



Form ADV Part 2A

Brochure

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This Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Gannett Welsh & Kotler (“GWK”). If you have questions about the contents of this Brochure, please contact us at the telephone number and/or e-mail address listed above. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about GWK is also available on the SEC’s website at www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with GWK who are registered, or are required to be registered, as investment adviser representatives of GWK.

Although GWK is registered as an investment adviser under the Investment Advisers Act of 1940, such registration does not imply that GWK or our personnel have a certain level of skill or training.

Item 2 – Material Changes

On July 28, 2010, the SEC published Release No. IA-3060, “Amendments to Form ADV,” which significantly changed the form and content of the Brochure that we must provide to our advisory clients. As a result, this Brochure is materially different from the disclosure document we were previously required to make available to our advisory clients. This Brochure has been drafted in accordance with the new format mandated by the SEC.

In the future, this Item 2 may include the date of the Brochure’s last annual/interim update and a summary of specific material changes that have been made to the Brochure since the time of that update.

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Item 4 – Advisory Business

GWK provides investment management and supervisory services on a discretionary basis. The firm has been in business since 1974. GWK currently has approximately 86 employees working in GWK's Boston office. As of January 31, 2011 GWK had approximately \$11.04 billion in assets under management. GWK serves as an investment adviser or sub-adviser to various clients, including, but not limited to, to high net worth individuals, corporate pension and profit-sharing plans, mutual funds, estates, charitable institutions, foundations, endowments, registered mutual funds, trust programs, corporations and other business entities. Please see "Item 7 – Types of Clients" of this Brochure for more information with respect to GWK's clients.

Principal Ownership

As GWK's institutional partner, Affiliated Managers Group, Inc. ("AMG"), a publicly-traded asset management company (NYSE: AMG) with equity investments in boutique investment management firms, holds a majority equity interest in GWK. AMG also holds equity interests in other investment management firms ("AMG Affiliates"). Further information on both AMG and AMG's Affiliates is provided in Item 10.

Advisory Services

GWK specializes in domestic Municipal Bond, Taxable Bond and Equity strategies that are further described in Item 8 of this brochure. We are research oriented, and primarily utilize fundamental analysis for the selection of investments.

As an asset manager, GWK recognizes that all of our clients are unique and that, therefore, their investment needs may be different. As such, we may modify our primary investment strategies, as necessary, to meet the goals that our clients specify, in an effort to accommodate the particular investment objectives and accompanying restrictions requested by our clients. At the commencement of the client relationship, each of our clients executes an investment management agreement, which sets forth their investment strategy and any investment restrictions that will be applicable to our management of the assets in the client's account. Prior to the execution of the agreement, we review requested restrictions and work with the client as needed to refine these restrictions to both meet the client's needs and provide us with sufficient discretion to properly invest the client's assets.

Wrap Fee & Third Party Advisory Programs

"Wrap arrangements," "wrap fee programs," and/or "wrap fee accounts" involve individually-managed accounts for individual or institutional clients. The wrap fee accounts are offered as part of a larger program by a "sponsor," usually a brokerage, banking or investment advisory firm, and managed by one or more investment advisers. GWK has agreements with various wrap fee program sponsors through which GWK's services are offered as an investment option within the wrap fee program and, accordingly, GWK provides investment management services to those clients who select GWK as part of the program. As described in Item 5, the sponsor typically pays a portion of its program fee to GWK for its services.

Generally, GWK's management of wrap fee accounts and other accounts under the same investment strategy is consistent. Although we cannot necessarily offer the same level of portfolio customization to wrap fee accounts that is offered to other accounts within an

investment strategy, we do offer our wrap fee clients the opportunity to customize their portfolios by imposing reasonable investment restrictions on their account.

