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GROSS & HARTMAN INVESTMENTS, LLC

**GROSS & HARTMAN INVESTMENTS, LLC**  
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**March 19, 2024**

This brochure provides information about the qualifications and business practices of Gross & Hartman Investments, LLC dba G&H Investments referred to going forward as G&H Investments. If you have any questions about the contents of this brochure, please feel free to contact us at (717) 295-4425 and/or [Bret@grossinv.com](mailto:Bret@grossinv.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about G&H Investments can be reviewed on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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Item Number 2  
Material Changes

Pursuant to SEC Rules, we are required to update this Brochure, and a summary of material changes to this Brochure within 90 days of the close of our fiscal year. Furthermore, we are required to deliver an updated Brochure, which will include the summary of any material changes, to you within 120 days of the close of our fiscal year.

Since Gross & Hartman Investments, LLC published this Brochure on June 28, 2023, G&H Investments has not made any material changes to this Brochure.

Currently, our Brochure may be requested by contacting Jeffrey B. Hartman at 717-295-4425.

Additional information about our firm is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any of our affiliated persons who are registered, or are required to be registered, as investment advisor representatives of Gross & Hartman Investments, LLC.

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Item Number 3  
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Item Number 4  
Advisory Business

**Gross & Hartman Investments, LLC, dba G&H Investments:**

Gross & Hartman Investments, LLC was formed as a limited liability company in Pennsylvania December 2021. We primarily conduct our business under the name G&H Investments.

**Principal Owners:**

The SEC requires owners of over 25% be documented and available to the public. Jeffrey (“Bret”) Hartman is the primary owner of G&H Investments, and the only member who owns 25% or more of the business.

**Types of Advisory Services Offered:**

G&H Investments provides two types of Advisory Services: **Investment Management Services** and **Consulting Services**. Investment Management Services is Full Discretion and considered Supervisory Services. Consulting Services is not full discretion.

**Investment Management Services:**

Investment Management services includes stock, bond and mutual fund management. Accounts are held at a brokerage firm agreed upon by both the client and G&H Investments. With **Investment Management Services** G&H Investments is granted trading authority over the account, and buys and sells securities that are appropriate for the client’s investment objectives. These services also include initial investment objective setting and asset allocation. The initial assets are selected to meet the determined investment objectives. The assets are then monitored for continued appropriateness and maturity, or the purchase of new assets. Stocks are bought and sold based on valuations and movements on and off our approved list. We communicate performance and update asset allocation information to our clients through quarterly letters. Mutual Funds and ETFs are bought and sold based on appropriateness for the client and movement on and off our approved list. **Investment Management Services** also include maintaining records, sending client statements, and presenting performance figures on the client’s accounts. The investment objectives of the client are continuously monitored over time for changes.

**Investment Consulting Services:**

**Investment Consulting** is **not full discretion**, and is billed on an hourly basis. G&H Investments manages multiple accounts on an hourly basis. In most instances, the client

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gives G&H Investments a project, such as retirement planning or developing an asset allocation with the findings of the project reported back to the client. Other services include mutual fund/manager selection, performance measurement, and college savings planning. The project is analyzed with a summary of the analysis provided in writing to the client. It is pre-determined if the client or G&H Investments will place the trades as a result of the analysis.

**Advisory Services Tailored to Meet the Needs of the Client:**

We tailor our investment advice to the needs of our clients. Clients can choose from a variety of offerings, which include investment management and consulting services. They can create their own type of service. For example, we have clients that have us manage their bonds portfolios, but also utilize our consulting services for manager selection. Clients can put restrictions on their portfolios that are outside of our normal management techniques. Examples are index only portfolios, alternative energy portfolios and restrictions on the length of maturities in the bond portfolio. G&H Investments reserves the right to decline certain requests from clients if the request falls outside of our normal strategies and level of expertise. For more information concerning our investment strategies and the risks of such strategies, please see Item 8 below.

