



## **GeoWealth Management, LLC Form ADV Part 2A**

CRD # 148222

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Chicago, IL 60611

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This Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of GeoWealth Management, LLC (“GeoWealth” or (“Firm”). If you have any questions about the contents of this Brochure, please contact us at +1 312 219 9160 or by email at [evan.lieberman@geowealth.com](mailto:evan.lieberman@geowealth.com). You may also visit our website at [www.geowealth.com](http://www.geowealth.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

GeoWealth is a registered investment adviser. Registration of an Investment Adviser does not imply that GeoWealth or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

Additional information about GeoWealth is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

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In March 2019, GeoWealth filed with the SEC its last annual update of its Brochure. We have subsequently amended this Brochure to reflect GeoWealth Management, LLC's new address and made additional editorial changes.

Set forth below is a summary of material changes included in our last annual updating amendment. The material changes section of that annual updating amendment reflected material changes since the previous annual updating amendment which was filed in March 2018. GeoWealth will ensure that clients receive a summary of any material changes to the Brochure within 120 days of fiscal year end.

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

GeoWealth has updated this section to disclose and reflect potential conflicts of interest with J.P. Morgan Asset Management. Specifically, In December 2018 JPMC Strategic Investments I Corporation, an affiliated entity of J.P. Morgan Asset Management made a minority investment in GeoWealth. See below Item 10 for additional details on this relationship and potential conflicts of interest that are disclosed.

### **Item 4: Advisory Business**

GeoWealth has updated this section to include additional information on the third-party models utilized by the Firm. See Item 4 below for details on third party models the Firm utilizes and additional products offered since the previous Brochure filing.

### Item 3 – Table of Contents

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

## Item 4 – Advisory Business

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GeoWealth Management, LLC (“GeoWealth” or the “Firm”) is a limited liability company organized in 2004 under the laws of the State of Delaware. The Firm is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940 (“Advisers Act”). GeoWealth Holdings, LLC is the majority owner of GeoWealth.

GeoWealth offers personal financial planning, consulting and investment supervisory services on managed investment accounts to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, business entities and corporations (the “client” or “client account”). The investment supervisory services include continuous analysis and review of portfolios and advice concerning acquisition, retention, management, reinvestment and disposition of cash, securities and other assets of the client’s portfolios. Depending on the engagement, GeoWealth may provide advice to clients on matters not pertaining to securities, such as real estate, private equity, or venture opportunities.

GeoWealth will operate as either a primary advisor for a client or as a sub-advisor to a client. When GeoWealth operates as a sub-advisor, client will maintain their relationship with their primary advisor who has selected GeoWealth to implement investment products and models. GeoWealth takes instructions from the primary advisor and implements their requests for their clients.

GeoWealth provides its customers with digital advisory tools, flexible portfolio management and accounting, and an automated back office module that supports cost-efficient and compliant business practices, as well as a growing suite of model portfolios that helps deliver exceptional value to their clients.

GeoWealth offers discretionary and non-discretionary Investment and Wealth Management Services for a fee based on a percentage of assets under management or based on a fixed predetermined fee.

GeoWealth offers third-party firm model portfolio solutions for certain ETF products. Presently, GeoWealth offers model portfolios sponsored by State Street Global Advisors, Global X Management Company LLC, and J.P. Morgan Asset Management.

Portfolio composition will be determined based on each client’s needs, portfolio restrictions, if any, and financial goals and risk tolerances. We will offer advice regarding equity securities (including exchange-listed, over the counter and foreign issuers), corporate debt, commercial paper, certificates of deposit, municipal securities, investment company securities, and U.S. government securities, option contracts on securities and real estate funds.

GeoWealth will work with the client to complete an investor profile questionnaire to obtain necessary information regarding the client’s financial condition, investment objectives, liquidity requirements, risk tolerance, time horizons, and any restrictions on investing. Along with client discussions, this process enables us to determine the portfolio best suited for the client’s investment objective and needs. Once the client’s investment portfolio has been designed and investments have been allocated, we will provide ongoing portfolio review and management services.