In addition, when trading for our wrap fee program accounts, GWK may trade with different broker/dealers than for our other accounts even when trading in the same security pursuant to the same strategy. When trading in our wrap fee accounts, and while GWK continues to seek best execution when selecting brokers, trades for wrap fee program accounts are typically directed to the wrap fee program sponsor (or its designated broker/dealer), since brokerage commissions are included in the wrap fee. In such situations, GWK may be required to trade a wrap fee program's accounts separately from other accounts being managed within the same strategy. While directed brokerage is designed to benefit the wrap fee program account through lower trading costs, there may be some circumstances where directed trades do not receive the best price, or where dividing the trade into separate components may inhibit GWK's ability to obtain the same level of or as timely execution it may otherwise have been able to obtain if it had been able to execute the entire trade with one broker/dealer. Wrap program accounts also generally do not participate in new issues. Operational limitations with these types of accounts may make trading away from the sponsor difficult. To the extent that GWK trades away from the sponsor by placing trades with a different brokerage firm, the client will typically incur the costs associated with this trading, in addition to the wrap fees normally payable. Subject to these limitations, and factors, GWK continues to employ methods, such as trade rotation and periodic brokerage review, in an effort to reduce the impact of these issues. Clients who enroll in these programs should satisfy themselves that the sponsor is able to provide best price and execution of transactions.

Subadvisory Arrangements

GWK has been engaged by certain investment advisers (including advisers to registered investment companies) to manage certain accounts of such advisers. In its capacity as "sub-adviser" to such accounts, GWK's fees and services are determined by contract with the adviser. GWK also serves as a subadviser to registered investment companies.

GWK may invest client funds in mutual funds or other pooled investment vehicles (such as ETFs, private or venture funds). To the extent that client funds are invested in these securities, such clients will also typically pay management and/or other fees (such as performance fees) to the mutual funds or pooled vehicles that are in addition to the advisory fees paid by the client to GWK. Those fees would be described in each pooled vehicles' offering documents (e.g., prospectus or offering memorandum).

Assets Under Management

As noted above, as of January 31, 2011 GWK had approximately \$11.04 billion in assets under management on a discretionary basis.

Item 5 – Fees and Compensation

Standard Fee Schedule

GWK is compensated for its investment advisory services through payments of fees made by our clients. GWK's standard annual fee schedule is included below. This standard fee schedule may be modified from time to time.

Equity Accounts: Diversified Equity & Equity Dividend Plus Strategies

Accounts with Total Assets of Less Than \$5 Million

- 1.00% on the First \$5 Million
- .75% on the Next \$5 Million
- .60% on All Amounts over \$10 Million

Equity Accounts: Small Cap and Small/Mid Cap Strategies

- 1.00% on the First \$5 Million
- .90% on the Next \$20 Million
- .80% on the Next \$25 Million
- .75% on All Amounts over \$50 Million

Fixed Income Assets: All Strategies

- .75% on the First \$2 Million
- .50% on the Next \$3 Million
- .45% on the Next \$5 Million
- .40% on All Amounts over \$10 Million

Notwithstanding this fee schedule, and subject to applicable laws and regulations, GWK retains discretion over the fees that it charges to its clients, as well as any changes in its fee schedules. Fees may be negotiated in GWK's sole discretion in light of a client's special circumstances, such as asset levels, service requirements, or other factors. In some cases, GWK may agree to offer clients a fee schedule that is lower than that of any other comparable clients in the same investment style. In addition, there may be historical fee schedules with longstanding clients that differ from those applicable to new client relationships. For comparable services, other investment advisers may charge higher or lower fees than those charged by GWK. Advisory fees may be subject to a specified annual minimum; however, GWK reserves the right to waive all or a portion of its management fee and negotiate minimum annual fees.

The annual fee as reflected above is typically billed quarterly in advance or arrears based on the market value as determined by quarterly appraisals. Some accounts are billed quarterly off-cycle i.e., billed quarterly starting in a month that is not the beginning of a calendar quarter. A client may generally cancel their account on written notice with either pro-rata reimbursement of fees or the creation and payment of a final pro-rata bill.

The fees charged to clients generally are computed as a percentage of the value of the assets under management. To calculate advisory fees, GWK generally relies on prices provided by third-party pricing services for purposes of valuing portfolio securities held in client accounts. GWK may, on occasion, be required to "fair value price" a security when a market price for that security is not readily available or when GWK has reason to believe that the market price is

unreliable. When “fair value pricing” a security, GWK will use various sources of information at its disposal to determine a fair price that the security would obtain in the marketplace if, in fact, a market for the security existed. For any fair value securities, GWK maintains policies and procedures relating to the pricing process, in an effort to mitigate any conflicts of interest with respect to valuation.