**Client Assets Managed:**

As of 12/31/2023, G&H Investments had 113 clients. The breakdown between discretionary and non-discretionary AUM is shown in the chart below:

Discretionary Assets Under Management:	\$413,200,000
Non-discretionary AUM:	<u>\$43,000,000</u>
	\$456,200,000

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Item Number 5  
Fees and Compensation

**Investment Management Services:**

	<u>Fee</u>	<u>For Dollar Amount Under Management</u>
Fixed Income Portfolios:	0.25%	All Fixed Income Portfolios
Mutual and Private Fund Portfolios, Options Strategies:	0.50%	All Mutual and Private Funds: Equities, Bonds, International, Hedge Funds, Private Equity Funds, Private Pools; and all options strategies
Equity Portfolios:	0.75%	Between \$0 and \$250,000
	0.60%	Between \$250,000 and \$1,000,000
	0.50%	Accounts over \$1,000,000

G&H Investments charges its management fees at the end of each quarter, based on the following calculation: Assets under management \* fee rate \* days in quarter/365.

Investment Management Services accounts are billed on a quarterly basis.

**Other Costs and Brokerage Fees:**

Other fees paid by clients, but not revenues of G&H Investments, include: Mutual Fund Fees (variable), Exchange Traded Funds – ETFs (variable), and Trade Away Fees.

**Investment Consulting Services:**

The hourly fee for this service ranges between \$116 to \$172 per hour (variable for secretarial work). Fees for services based on an hourly fee are charged at the completion of the project, or for on-going clients, at the end of each month that work is done. (Any direct expense, such as travel or postage, is billed at the end of the project or monthly as outlined above.)

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**Separately Managed Accounts (Third-Party Managers):**

G&H Investments may recommend the use of outside, or third-party managers for certain clients. These third-party managers may charge additional fees to the clients for account management services.

**Negotiable Fees:**

Fees for all types of services are negotiable. G&H Investment has given discounts for extremely large clients or large projects. G&H Investments offers services on a fixed fee basis under certain circumstances.

**Billing Method:**

All clients may elect to have the fee deducted directly from their investment accounts, or billed by invoice, as indicated on their contract. Invoices will include a statement detailing the charges. For clients who elect to have the fee deducted from the investment account, the fee deduction will be reflected in the custodian's account statements.

**Advance Fee Payment:**

No fees are requested or accepted in advance.

**Other Compensation:**

G&H Investments receives no other compensation from its clients beyond the fees charged (as outlined for investment management fees and consulting fees). Clients will incur no fees from G&H Investments resulting from compensation of sale of securities or investments products. G&H Investments does not charge a fee for the sale or purchase of a mutual fund (only management or hourly fees). All transaction fees charged (commissions) are revenues to the custodian brokerage firm, and not revenues to G&H Investments.

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Item Number 6  
Performance-Based Fees and Side-By-Side Management

G&H Investments does not charge performance-based fees.

G&H Investments does not participate in Side-By-Side Management.

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Item Number 7  
Types of Clients

**Clients of G&H Investments:**

The following are the types of clients that G&H Investments generally provides investment advice to and their percentage of our business:

<u>Business Type</u>	<u># of Clients</u>	<u>% of AUM</u>
Individuals	95	38%
High Net Worth Individuals	8	40%
Banking or Thrift Institutions	0	0%
Investment companies	0	0%
Pension and profit-sharing plans	0	0%
Trusts, estates, or charitable organizations	1	22%
Corporations or business entities other than those listed above	2	<1%

**Minimum Account Balance:**

G&H Investments does not have a stated minimum account balance for opening an account. Instead, smaller accounts usually select Investment Consulting Services. As long as an account is large enough to be properly diversified, the client can choose between Full Discretion Investment Management or our Investment Consulting Services.

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

Our process begins with establishing the proper asset allocation for our clients that creates the appropriate risk level and potential returns.

**Bonds:**

The bond portfolio is managed for safety and as a source of income, while the riskier asset classes are held for their long-term return potential. The bond portfolio is managed using a laddered strategy employing high quality fixed income instruments. This will include US Treasuries, Federal Agencies, insured CD's, and municipal securities. G&H Investments will buy corporate bonds from time to time, but most of our purchases fall in the other categories.

For our higher tax bracket clients, we will focus on high-quality tax-exempt securities. Individual bonds are selected based on their time to maturity, their yield to maturity, and several factors identifying their quality. This starts with the securities rating provided by one or more of the rating agencies. Our minimum rating is a single-A (or equivalent). We buy a large number of enhanced securities. This includes pre-refunded bonds, but also includes bonds that carry the State Intercept programs, as well as other enhancements. We look beyond the rating agencies using several sources of information, including data on the municipal entities underlying stress index, unemployment rate, foreclosure rate and other factors. We also monitor the municipal issuer data on the EMMA website.