GeoWealth also provides investment advisory services to clients on a discretionary and non-

discretionary basis through a sub-advisory agreement to certain clients (“Clients”) of other registered investment advisers.

Compensation for investment advisory services is based on a percentage of assets under management and on a percentage of annual profits, as described in more detail below.

As of December 31, 2018, GeoWealth managed approximately \$599.0 million of regulatory assets on a discretionary basis and approximately \$396.1 million of regulatory assets on a non-discretionary basis.

## Item 5 – Fees and Compensation

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GeoWealth offers services on a fee-only basis. Clients are generally charged an annual management fee (payable monthly in arrears) ranging from 0.20% - 2.50% of the assets under management in the Client’s account. Fees are generally deducted directly from the Client’s custodial account on a monthly basis.

Clients are responsible for all custodial fees and any fees associated with mutual funds and other transactions.

## Item 6 – Performance Fees

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GeoWealth may charge certain Clients a performance fee equal to 5% of the net realized and unrealized appreciation above a high-water mark. The net capital appreciation upon which the calculation of the performance fee is based will be reduced to the extent of any unrecovered balance remaining in the Client’s account. The performance-based fee (if any) will be charged quarterly in arrears.

The performance-based fee may be reduced or waived at GeoWealth’s discretion.

GeoWealth’s performance fee is charged in compliance with Rule 205-3 of the Advisers Act whereby each client that is charged a performance fee must be a “qualified client.” Therefore, Clients that reside in the United States and who are charged a performance fees are required to meet the definition of a qualified clients.

The performance fee may create an incentive for GeoWealth to recommend investments, which may be riskier or more speculative than those that would be recommended under a different fee arrangement. GeoWealth has procedures designed and implemented to prevent this conflict from influencing investment decisions and to ensure that all clients (and Funds) are treated fairly.

## Item 7 – Types of Clients

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As described in Item 4 of this Brochure, GeoWealth generally provides investment advice to Clients. Clients generally consist of individuals, high net worth individuals, trusts, family offices, corporations and other business entities.

## Item 8 – Methods of Analysis, Sources of Information, Investment Strategies, Risk of Loss

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### Methods of Analysis & Investment Strategy

GeoWealth utilizes proprietary quantitative trading models as a trading and analysis method. The main sources of information GeoWealth uses include:

- Inspections of corporate activities
- S&P's Compustat data
- Morningstar Direct
- Bloomberg
- Annual reports, prospectuses, filings with the SEC

Investment strategies used to implement investment advice include:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Short sales

The Client and the Adviser compile pertinent financial and demographic information through a detailed questionnaire to develop an investment program that will meet the Client's goals and objectives. The information collected is forwarded to the primary investment adviser for the Client's account for review, to analyze the information and recommend an appropriate trading model based on the Client's needs and objectives, investment time horizon, risk tolerance and any other pertinent factors. GeoWealth's research team uses a number of proprietary analytical tools and commercially available optimization software applications in developing its models. Among the factors considered in designing these models are historical rates of risk and return for various asset classes, correlation across asset classes, and risk premiums. However, the primary investment adviser may customize the model by selecting the specific, underlying investments in the appropriate model to better meet the Client's risks and needs.

### Types of Investments

GeoWealth offers advice on asset allocations models and equity strategies comprised of ETFs and of other liquid equities (exchange-listed, securities traded over-the-counter and securities of foreign issuers). The equities generally represent the recommendations of several systematic proprietary

models developed by GeoWealth, as well as third-party asset managers which offer model ETF portfolio solutions. The models are generally risk-based and span the efficient frontier. The models are well-diversified across multiple asset classes.

### **Risk of Loss Factors**

Clients face significant investment risks in attempting to carry out the investment strategies. These include, but are not limited to, risks that the equity securities will decline in value, risks inherent in short sales, and counterparty risks in derivative transactions and other instruments.

In addition, all investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, liquidity risk, and general economic risk. Although we manage the assets in a manner consistent with risk tolerances, there can be no guarantee that our efforts will be successful. Clients should be prepared to bear the risk of loss.