Fees for Specialized Accounts and Advisory Services

Sub-advisory Arrangements

GWK has been engaged by certain investment advisers (including advisers to mutual funds) to manage certain accounts of such advisers. In its capacity as “sub-advisor” to such accounts, GWK’s fees and services are determined by contract with the adviser.

Information concerning these sub-advised funds, including a description of the services provided and advisory fees, is generally contained in each fund's prospectus, which can be found at each fund’s website, as applicable. Other fees payable as an investor in a sub-advised fund or other account are described below, and also in the fund’s prospectus or the adviser’s fee brochure or client investment management agreement.

Wrap Fee Programs

For additional information with respect to wrap fee programs and how GWK’s fees are calculated in accordance with such programs, please see the sub-section entitled “Wrap Fee Programs” under “Item 4 - Advisory Business” of this Brochure.

With regard to wrap fee program accounts, the all-inclusive fee may exceed the aggregate cost of the services provided if such services were negotiated and purchased separately, depending on:

- the level of the all-inclusive fee;
- the amount of trading activity in a client’s account;
- the cost of brokerage commissions (which costs are typically negotiated between the client and the broker/dealer, rather than by GWK, with transactions being effected either by the broker/dealer or a third party);
- the value of any other services rendered to the client; and
- other miscellaneous factors.

Clients in these programs generally pay the wrap program sponsor a single fee (called a “wrap fee”) for consulting, brokerage, custodial, portfolio monitoring, and investment management services, typically a percentage of the assets under management annually. The fees paid by clients for investing in a wrap fee account are set by the sponsor, and are generally disclosed in the sponsor’s contract established with each client.

For detailed information on the wrap fees charged by each wrap fee program sponsor, please refer to the specific sponsor’s Form ADV Part 2A, Appendix 1.

Non-Discretionary Programs

From time to time, GWK manages investment advisory accounts not involving discretionary management services, such as multi-manager, multi-discipline investment products and diversified manager allocation products, which include the provision of a model portfolio. In

these instances, another manager (which may be affiliated with GWK) is the discretionary investment manager, has investment discretion over the accounts, and is responsible for monitoring the individual needs of the client. GWK amends and updates the model portfolios from time to time and provides updated information to the sponsor.

In such programs, the client typically pays the sponsor an all-inclusive fee, a portion of which is paid to GWK as compensation for the investment advisory services that it renders to the sponsor.

For detailed information on the fees charged by each sponsor, please refer to the sponsor's fee brochure or client investment management agreement.

Additional Fees and Expenses Payable by Clients

GWK's fees are exclusive of brokerage commissions, transaction fees, service provider fees, and other related costs and expenses which will be incurred by the client. Execution of client transactions typically requires payment of brokerage commissions by clients. "Item 12 – Brokerage Practices" further describes the factors that GWK considers in selecting or recommending broker/dealers for the execution of transactions and determining the reasonableness of their compensation (*e.g.*, commissions). Investment activity may also involve other transaction fees payable by clients, such as sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, clients may incur certain charges imposed by custodians, broker/dealers, third-party investment consultants, and other third parties, such as custodial fees, consulting fees, administrative fees, and transfer agency fees.

Fees for Investment of Client Assets in Third Party Mutual Funds and Other Pooled Investment Vehicles

At times, GWK may invest client's assets in mutual funds (including money market funds or similar short-term investment funds) or other pooled investment vehicles sponsored by third parties, such as common trust funds, hedge funds, and/or exchange traded funds. To the extent that a client's assets are invested in other pooled vehicles, the clients will also typically pay management and/or other fees (such as performance fees) to each such mutual fund or other pooled vehicle that are in addition to the fees paid by the client to GWK. Those fees are described in each pooled vehicles' offering documents (*e.g.*, prospectus or offering memorandum). Such charges, fees, and commissions are exclusive of, and in addition to, GWK's fee.