We expect bond risk to be lower than other asset classes. We are willing to accept a lower return from the bonds in return for greater safety.

**Equity:**

Equity management utilizes a bottom-up (company-selected) approach. The portfolio is diversified through the use of roughly 25 to 30 companies in various industries. Economic research and forecasting suggests the industries and types of companies, and fundamental research helps us select the individual company to purchase. G&H Investments manages a concentrated portfolio that does not attempt to mimic the S+P 500, but instead attempts to beat the index over the long term.

We will exempt certain industries (we have not held a utility stock in over 20 years), and will have concentrations in other industries. The fundamental research is based on P/E's, past earnings growth, future earnings growth, and the relationship between the P/E and the potential growth rate (PEG ratio). We also believe in holding companies with lower debt levels, and companies that pay a higher than Index dividend yield. We utilize the

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following types of securities in our Equity Portfolios: Exchange listed equity Securities, US Traded Foreign Securities, Exchange Traded Funds, Convertible Bonds and Convertible Preferred shares, and Interests in Real Estate Partnerships.

**Mutual and Private Fund Portfolios:**

Mutual fund portfolios are managed for our clients for added diversification or for those clients with a bias against individual equities. Our approved manager list is developed through in-house research, which utilizes a matrix of attributes. This includes short and long-term returns, fees, turnover, and manager tenure (among other characteristics). The manager list also includes index funds in various categories. For active managers, we have approved funds for large cap value, large cap growth, small cap value, small cap growth, international, international value, international growth, emerging markets, real estate and high yield bonds. We also advise some clients to use outside managers (separately managed accounts).

**Private Funds:**

We may recommend that certain clients invest in unaffiliated private funds, which are not publicly offered under the Securities Act of 1933 (“Private Funds”). Such private funds may be structured as pools of assets for investment into a wide range of securities, derivatives, portfolio companies (including both private and public companies), and U.S. or non-U.S. publicly held companies. Such funds are only available to qualified investors, generally known as “accredited investors”. G&H Investments will evaluate which clients are suitable for such investments. In considering the suitability of a client for private fund investments, G&H Investments will consider whether the client is accredited or not, whether the proposed investment is consistent with the client’s investment objectives, risk tolerance and liquidity needs, and the costs and anticipated returns of the particular fund.

All relevant information pertaining to private fund recommendations, including the compensation received by G&H Investments and the private fund adviser resulting from a client’s investment in a private fund, other fees and expenses paid by the respective private fund, withdrawal rights, minimum investments, qualification requirements, suitability, risk factors and potential conflicts of interest is set forth in the respective private fund’s disclosure documents, governing documents and other offering materials pertaining to such interest (the “Offering Materials”). Each investor is required to receive, review and execute (as applicable) the Offering Materials prior to being accepted as an investor in any such private fund.

It is important to note that any advisory fee charged to clients by G&H Investments for investing in a private fund may be in addition to the fees charged by the private fund to investors. Clients are strongly advised and encouraged to discuss the Offering Materials, the costs associated with any investment in such private fund(s) and the risks associated

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with the anticipated investment with their advisors and to assess the risks, merits, charges, suitability, and appropriateness of the opportunity prior to making any investment decision.

**Options Strategy:**

For suitable clients, we may offer an options strategy that is intended to hedge against market volatility. Specifically, we may employ a strategy using put and call options to guard against adverse market developments, which will require the client to incur the costs of the premium. Additionally, we may provide clients with a covered call strategy, which are call options that are sold on securities that the client owns. The client earns money on the premium that the purchaser of the call pays on the option. If the call option is exercised, the client must sell the security at the price of the call option to the holder of the call option. If, however, the call is not exercised, the client keeps the premium and the underlying security. These option strategies offer some income and downside protection for holding securities in the account. G&H Investments, in its sole discretion, will determine whether a client is suitable for the risks posed by such strategies (please see “Risks” below).

**Sources of Information:**

For sources of information for our bond, stock and mutual fund management we use: Bloomberg, Morningstar, EMMA, various broker reports, and various news services such as the Wall Street Journal and Internet news services. In addition, we use Annual reports, prospectuses, and filings with the SEC and Company press releases.