The following are certain material risks involved in our investment strategy. This list does not purport to be a complete enumeration or explanation of the risks associated with our investment strategy.

#### Portfolio Turnover

The investment strategy may require GeoWealth to actively trade and, as a result, turnover and brokerage commission expenses may exceed those of other investment entities of comparable size.

#### Small to Medium Capitalization Companies

GeoWealth may invest a portion of Client assets in the stocks of companies with small to medium-sized market capitalizations. While GeoWealth believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

#### Lack of Diversification

The portfolios may not be widely diversified among sectors, industries, geographic areas or types of securities. Further, the portfolios may not necessarily be diversified among a wide range of issuers. Accordingly, the portfolios may be subject to more rapid change in value than would be the case if the portfolios were required to maintain a wide diversification among companies or industry groups.

#### Short-Sales

GeoWealth may affect short sales. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

## Leverage

GeoWealth may trade on margin, engage in other forms of borrowing to finance their operations and use other forms of financial leverage. The level of interest rates and the rates at which Client accounts can borrow will affect the operating results. Fluctuations in the market value of the portfolio of a heavily leveraged Client account can have a disproportionately large effect in relation to the capital of that account. Any event which may adversely affect the value of positions held by a Client account could significantly affect the net asset value.

## **Item 9 – Disciplinary Information**

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GeoWealth does not have any disciplinary information to disclose in this section. Specifically, there were no criminal or civil actions, administrative enforcement proceedings, or self-regulatory organization enforcement proceedings to be disclosed.

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

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In December, 2018 JPMC Strategic Investments Group I Corporation, an affiliate of J.P. Morgan Asset Management, made a minority interest in GeoWealth. J.P. Morgan Asset Management, and its affiliated entities, may perform investment services, including rendering investment advice, to its own clients. Further, GeoWealth is licensed to offer certain ETF model portfolios created by third-party sponsors of ETFs, one of which is JP Morgan Asset Management. GeoWealth does not receive any compensation to offer J.P. Morgan ETF portfolios from J.P. Morgan.

As part of its own diligence, GeoWealth annually reviews ETFs for inclusion in its own model portfolios. J.P. Morgan, as well as many other ETF sponsors, are eligible to receive placement in GeoWealth's asset allocation models based upon annual diligence. GeoWealth does not receive any compensation from J.P. Morgan (nor any asset manager) for ETF placement in GeoWealth models.

## **Item 11 – Code of Ethics, Participation/Interest in Client Transactions, Personal Trading**

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### **Participation or Interest in Client Transactions**

Certain employees of GeoWealth may own securities in their personal accounts that are also recommended by GeoWealth. The Firm has established procedures intended to limit conflicts of interest in cases where GeoWealth or any of their employees buys or sells securities recommended by GeoWealth to our Clients. GeoWealth does not engage in principal trading and does not recommend securities to advisory clients it has a proprietary or ownership interest in.

## Code of Ethics & Personal Trading

Pursuant to Rule 204A-1 of the Advisers Act, GeoWealth has adopted both a Code of Ethics and an Employee Investment Policy that establish various procedures with respect to investment transactions in accounts in which our employees or related persons have a beneficial interest or accounts over which an employee has investment discretion.

GeoWealth recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its Clients; (ii) its long-term business interests are best served by adherence to the principle that the interests of Clients come first; and (iii) it has a fiduciary duty to its Clients to act solely for the Client's benefit. All GeoWealth employees must put the Clients' interests before their own personal interests and must act honestly and fairly in all respects in dealings with Clients. All GeoWealth employees must also comply with all federal securities laws.

In general, employees (and members of their immediate households) must obtain written pre-approval from the CCO prior to executing a personal transaction in equity securities, ETFs, options and futures. The spirit of the Code of Ethics is to discourage frequent trading in employee personal accounts. In addition, employees must receive pre-approval from the CCO to acquire securities for their own account in an initial public offering. Employees must also obtain pre-approval from the CCO before engaging in any outside business activities or private placements.

