LPL where Gladstone is Adviser. Transition Assistance is paid to the registered representative to assist with the costs associated with the transition, such as moving expenses, leasing space, furniture, staff, and termination fees associated with moving accounts; however, there is no verification to confirm the use of these payments for such transition costs. These payments may be in the form of loans to the registered representative, which are repayable to LPL or forgiven by LPL based on years of service with LPL and/or the scope of business engaged in with LPL, including the amount of assets custodied at LPL. The receipt of these payments is a conflict of interest in that an investment adviser representative has a financial incentive to recommend that a client custody assets at LPL in order for the loan to be forgiven. However, to the extent we recommend you establish or maintain an account with Gladstone and custody at LPL, it is because we believe it is in your best interest to do so based on your financial circumstances, goals, and objectives, as well as the services offered.

Gladstone and its investment adviser representatives receive other compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation includes such items as gifts with a de minimis annual value, an occasional dinner or ticket to an entertainment event, reimbursement in connection with an educational meeting, client events, or marketing initiatives. Product sponsors also pay for, or reimburse Gladstone for the costs associated with, Gladstone-sponsored training conferences and events.

Gladstone utilizes Envestnet Financial Technologies, Inc. ("Envestnet") to access various third-party investment managers through the TAMP Program and alternative investments through Envestnet's "Alternatives Exchange" in conjunction with Institutional iCapital Network, Inc. ("iCapital") and UBS Financial Services, Inc. ("UBS"). Gladstone accesses Envestnet through LibertyFi, LLC, a middle-office Envestnet consulting solution. By utilizing such service providers to access advisory products and services, Gladstone is eligible to receive preferred (lower) pricing on transition support, technology, and other related administrative, operational, and consulting support and services. Gladstone believes that the scope and nature of these services best service the interests and needs of its clients. Envestnet, LibertyFi, iCapital and UBS are not affiliated with Gladstone and Gladstone does not receive revenue sharing or any portion of fees paid directly to these service providers.

#### **Item 15. Custody**

Client assets are housed in unaffiliated and nationally recognized brokerage firms, otherwise known as

custodians. Gladstone does not take custody except under the following two conditions, which are considered by the SEC to be custody because of the Firm's ability to transfer/access funds:

1. Gladstone has the authority to ask the custodian to pay investment adviser fees from client accounts and give payment directly to Gladstone (direct debit). Clients will be sent monthly and/or quarterly written summary account statements directly from the custodian that holds and maintains their assets at least quarterly. Any funds being deposited for investment must be payable to the custodian where the account is held. Custodial statements will reflect the account holdings, transactions for the period reported, and any additions and withdrawals from the account, including the custodian's withdrawal of Gladstone's adviser fees. Clients are urged to carefully review the custodian's statements and compare these official custodial records to any performance reports that the client's investment adviser representative provide. A investment adviser representative's performance reports may vary from the custodial statements based on systems, accounting procedures, or reporting dates. Clients should notify their investment adviser representative of any report discrepancies as soon as possible.
2. Clients can establish a standing letter of authorization ("SLOA") to direct Gladstone to transfer funds or securities from the client's account to a specified third-party. The client's SLOA gives Gladstone the authorization to change the timing and/or the amount of the transfer; however, not the ability to change the third-party recipient without the client's written authorization.

Clients receive account statements directly from the custodian at least quarterly. Statements will be sent to the email or postal mailing address you provided to the custodian. You should carefully review those statements promptly when you receive them. You should also compare your custodial account statements with any performance reports you may receive from your investment adviser representative and contact us immediately should there be any discrepancies or concerns.

#### **Item 16. Investment Discretion**

It is our customary procedure to have full discretionary authority in order to supervise and direct the investments of our clients' accounts and retain sub-advisers. This authority is for the purpose of making and implementing investment decisions, including the hiring and firing of sub-advisers, without the client's prior consultation. All investment decisions are made in accordance with the client's stated investment objectives. Clients grant discretionary authority to Gladstone Wealth Partners by completing the following items:

- Execution of Gladstone Wealth Partner's investment management agreement, which designates the authority for us to implement investment decisions and, as applicable, to select sub-advisers on your behalf.
- Provide Gladstone Wealth Partners with trading authorization and discretionary authority on the

new account forms that are submitted to the broker-dealer acting as custodian for the client's account(s).

Other than advisory fees due to Gladstone, which the Firm will receive directly from the custodian, Gladstone's discretionary authority does not grant us the authority to take or have possession of any assets in the client's account.

Clients may impose reasonable restrictions, in writing, on investing in certain securities or types of securities in accordance with their values and beliefs. Gladstone Wealth Partners will make every effort to comply with the wishes of the client but cannot guarantee absolute adherence due to our use of indexed products, funds, and ETPs that may hold or trade securities sought to be restricted. Any limitations to the trading authorization will be added to Gladstone's investment management agreement in writing.

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

Gladstone will not request or accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the Custodian. Clients should direct all proxy questions to the issuer of the security. For client accounts managed by a third-party portfolio manager, clients should refer to the separate agreement they entered into with the portfolio manager and that portfolio manager's specific proxy voting policies and procedures. In addition, Gladstone and its investment adviser representatives do not accept authority to take action with respect to legal proceedings relating to securities held in the account.

#### *Class Action Lawsuits*

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Gladstone Wealth Partners has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Furthermore, we have no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct or negligence by corporate management of issuers whose securities are held by clients.

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

#### *Balance Sheet Requirement*

Gladstone does not require or solicit prepayment of more than \$1,200 in fees per client, six (6) months or more in advance, we are not required to deliver our balance sheet along with the Disclosure Brochure.

#### *Financial Condition*

Gladstone does not have any financial condition that would reasonably be likely to impair its ability to meet its contractual commitments to clients.

#### *Bankruptcy Petition*

Gladstone has not been the subject of a bankruptcy petition at any time during the last ten (10) years.