**Strategy:**

Our overall strategy calls for holding all of our securities for the long term. For our bond holdings, the vast majority of our bonds are held until maturity. We believe that this greatly reduces the risk of loss on the holding. This will mainly involve the deterioration of the quality of the bond, but a sale may also be incurred for tax purposes. Our equity and mutual fund holdings are also purchased for the long run. This should lead to the diversified portfolio attaining the expected long-term return in each asset class. Long-term holdings also reduce trading costs and tax costs (by delaying capital gains and by attaining the lower long-term capital gains tax rate).

We do not use short-term trading strategies for our equity holdings. Stocks and funds may be sold sooner than we expected. For equities, this would result in a fast run-up in price, or a deterioration of the company’s financial situation. For mutual funds, they may be sold if the performance of the fund deteriorates, or there is an unexpected event, such as a change in strategy or change in the manager of the fund.

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Our concentrated individual equity strategy can result in higher risks than a more diversified strategy. We believe the portfolio is properly diversified, and can be held as a stand-alone investment. However, should one or several of our companies run into difficulty, the risk of loss of the entire portfolio is higher due to the higher proportion of the holdings. This risk can be mitigated by holding additional mutual funds or having managers outside of G&H Investments. Our other strategies, such as the laddered bond holdings, diversified mutual fund holdings, and our overall philosophy of holding investments for the long-term are designed to reduce the risk of the portfolio. If nothing else, the focus on long-term holdings reduces the trading and tax costs incurred.

The agreement between G&H Investments and the client places no limitation on us to buy and sell securities. Risk tolerance and an agreed-upon asset allocation will be followed by G&H Investments for the client.

**Risk:**

In developing asset allocations, we believe bond portfolios will be safer than other asset classes, including private funds and options strategies. We convey to our clients that equities, including privately issued securities and options, are a very risky asset class. For the client to be invested in US equity securities and options, they must be able to tolerate a market loss (from market high to market low) of -50%. For international equity securities and options, this rises to -60%. This information is conveyed to our clients in the initial asset allocation setting report, as well as periodically in our quarterly updates. We believe clients that understand the true risks of their investments are better able to remain fully invested during the worst of times, thus allowing them to gain full advantage of the higher long-term returns provided by the equity markets.

In addition to the general risk of loss for investments in public and private debt and equity securities and options, the following risks should be considered in evaluating our investment recommendations:

**General Market Risk.** Each strategy's value and investment return will fluctuate based upon changes in the value of its portfolio securities. Certain securities held may be worth less than the price originally paid for them, or less than they were worth at an earlier time.

**Portfolio Turnover Risk.** Under normal circumstances, the anticipated portfolio turnover rate for most of our strategies is expected to be less than 100%, except for certain options strategies and actively traded strategies. High rates of portfolio turnover could lower performance of the strategy due to increased costs and may result in the realization of capital gains. If the strategy realizes capital gains when it sells its portfolio investments, it will increase taxable distributions to you. High rates of portfolio turnover in a given year would likely result in short-term capital gains and under current tax law you would be taxed on short-term capital gains at ordinary income tax rates, if held in a taxable account.

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**ETF or Other Comingled Vehicle (“ETF”) Risks**, including Net Asset Valuations and Tracking Error. An ETF's performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Clients should be aware that to the extent they invest in ETF securities they will pay two levels of advisory compensation – advisory fees charged by G&H Investments plus any advisory fees charged by the issuer of the ETF. This scenario may cause a higher advisory cost (and potentially lower investment returns) than if a Client purchased the ETF directly. An ETF typically includes embedded expenses that may reduce the ETF's net asset value, and therefore directly affect the ETF's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of the ETF may include investment advisor management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. ETF tracking error and expenses may vary.

**Inflation, Currency, and Interest Rate Risks** - Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by G&H Investments may be affected by the risk that currency devaluations affect client purchasing power.

**Risks from Purchasing Options.** If a call or put option purchased by us is not sold when it has remaining value and if the market price of the underlying security, in the case of a call, remains less than or equal to the exercise price, or, in the case of a put, remains equal to or greater than the exercise price, you will lose its entire investment in the option. There is no assurance that a liquid or "fair" market will exist when we seek to close out an option position. Where a position in a purchased option hedges a related position, the price of the option may move more or less than the price of the related position.