Mutual Funds

Specifically, fees for mutual fund investments generally include two types: shareholder fees and annual fund operating expenses. Shareholder fees may include:

- Sales Loads (fees paid to a broker/dealer, which may include front end sales loads (sales fees charged upon purchasing shares) and/or back end sales loads (sales fees charged upon redeeming shares));
- Redemption fees (fees paid to the fund upon the sale of mutual fund shares);

- Exchange fees (fees charged for transferring to another fund within the same fund group); and
- Account fees (account maintenance fees).

Annual fund operating fees include:

- Management fees (fees paid to an adviser or its affiliates for managing the fund);
- Distribution and/or service (e.g., 12b-1) fees (fees for distribution expenses, and sometimes shareholder service expenses); and
- Other expenses (miscellaneous expenses, such as custodial expenses, legal expenses, accounting expenses, transfer agent expenses, and other administrative expenses).

Clients whose assets are invested in mutual funds may pay some or all of the above fees. Clients should review the prospectus of any fund in which their assets are invested in order to understand the fees that may be applicable to their particular investment.

Fees for the Sale of Securities

Neither GWK nor its employees receive, directly or indirectly, any compensation from the sale of securities or investments that are purchased or sold for your account. GWK is compensated through the stated management fee agreed upon in the investment advisory agreement. Accordingly, GWK believes that it does not have any conflicts of interest regarding the receipt of additional compensation relating to the client assets that we manage.

Item 6 – Performance-Based Fees and Side-by-Side Management

GWK does not charge fees based on performance or the net profits of the assets being managed.

Side-by-Side Management

Our investment professionals simultaneously manage multiple types of portfolios including separate accounts, wrap fee programs and sub advised mutual funds according to the same or a similar investment strategy (i.e., side-by-side management). The simultaneous management of these different investment products creates certain conflicts of interest, as the fees for the management of certain types of products are higher than others. When managing the assets of such accounts, GWK has an affirmative duty to treat all such accounts fairly and equitably over time and maintains a series of processes and controls specific to aggregation, allocation, rotation, handling of proprietary or affiliated accounts and performance dispersion.

Nonetheless, all accounts within a strategy will not necessarily be managed the same at all times. In general, investment decisions for each client account will be made independently from those of other client accounts, and will be made with specific reference to the individual needs and objectives of each client account. In fact, different client guidelines and/or differences within particular investment strategies may lead to the use of different investment practices for accounts within a similar investment strategy. In addition, GWK will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible accounts, particularly if different accounts have materially different amounts of capital under management by GWK or different amounts of investable cash available. As a result, although GWK manages numerous accounts with similar or identical investment objectives, or may manage accounts with different objectives that trade in the same securities, the decisions relating to these accounts, and the performance resulting from such decisions, may differ.

Since side-by-side management of various types of portfolios raises the possibility of favorable or preferential treatment of a portfolio or a group of portfolios, GWK has procedures designed and implemented in furtherance of its efforts to treat all portfolios fairly and equitably over time. GWK seeks to ensure that our managed strategies are compliant with investment requirements by maintaining investment guidelines and periodically sampling accounts to ensure that the trading is following the investment strategy. Generally, an equity “buy list change report” is generated nightly detailing all changes to a strategy. A representative or model portfolio is based on holdings across sectors and individual security percentage weightings within the strategy. New account investing will follow the model portfolio where applicable and in line with client guidelines and restrictions.

GWK also maintains a trading rules compliance system. The system consists of the following types of parameters:

Business - Rules that, for example, prevent the sale of a security that a client portfolio does not own or sell more shares for a security than is currently held.

Product Level - Rules that govern the investment of all client portfolios as part of a specific GWK product. For example, equity strategy rules that govern market cap, position size and sector weighting.

Client Portfolio - Rules that are specific to the client portfolio. For example, securities that cannot be sold, or a manager must approve specific or all trades before any activity can occur. In addition, security restrictions such as specific stock, sector, and industry can be applied at a portfolio level.

Item 7 – Types of Clients

Types of Clients

GWK provides portfolio management services to high net worth individuals, corporate pension and profit-sharing plans, mutual funds, estates, charitable institutions, foundations, endowments, registered mutual funds, trust programs, corporations and other business entities.