All employees must provide duplicate copies of brokerage statements, for accounts over which the employee has discretion, to the CCO. These records are used to monitor compliance with the foregoing policies. Employees must also annually attest to the location of their holdings.

These policies apply to any personal transactions involving equity, debt, options, futures (or derivative products related to these securities). This policy does not apply to transactions involving government securities, open-end mutual funds, or other instruments which afford the investor no discretion over individual securities transactions.

GeoWealth strictly prohibits the misuse or inappropriate communication of inside information in connection with securities transactions. GeoWealth, as well as federal and state securities laws, also prohibit the practice of market manipulation (action intended to deceive or defraud investors by controlling or artificially affecting the price of securities).

In special situations, GeoWealth may create an information barrier or a "Chinese Wall" procedure that restricts the disclosure of confidential information to those who have a genuine "need to know" the information. The Firm has also adopted communications guidelines designed to assist personnel in understanding their duties and responsibilities regarding the receipt and the communication of financial and other sensitive information.

GeoWealth restricts the giving and receiving of gifts, limiting participation in and sponsoring of entertainment events, and requiring the reporting of gifts and entertainment to the CCO subject to certain exceptions. GeoWealth also has a policy that governs political contributions to certain officials and political parties. This policy is designed, among other things, to address the requirements of Rule 206(4)-5 under the Advisers Act.

Our Code of Ethics and Employee Investment Policy are available upon request by any Client or prospective client.

## Item 12 – Brokerage Practices

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### **Brokerage Discretion**

For Discretionary accounts, GeoWealth may have say over the selection of the custodian and brokers to be used and the commission rates to be paid for by Clients. However, for non-discretionary accounts, GeoWealth will generally not be involved in the selection of custodian and brokers. Clients should be aware that discretionary Client accounts may be traded before non-discretionary Clients accounts.

Prior to allowing GeoWealth to provide investment management services, the client will be required to fill out appropriate paperwork with the Firm setting forth the terms and conditions under which GeoWealth will advise on the client's assets, and a separate custodial agreement with each designated custodian.

### **Best Execution**

As a fiduciary, the Firm has an obligation to seek best execution of transactions under the circumstances of the particular transaction. To fulfil this duty, GeoWealth must execute securities transactions for Clients in such a manner that total costs or proceeds in each transaction are the most favorable under the circumstances.

Best execution is determined on a trade-by-trade basis, and should result in the best qualitative execution, not necessarily the best possible commission cost. In selecting brokers and dealers to effect portfolio transactions for the Clients, we will consider such factors as the ability of the brokers or dealers to effect the transactions, their facilities, reliability and financial responsibility, and the provision or payment (or the rebate for payment) of the costs of brokerage or research products or services which we consider to be of benefit.

GeoWealth is not required to solicit competitive bids and does not have an obligation to seek the lowest available commissions or other transaction costs. Accordingly, the commissions and other transaction costs charged by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such products or services.

Clients may have different investment strategies, objectives and parameters; therefore, it is possible that certain Clients may hold securities that other Clients do not, or certain Client accounts may be long a particular security while others may short that same security. However, GeoWealth will treat all Clients fairly and equitably when allocating investment opportunities.

GeoWealth may aggregate securities sale and purchase orders for a client with similar orders being made contemporaneously for other client accounts. In such event, GeoWealth may charge or credit a client the average transaction price of all securities purchased or sold in such transactions. As a result, however, the price may be less favorable to the client than it would be if GeoWealth were not executing similar transactions concurrently for other accounts. GeoWealth may also cause a client to buy or sell securities directly from or to another client, if such a cross-transaction is in the interests of both clients.

## Principal Trading

GeoWealth does not engage in any principal transactions.

## Soft Dollars

The term “soft dollars” arrangements is generally used to describe an agreement that involves a transaction between an investment adviser and a broker-dealer, whereby a broker-dealer provides the investment adviser with research or other services or products in return for commission dollars paid for executing transactions for client accounts. In providing research services, the broker-dealer may produce these “in-house” or obtain them externally from third parties.