**Liquidity Risk:** Liquidity is the ability to convert readily an investment into cash to prevent a loss, realize an anticipated profit, or otherwise transfer funds out of the particular investment. Generally, investments are more liquid if the investment has an established market of purchasers and sellers, such as a stock or bond listed on a national securities exchange. Conversely, investments that do not have an established market of purchasers and sellers, such as private funds and other alternative investments, may be considered

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illiquid. Your investment in illiquid investments may be for an indefinite time, because of the lack of purchasers willing to convert your investment to cash or other assets. Some private funds and alternative investments are also illiquid according to their Offering Materials, which may require clients to invest in such private pools for a certain period of time with no ability to liquidate.

**Counterparty Risk**

To the extent that client funds are invested in options, swaps, derivative or similar instruments, the client accepts the credit risk with regard to parties with whom the account trades and may result in performance and/or settlement default. These risks may differ materially from those entailed in exchange-traded transactions. Exchange traded transactions are, in general, backed by clearing organization guarantee, daily intermediaries. Transactions entered directly between two counterparties may not benefit from such protections and expose the parties to the risk of counterparty default.

Although exchange-traded futures and options contracts are generally backed by a guarantee from a clearing corporation, an account could lose the benefit of a contract in the event that the clearing corporation becomes insolvent or experiences another source of financial distress.

There are also risks involved in dealing with custodians and brokers who settle trades and/or hold your assets. Under certain circumstances, including certain transactions where a client's assets are pledged as collateral for margin, leverage or other forms of loans, or where a client's assets are held at a non-U.S. broker, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the client and hence the client could be exposed to a credit risk with regard to such assets. In addition, there may be difficulty in enforcing a client's rights to its assets in the case of an insolvency of a custodian, broker or other party to which assets were pledged or held as collateral. Significant losses incurred by many investors in 2008 in relation to the bankruptcy and/or administration of Lehman Brothers Holdings and its affiliates illustrate the risks incurred in both derivatives trading and custody/brokerage arrangements. There is no certainty that, in the event of a failure of a custodian or broker that has custody of client's assets, the client would not incur losses due to their assets being unavailable for an uncontrollable and unknown period of time, or the client may ultimately fail to recover all of their assets or be subject to both of these consequences.

**Legislative and Tax Risk**

Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment advisor or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations, particularly for options, swaps, master limited partnerships, Real Estate Investment Trust, Exchange Traded Products/Funds/Securities. G&H Investments does not engage in tax

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planning, and in certain circumstances, a Client may incur taxable income on their investments without a cash distribution to pay the tax due. Clients and their personal tax advisors are responsible for how the transactions in their account are reported to the IRS or any other taxing authority.

**Tax Risks:** Tax laws and regulations applicable to an account with G&H Investments may be subject to change and unanticipated tax liabilities may be incurred by an investor as a result of such changes. In addition, clients may experience adverse tax consequences from the early assignment of options within a client's account. Clients should consult their own tax advisers and counsel to determine the potential tax-related consequences of investing.

**Dependence on Key Employees**

An account's success depends, in part, upon the ability of G&H investment's key professionals to achieve the targeted investment goals. The loss of any of these personnel could adversely influence the ability to achieve such investment goals and objectives of the account.

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Item Number 9  
Disciplinary Action

G&H Investments and its advisors have not been involved in any disciplinary action.

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Item Number 10  
Other Financial Industry Activities and Affiliations

G&H Investments does not engage in other financial industry business or affiliations.

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Item Number 11

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

**Code of Ethics:**

**G&H Investments follows the Chartered Financial Analysts Code of Ethics and Standard of Professional Conduct:**

**Code of Ethics:**

- Place the integrity of the profession and the interests of clients above your own interests
- Act with integrity, competence, and respect
- Improve and maintain your professional competence

**Standards of Professional Conduct:**

- Professionalism
- Integrity of the capital markets
- Duties to clients
- Duties to employers
- Investment analysis and recommendations
- Conflicts of interest

G&H Investments' Code of Ethics is available upon request.

**Participation or Interest in Clients' Transactions:**

G&H Investments does not sell securities to its clients in which G&H Investments has an interest or in which G&H Investments makes money on the sale of these securities. G&H Investments does not receive any revenues from clients' transactions. G&H Investments does not create partnerships or like investments for sale to its clients.

