



Gottfried & Somberg Wealth Management, LLC

10 Key Points about Account Protection

Due to well publicized cases, today's investors are concerned about **account protection**.

At Gottfried & Somberg Wealth Management, LLC, our clients want to know their account statements are accurate and represent real assets, properly valued and held in secure custody by a highly reputable firm. Of course, the market value of securities does fluctuate and can decline.

Here are the key points you should know about account protection at Gottfried & Somberg Wealth Management, LLC:

1. **We do not hold client's cash or securities.** Each client has an account with our broker-dealer, Commonwealth Financial Network, including complete investment reporting on consolidated statements.
2. **Commonwealth has a "clearing relationship" with National Financial Services, LLC (NFS).** As the correspondent clearing business of Fidelity Investments, NFS is one of the largest and strongest clearing firms in the US. NFS provides trade execution, clearing and custody services for Commonwealth's customer accounts.
3. **Commonwealth and NFS are broker-dealers subject to regulatory safeguards designed to protect customer accounts.** Under the Customer Protection Rule of federal securities law, they must take physical possession or control of all fully paid securities and maintain a special reserve account for the exclusive benefit of customers.
4. **Commonwealth and NFS are members of the Securities Investor Protection Corporation. (SIPC)** The role of SIPC is to return cash and securities to investors if a broker-dealer holding their assets fails financially. Upon such a failure, SIPC will cover up to \$500,000 of securities account losses (including up to \$100,000 in cash).
5. **NFS has acquired supplemental protection.** NFS has arranged for its customers to have additional protection for cash and covered securities through Lloyd's of London. This supplemental protection (above SIPC limits) covers aggregate losses of \$1 billion for all customer claims. This is the highest level of supplemental SIPC coverage currently available.
6. **NFS emphasizes transparent reporting.** NFS and CFN both file timely monthly and quarterly financial and operation (FOCUS) reports with securities regulators. These reports contain financial statement including: statement of financial condition, income statement, regulatory schedules and key financial and operational data.
7. **Mutual funds have built-in account protection.** Mutual funds held in a brokerage account are protected by SIPC. Mutual funds purchased directly from a fund company are not covered by SIPC. However, every mutual fund is set up as a separate entity, apart from the investment advisor managing funds. Employees at a mutual fund company do not have direct access to customers' assets and all mutual fund assets, by law, are held in a trust account at a custodian bank.
8. **We are diligent in assuring custody of any "separate account" funds managed by a third-party adviser.** If Gottfried & Somberg Wealth Management, LLC, recommends that a client participate in a separate account managed by a third-party adviser, the adviser will place trades for the account but will not have access to client's cash or securities. All cash and securities are held in the SIPC-insured brokerage account. Our clients directly own all separate account assets and separate account assets are not commingled.

9. **Gottfried & Somberg Wealth Management, LLC, takes seriously our client's need for the highest levels of account protection.** We emphasize honesty, integrity and transparency at all times – as one of the key values that we consistently deliver. Each Gottfried & Somberg Wealth Management, LLC client receives clear, transparent monthly statements summarizing holdings and transactions and an annual performance summary, including tax details.
10. **Gottfried & Somberg Wealth Management, LLC** is wholly independent, and not affiliated with any bank, insurance company, mutual fund family or retail brokerage company.