Conditions for Managing Accounts

Minimum account size is typically \$1 million. However, the minimum account size is negotiable and may be waived or modified at GWK's discretion. In those circumstances where GWK serves as an adviser within a wrap fee program or is an adviser or sub-adviser to other funds or accounts, the account minimums are generally determined by the relevant wrap fee program sponsor, fund, or account. Generally, GWK requires each separate account client to execute an investment management agreement that details the nature of the discretionary investment advisory authority given to GWK.

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

Strategy Overview and Related Risks

As noted in Item 4, GWK is a discretionary asset management firm specializing in Fixed Income and Equity strategies. Clients generally choose from one of the following strategy concepts: Municipal Bond, Taxable Bond or Equity. As further described below, each of our investment strategies is managed by a portfolio manager or group of portfolio managers in a manner consistent with our approach to investing.

Municipal Bond Strategies

GWK's Municipal Bond strategies are actively managed. Active management seeks to protect both principal and income. Within each strategy, we seek to take advantage of what we believe is an inefficient market through a bottom up research-driven approach. Our Municipal Bond strategy includes the following sub-strategies which provide exposure to various segments of the yield curve:

- **Municipal Enhanced Yield:** This long term municipal strategy invests in long-term bonds, maturing in 15 years or more.
- **Municipal Bond:** This intermediate municipal strategy focuses on bonds with a maturity between 5 to 15 years.
- **Five-Year Municipal Bond:** This municipal bond strategy seeks to preserve capital by investing in bonds maturing in less than 10 years.
- **Short-Term Municipal Bond:** This municipal bond strategy seeks to earn higher after tax returns than a money market fund by focusing on bonds maturing in less than 4 years.

Taxable Bond Strategies

GWK's Taxable Bond Strategies are actively managed and utilize a multi-sector approach designed to take advantage of the relative valuations among distinct bond sectors that can provide greater opportunities to generate income and capital appreciation while helping to manage risk. Our Taxable Bond strategy includes the following sub-strategies:

- **Corporate Bond Opportunities:** Actively managed portfolio of high-yield and high-grade corporate bonds seeking current income and longer term capital appreciation.
- **Total Return Bond:** This multi-sector approach takes advantage of relative valuation among distinct bond sectors and seeks to generate income and capital appreciation.
- **Enhanced Core Bond:** Offers broad market exposure across Treasury, Agency, Mortgage-Backed and Corporate sectors with a goal of providing income.
- **Core Bond:** A core multi-sector bond strategy that offers a more conservative profile by investing in investment grade securities only.

- **Short-Term Taxable Bond:** Through research and diversification, seeks to outperform money market funds while managing portfolio volatility.

Equity Strategies

GWK's equity investment philosophy is that we believe successful identification of companies with sound management and long-term sustainable earnings growth, regardless of whether they are growth or value stocks, may result in competitive investment returns. Our Equity strategies include the following sub-strategies:

- **Small Cap Equity:** Utilizes fundamental research and seeks to identify small companies with sustainable growth prospects.
- **Small/Mid Cap Equity:** A core approach that seeks small-cap and more established mid-cap companies with sustainable growth prospects.
- **Diversified Equity:** Combines growth & value disciplines and diversifies across large, mid, and small capitalization stocks.
- **Equity Dividend Plus:** Seeks above-average dividend paying companies with the required balance sheet strength needed to sustain dividend payouts. (Dividend Yield is one component of performance and is not the only consideration for investment.)

Methods of Analysis

GWK's security analysis primarily focuses on fundamental analysis. Fundamental analysis is a method of evaluating a security in which GWK attempts to determine the intrinsic value of a security by examining certain economic, financial, and other qualitative and quantitative factors, including both macroeconomic factors, such as the overall economy and industry conditions, as well as company-specific factors, such as quality of management.

Municipal Bond Analysis

Comprehensive credit research is central to each municipal bond strategy and investment process. Fundamental analysis including financials, sources of revenue/limitations, economy, management, political environment and legal provisions are conducted. GWK's research analysts seek to identify the trends behind the numbers and to deduce the implications of policy changes. We believe analysts' interpretation of data specific to sectors, states and government-related entities provides a perspective to help filter the expansive municipal bond universe, find value-added opportunities and limit risk.