**Interest in Same Securities:**

Related parties may, from time to time, purchase the same securities as clients. However, these purchases will be made simultaneously or after the purchase in the clients' account. Any hard-to-get security will be allocated to the client's portfolio before any will go to a related party's portfolio. Likewise, sales of any securities will be done in such a manner so that the client's holdings will be sold at the same time or before the related party's holdings are sold.

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**Personal Trading:**

G&H Investments and/or related persons will buy or sell the same securities held by clients at the same time as the client transaction. For Equities (including ETFs) and Mutual funds, this is done through block trading, where the client and related parties receive the same, average price. G&H Investments and related parties involvement in these trades will not have a material effect on the price paid/received for the securities. G&H Investments will always take the path that favors the client. If we believe our personal trades inclusion in a block trade will cause our clients to get a lower price, then we will place the block trade without our shares, and come back to place our trades at a separate time.

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Item Number 12  
Brokerage Practices

Because G&H Investments does not have custody, and the majority of clients do not want to be involved in moving money from broker to broker, G&H Investments helps the client select a broker that will offer the best pricing and execution for the services they require. G&H Investments currently recommends Charles Schwab & Co., Inc. (“Schwab”) due to their level of commissions mutual funds, their ability to execute block trades and their trade away and prime broker services.

Clients may choose to hold their assets with a broker of their choosing. This may result in higher trading costs than dealing with Schwab. G&H Investments does allow the client to choose their own brokerage platform. In addition, G&H Investments uses brokers other than Schwab for execute bond trades on a prime broker or trade away basis.

Not all advisors recommend brokers to their clients. Clients may be able to find cheaper commissions outside of Schwab. Schwab was selected based on the services they offer, and certain clients may not benefit from all of these services. While we monitor execution, Schwab may not achieve the most favorable execution rates and this may cost our clients money. We believe that Schwab can execute trades at a reasonable rate, so savings under Schwab’s rate would be minimal.

Any client brokerage instructions are maintained in the client document file.

G&H Investments does not take brokers referrals.

G&H Investments does not participate in soft dollar arrangements.

G&H Investments participates in the Institutional advisor program (the “Program”) offered by Schwab. Schwab is a member of FINRA/SIPC/NFA. Schwab offers to independent investment advisors services that include custody of securities, trade execution, clearance and settlement of transactions. G&H Investments receives some benefits from Schwab through its participation in the Program. (Please see the disclosure under Item 14 below.)

**Trade Aggregation:**

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients. Our firm’s policy is to aggregate client transactions where possible and when advantageous to clients. In these instances, clients participating in any

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aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis.

In the event transactions for an adviser, its employees or principals (“propriety accounts”) are aggregated with client transactions, those accounts will get the same average price as G&H Investments’ other clients.

**Allocation of thinly traded bonds and stocks:**

As a matter of policy, allocation procedures must be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients. G&H Investments’ policy prohibits any allocation of trades in a manner that G&H Investments’ proprietary accounts, affiliated accounts, or any particular client(s) or group of clients receive more favorable treatment than other client accounts.

G&H Investments buys municipal bonds for its fixed income clients. To a lesser extent, it will also buy thinly traded stocks. G&H Investments strives to be fair in its allocation of these thinly traded securities. For thinly traded stocks, all of the client’s orders will be allocated before any allocation to associated persons. Bond allocations are done based on the target maturity needs of the client. Priority is given to the client with a specific maturity need and length of time on the bond buy list. In this way an associated person could be allocated to a bond prior to a client, if the bond does not match the maturity need of the client but does match that of the associated person. If both the client and associated person are looking for the same maturity, the client will be favored in the allocation.

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Item Number 13  
Review of Accounts

**Account Review:**

All accounts are reviewed at least monthly, when asset statements are run. Accounts that hold assets under consideration for sale, or are suitable for securities under consideration for purchase, are reviewed at the time of such consideration. We also review accounts for re-balancing and/or securities growing to be too large of a percentage of the account. In addition, accounts with maturities or option expirations are reviewed before that occurrence.

The only reviewer is Jeffrey (“Bret”) Hartman, who manages all G&H Investments’ accounts. Accounts will be reviewed for the proper mix of assets, that holdings match recommended holdings, that cash levels are appropriate, and the percent of the market value of each asset is under 10%, and appropriate.

