

ADV PART 3 – FORM CRS
GCI FINANCIAL GROUP, INC.
A STATE REGISTERED INVESTMENT ADVISOR
APRIL 2020

Is an Investment Advisory Account Right for You?

There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you. **We are an investment adviser and provide advisory accounts and services rather than brokerage accounts and services.** This document gives you a summary of the types of services we provide and how you pay. Please ask us for more information. There are some suggested questions on pages 3 and 4.

Relationships and Services

For retail investors, we charge investment advisory fees calculated as a *percentage of account assets (asset-based fee)*, *flat/fixed* fees or a *combination of both*. Our fees are assessed quarterly and charged in advance. Typically, our fees are deducted directly from account assets; however, we can also direct invoice our clients if they prefer.

We provide investment advisory management services to our clients. We will assist our clients with developing an investment strategy which is generally formulated based upon the results of a comprehensive financial plan, should our clients engage us for that service. Should our clients choose not to engage us for financial planning services, we will discuss with our clients their investment and related financial goals, as well as their risk tolerance in order to develop an investment strategy consistent with both. Each client's account is individually tailored and designed in accordance with their specific goals and objectives. Each of our clients' accounts is invested and/or managed individually and not pooled with any other investor. Our accounts are monitored daily. We are available to discuss client accounts during normal business hours via telephone or in-person meetings. We provide a quarterly commentary which addresses our thoughts, actions and forecasts for markets and economies and how they may impact client accounts. We also attempt to meet all clients in person at least annually to review their accounts, as well as their personal financial circumstances and the associated effect on investment strategy.

We offer both *discretionary* and *non-discretionary* investment advisory services to client accounts. In a discretionary account, the client empowers our firm to buy and sell investments in their account without asking the client in advance. In a non-discretionary account, we will provide our advice to the client and the client shall decide what investments to buy and sell.

Our Obligations to You

We must abide by certain laws and regulations in our interactions with you. We are held to a fiduciary standard that covers our entire investment advisory relationship with you. For example, we are required to monitor your portfolio, investment strategy and investments on an ongoing basis. Our interests can conflict with your interests. We must eliminate these conflicts or tell you about them in a way you can understand, so that you can decide whether or not to agree to them. For example, if our fees are based upon the value of cash and investments with your account (an *asset-based* fee), a conflict of interest exists for us should

you request our advice regarding an action that would result in withdrawing of portfolio assets, which would in turn reduce our fee. Please see our Conflict of Interest section on page 3 for additional possible conflicts.

Fees and Costs

Fees and costs affect the value of your account over time. Please ask your financial professional to provide you personalized information on the fees and costs that you will pay. The principal fees that you will pay are our investment advisory fees and custodian transaction fees which are assessed by the respective custodian where your accounts are held. The amount paid to our firm and your financial professional generally does not vary based on the type of investments we select on your behalf; however, it may depend on certain circumstances. The asset-based fee reduces the value of your account and will normally be deducted from your account. A flat/fix fee, or a combination of asset-based and flat/fix fees will also reduce the value of your account if it is deducted from your account.

Some investments impose additional fees that will reduce the value of your investments overtime. For example, mutual funds, ETFs and annuities each impose their own management fees. Those fees are separate from our fees and will reduce the value of those respective investments over time. Clients may be required to pay fees when certain assets are sold, such as the possibility of surrender charges for annuities.

Our fees are negotiable and will be determined in advance and clearly stated in our Investment Management Advisory Agreement(s) prior to the initiation of an investment advisory relationship. The key factors which determine the fee we assess are account asset value, investment strategy employed, securities to be used in the portfolio and projected time required to be expended by us on the client relationship.

Clients may pay transaction fees when we buy or sell investments in their accounts to broker-dealer custodian(s) in addition to our fee(s). It is possible that some custodians will assess maintenance or custody fees in addition to transaction based fees. These fees would also be assessed against clients' account(s).

If we assess an asset-based fee against your account, the more assets you have in the advisory account, including cash, the more you will pay us. We therefore have an incentive to increase the assets in your account in order to increase our fees. You pay our fee quarterly even if you do not buy or sell.

Compare with Typical Brokerage Accounts

You could also open a brokerage account with a *broker-dealer*, where you will pay a *transaction-based fee*, generally referred to as a commission, when the broker-dealer buys or sells an investment for you. Features of typical brokerage accounts include:

- With a broker-dealer, you may select investments or the broker-dealer may recommend investments for your account, but the ultimate decision for your investment strategy and the purchase and sale of investments will be yours.
- A broker-dealer must act in your best interest and not place its interests ahead of yours when the broker-dealer recommends an investment or an investment strategy involving securities. When a broker-dealer provides any service to you, the broker-dealer must treat you fairly and comply with a number of specific obligations. Unless you and the broker-dealer agree otherwise, the broker-dealer is not required to monitor your portfolio or investments on an ongoing basis.

- If you were to pay a transaction-based fee in your brokerage account, the more trades in your account, the more fees the broker-dealer charges you. So it has an incentive to encourage you to trade often.

- You can receive advice in either type of account, but you may prefer paying:

a *transaction-based* fee from a cost perspective, if you do not trade often or if you plan to buy and hold investments for longer periods of time.

an *asset-based fee* if you want continuing advice or want someone to make investment decisions for you, even though it may cost more than a transaction-based fee.

Conflicts of Interest

We benefit from the advisory services we provide to you. We are incentivized to increase the value of client accounts, should we assess an asset-based fee. In the case of a combination of asset-based fees in which we assess different fees for different security types, we are incentivized to allocate client assets towards those securities which will result in greater fees. In the case of discretionary accounts, we may allocate the portfolio in such a manner that our fee is greater without your prior knowledge.

Additional Information

We encourage you to seek out additional information. Visit Investor.gov for a free and simple search tool to research our firm and our financial professionals. To report a problem to the SEC, visit Investor.gov or call the SEC's toll-free investor assistance line at (800) 732-0330. To report a problem to FINRA, visit FINRA.org or call the FINRA Investor Complaint Center at (240) 386-4357. If you have a problem with your investments, investment account or a financial professional, contact us in writing at 5 Cold Hill Road South, Suite 23, Mendham, NJ 07945.

For additional information on our investment advisory services, please see our Form ADV brochure on IAPD on Investor.gov and any brochure supplement. You may also download a copy of our Form ADV by visiting www.adviserinfo.sec.gov. You may also request a copy from us or your advisor at any time.

Key Questions to Ask

Ask our financial professionals these key questions about our investment services and accounts:

1. Given my financial situation, why should I choose an advisory account? Why should I choose a brokerage account?
2. Do the math for me. How much would I pay per year for an advisory account? How much less for a typical brokerage account? What would make those fees more or less? What services will I receive for those fees?
3. What additional costs should I expect in connection with my account?
4. Tell me how you and your firm make money in connection with my account.

5. What are the most common conflicts of interest in your advisory accounts? Explain how you will address those conflicts when providing services to my account.
6. How will you choose investments to recommend for my account?
7. How often will you monitor my account's performance and offer investment advice?
8. What is your relevant experience, including your licenses, education and other qualifications? Please explain what the abbreviations in your licenses are and what they mean.
9. Who is the primary contact person for my account? What can you tell me about his or her legal obligations to me? If I have concerns about how this person is treating me, who can I talk to?