Research products and services provided may include research reports on particular industries and companies, economic surveys and analyses, advice from strategic, financial and industry consultants and advisors, etc.

Currently GeoWealth does not receive any soft dollar benefits. However, it is GeoWealth’s policy to stay within the safe harbor provisions of 28(e) should the Firm do so in the future.

## Item 13 – Review of Accounts

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All Client accounts managed by GeoWealth are generally reviewed at least on an annual basis to ensure conformity with Client objectives and guidelines. These accounts are continuously monitored in response to changes in investment objectives by the client or as deemed appropriate in light of market conditions.

Clients will receive statements regarding their accounts, their holdings, transactions and fees at least monthly, directly from the qualified custodian(s). The Client has full access and daily transparency into their accounts held at the qualified custodian.

## Item 14 – Client Referrals and Other Compensation

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GeoWealth may enter into an agreement to compensate certain individuals for referring clients to GeoWealth. Starting in April 2018, GeoWealth began compensating approved and licensed professionals for referrals of clients. These professionals generally include Certified Public Accountants, registered financial advisors, and attorneys (collectively, “Solicitors”). Solicitors for GeoWealth comply with the requirements of the jurisdiction in which they operate. Clients referred to GeoWealth by a solicitor shall receive a copy of this brochure along with the Solicitor’s disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to GeoWealth will receive a percentage of the advisory fee for as long as you remain a client of GeoWealth or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with GeoWealth. Therefore, a Solicitor has a financial incentive

to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms. Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements.

### Item 15 – Custody

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The amended and revised Rule 206(4)-2 of the Advisers Act (the “Custody Rule”) sets forth extensive requirements regarding possession or custody of client funds or securities. The Custody Rule requires advisers that have custody of client securities or funds to implement a set of controls designed to protect those client assets from being lost, misused, misappropriated or subject to financial reverses.

Advisers with custody of client funds and securities must maintain them with “qualified custodians.” Qualified custodians under the amended rule include banks and savings associations and registered broker-dealers.

GeoWealth does not maintain direct custody or possession of any of its Client’s funds or securities. GeoWealth currently uses Charles Schwab, Fidelity, and TD Ameritrade as the qualified custodians for its Clients. Through this arrangement the custodians will provide, among other things, clearing, custodial and record keeping services. Clients will receive at least monthly account statements directly from the qualified custodian and should carefully review those statements.

### Item 16 – Investment Discretion

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Clients may grant to GeoWealth discretionary authority to supervise and direct, on an ongoing basis, the investments of the Client in accordance with the Client’s predetermined investment objectives and guidelines. When granted discretion GeoWealth is authorized, without prior consultation with the client, to: (1) buy, sell, exchange, and otherwise trade any stocks, bonds or other securities or assets and (2) place orders and negotiate commissions (if any) for the execution of all transactions in securities with or through such broker-dealer underwriters or issuers as we may, in our sole discretion, select. Any limitations to such authority will be communicated by the Client to us in writing in the Investment Management Agreement.

### Item 17 – Voting Client Securities

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GeoWealth has established proxy voting policies and procedures pursuant to SEC Rule 206(4)-6 such that the CCO will oversee the proxy voting process. These procedures are designed to ensure that

proxies are voted in the best interest of the Clients.

Each Client will designate in the respective agreement whether they choose to vote proxies themselves or have GeoWealth vote proxies on their behalf. Generally, GeoWealth will not vote proxies on behalf of a Client. However, should GeoWealth vote proxies on behalf of the Client, they will generally do so with management. GeoWealth will always vote proxies in the best interest of the Client. If the Client elects to vote proxies, applicable proxy information will be received directly from the Client's custodian.

On at least an annual basis, GeoWealth will review its proxy voting policy in order to determine whether it is necessary to amend the current policy. The CCO will maintain a list of all proxies that have been voted and make such information available upon request along with the proxy voting policies.

### **Item 18 – Financial Information**

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GeoWealth does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance, and as such has not included a balance sheet of its most recent fiscal year. Further, GeoWealth has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of bankruptcy proceedings at any time during the course of its business.