**Account Reports:**

All supervisory, full discretion clients will be sent the following, not less frequently than once every month:

- An itemized statement showing; the funds and securities in the accounts managed by G&H Investments at the end of such period, and all debts, credits and transactions in such clients' account during such period.
- Asset statements showing the client's holdings, including the number of shares (par value) of each asset, the security name, original cost, current market value, annual projected income, market yield and the percent of total market value. Totals for each column are also shown.
- Transaction statements showing all debts, credits and transactions that occurred during the month. It includes the date on which it occurred, the nature of the transaction, whether it was bought or sold, and how much was bought or sold.

All clients receive a monthly statement from the custodial broker.

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Item Number 14  
Client Referrals and Other Compensation

G&H Investments is not paid, and does not receive any economic benefit from any outside party for the management of our clients' investments.

G&H Investments also does not pay any party outside of the firm for client referrals.

As disclosed under Item 12 above, Advisor participates in Schwab's Institutional advisor program and G&H Investments may recommend Schwab to Clients for custody and brokerage services. There is no direct link between G&H Investments' participation in the Program and the investment advice it gives to Clients, although client receives economic benefits through its participation in the program that are typically not available to Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research-related products and tools; consulting services; access to a trading desk serving G&H Investments participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to G&H Investments by third-party vendors. Schwab may also have paid for business consulting and professional services received by G&H Investments' related persons. Some of the products and services made available by Schwab through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at Schwab. Other services made available by Schwab are intended to help G&H Investments manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Schwab. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by G&H Investments or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the G&H Investments' choice of Schwab for custody and brokerage services.

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Item Number 15  
Custody

G&H Investments does not have custody of clients' funds. All of our clients' investments are held at a brokerage account or invested directly with an investment partnership. It is safer for the client to hold their investments with a broker and grant G&H Investments trading authority over the accounts. Money flows back to the clients in the form of a check sent to their home address, or wire transfer to their checking account.

Clients will receive statements from both the brokerage holding the assets as well as directly from G&H Investments. We strongly recommend that clients review both statements for their accuracy, and compare the brokerage statement to the one provided by G&H Investments. This is an easy way to prevent the type of financial fraud committed by Bernie Madoff and Allen Stanford.

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Item Number 16  
Investment Discretion

**Discretionary Authority:**

G&H Investments accepts discretionary authority from its clients in the management of their investment portfolios. Clients have the choice between granting full discretion, full discretion with limitations, or client approval before trades are placed. The full and partial discretion is granted by the client through the brokerage agreement, authorizing G&H Investments to have limited power of attorney for trading purposes. The full discretion with limitations, or partial discretion, is an agreement between G&H Investments and the client, and is not formalized with the brokerage firm. The limitations vary by client, and have included requests to hold certain stocks or mutual funds, or to avoid certain stocks, to utilize certain strategies such as Green Investing, or to limit the maturities on individual bonds to pre-defined limits. We try to work with client's requests, but there have been times where we have refused, believing that it too cumbersome or not in the best interest of the client. In this instance, the client had the choice to not open the account, close the account, or move the money involved to another manager.

**Full Discretion Management:**

G&H Investments manages investment portfolios on a fully discretionary basis. This service includes stock, bond, ETFs and mutual fund management. Accounts are custodied at a brokerage firm that is acceptable to both the client and G&H Investments (typically Schwab). G&H Investments is granted trading authority over the account, and buys and sells securities that are appropriate for the client's investment objectives. This service also includes initial investment objective setting and asset allocation. The initial assets are selected to meet the determined investment objectives. The assets are monitored for continued appropriateness and maturity, or the purchase of new assets, as appropriate. Services also include maintaining records, sending client statements, and presenting performance figures on the clients' accounts. The investment objectives of the client are monitored over time for changes.

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Item Number 17  
Voting Client Securities

G&H Investments, as a matter of policy and practice, may have authority to vote proxies on behalf of advisory clients. The firm may offer assistance as to proxy matters upon a client's request or vote the proxy directly for the client.

G&H Investments monitors such services to periodically determine and confirm that the client may utilize G&H Investments to handle voting client securities. By indicating on the Client agreement, the Client gives authority to G&H Investments to vote Client Securities. The proxy is then sent directly from the custodian broker to G&H Investments.

Proxy voting is an important right of shareholders and reasonable care and diligence is undertaken to ensure that such rights are properly and timely exercised.

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Item Number 18  
Financial Information

G&H Investments does not charge fees six months in advance and is therefore not subject to this disclosure requirement.