Taxable Bond Analysis

Each Taxable Bond Strategy relies on GWK's core research across multiple sectors that emphasize diversification to help manage risk. A top-down macro analysis and bottom-up security selection interact in the portfolio construction process. Macro-economic factors are

analyzed to determine portfolio positioning that generally considers duration, yield curve, credit quality, volatility and liquidity. A rigorous bottom up security selection process is employed based upon our proprietary quantitative and qualitative research. In addition to fundamental company and market analysis, valuation and technical analysis are integral to the Taxable Bond security selection process.

Equity Analysis

Generally GWK begins its stock analysis by examining a company's management and verifying, in GWK's view, that it is shareholder oriented, entrepreneurial, tenured, and well regarded in the industry in which it operates. The business model of the company is also reviewed to determine the consistency and sustainability of current revenue and earnings growth. Finally, the valuation of the stock is examined on both an absolute and relative basis to determine whether the potential for appreciation exists over our time horizon. This analysis is ongoing and when these fundamental research characteristics negatively change, strategic sell decisions may be executed.

Information Sources

In evaluating securities, the main sources of information used by GWK include, but are not limited to, quantitative data provided by third-party vendors, financial newspapers and magazines, research materials prepared by third parties, corporate rating services relating to historical prices of securities, dividends, and earnings, annual reports, prospectuses, filings with the SEC, and company press releases and primary research such as attendance at trade shows and conferences and conversations with management teams. GWK may subscribe to other services (e.g., charting and timing), but does not rely on such services as a principal source of information.

Certain Risk Considerations

GWK's investment strategies carry different levels of risk. In each strategy, all securities include a risk of loss of principal and any profits that have not been realized. The stock markets, bond markets, and derivatives markets fluctuate substantially over time and, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets the firm manages on your behalf, and such a loss may be out of our control. We cannot guarantee any level of performance and cannot guarantee that your account will not experience a loss in value.

Each of GWK's strategies has the potential for the clients' assets to decline in value. Some of the specific risks to which client assets may be susceptible include:

General Risks

- **Currency Risk** – fluctuations in “local” market security prices may result if positions are not hedged
- **Geopolitical Risk** – changes in the political status of any country can have profound effects on the value of securities within that country
- **Liquidity Risk** – particular investments may be difficult to sell at the best price
- **Market Risk** – market prices of securities held may fall rapidly or unpredictably due to a variety of factors, including changing economic, political or market conditions

- Non-diversification Risk – lack of diversification may result in stronger fluctuations in market value
- Sector Risk – companies that are in similar industry sectors may be similarly affected by particular economic or market events
- Volatility Risk – higher volatility may result in dramatic changes in security values

Fixed Income Risks

- Counterparty Risk – risk that each party in a contract will not meet their obligations
- Credit Quality – lower quality bonds may experience a higher risk of default
- Credit Risk – issuers of bonds or other debt securities may not be able to meet interest or principal payments when the bonds come due
- Duration – fluctuation in interest rates may result in falling or rising bond prices
- Inflation Risk – the price of an asset, or the income generated by an assets, may not keep up with the cost of living
- Interest Rate Risk – changing interest rates affect the value of bonds
- Municipal Market Risk – factors unique to the municipal bond market may negatively affect the value of municipal bonds, including risk of payment default and priority in which payments may be made by municipal issuers
- Prepayment Risk – many bonds and debt securities have call provisions that may result in debtors paying back the debt prior to maturity during periods of decreasing interest rates
- Reinvestment Risk – investors may have difficulty reinvesting payments from debtors and may receive lower rates than from their original investments

Investments in securities and other financial instruments and products are subject to many types of risk that can cause the permanent loss of capital as a result of adverse market conditions.

Item 9 – Disciplinary Information

There are no applicable legal or disciplinary events relating to GWK.

Item 10 – Other Financial Industry Activities and Affiliations

Affiliations

As noted in Item 4, AMG is a publicly traded asset management company with equity investments in boutique investment management firms, including GWK. AMG also holds equity interests in certain other investment advisers (“AMG Affiliates”). Each of the AMG Affiliates, including GWK, is operated autonomously and independently, and except as described in this Brochure, GWK does not have any business dealings with these AMG Affiliates and does not conduct any joint operations with them. Moreover, the AMG Affiliates do not formulate advice for GWK’s clients. As such, AMG’s ownership interest in GWK does not, in GWK’s view, present any potential conflict of interest for GWK with respect to our clients. More information regarding AMG, including its public filings and a list of all AMG Affiliates, is available at www.amg.com.

GWK has marketing agreements with Managers Investment Group LLC (“MIG”), an AMG Affiliate, under which MIG markets GWK’s investment management services to unaffiliated third-party intermediaries that sponsor sub-advised mutual funds and/or other platforms, such as defined contribution retirement plan platforms. GWK pays MIG a fee for these services.

GWK has mutual fund subadvisory agreements with MIG under which GWK serves as subadviser to mutual funds in the Managers Funds family of mutual funds, for which MIG is the adviser. As described in each Fund’s prospectus, the Funds pay MIG advisory fees, and MIG pays GWK subadvisory fees with respect to the Funds we manage.

GWK has a subadvisory agreement with MIG with respect to various multi-style or multi-attribute programs (“MSPs”) for which MIG serves as discretionary investment adviser. These MSP programs are sponsored by unaffiliated third-party financial intermediaries. Under the subadvisory agreement, GWK serves as a non-discretionary subadviser to MIG for the MSP programs, and receives a subadvisory fee from MIG for these services.

GWK has a servicing agreement with Managers Investment Group (“MIG”), an AMG Affiliate, under which MIG provides non-discretionary back office support, administrative assistance, and marketing services to support GWK’s provision of advisory services to or through various unaffiliated third-party investment programs, including wrap programs and dual contract programs sponsored by unaffiliated broker/dealers, banks, and other financial intermediaries. GWK pays MIG a fee for the services provided by MIG under these servicing arrangements.

Additionally, Fortigent LLC (“Fortigent”), an AMG affiliate, offers GWK’s investment services (through mutual funds and/or investment strategies) on Fortigent’s investment platform including situations where the underlying client has dual advisory contracts with both GWK and Fortigent. GWK does not pay a fee to Fortigent nor does Fortigent provide services to GWK, and GWK receives its customary compensation for the particular type of account, as described in Item 5.

Other Financial Activities

Certain of GWK's employees are registered representatives of Managers Distributors, Inc. ("MDI"), a limited purpose broker/dealer that is a wholly owned subsidiary of MIG and that is the underwriter of the Managers Funds.

GWK is not registered, nor has an application pending to register as a futures commission merchant, commodity pool operator, or as a commodity trading advisor.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

GWK has established a variety of internal controls and procedures designed to address potential conflicts of interest arising between client accounts and GWK and its personnel.

Code of Ethics

As a registered investment adviser, GWK has a fiduciary duty to its clients, and accordingly has adopted a Code of Ethics (the “Code”) that applies to all employees. The Code describes the standard of conduct GWK requires of its employees and sets forth restrictions on certain activities, including personal trading in accounts owned, managed or beneficially owned by the employee. The Code’s provisions also include requirements relating to areas such as gifts and business entertainment, and insider trading. By setting forth the regulatory and ethical standards to which GWK’s employees must adhere, the Code supports our efforts to promote a high level of professional ethical conduct in furtherance of our fiduciary duty to our clients.

Personal Trading

Among other things, the Code limits and monitors the personal trading activity of our employees, including members of our employees’ households. These limitations seek to further GWK’s efforts to prevent employees from personally benefiting from GWK’s investment decisions for its clients and/or any short-term market effects of GWK’s recommendations to clients. The Code requires employees and certain members of their households to “pre-clear” their personal securities transactions with our firm’s Compliance Department prior to execution, with some limited exceptions. The Code also prohibits such persons from trading in securities during specific periods of time when they are on a list of those being considered for purchase or sale by the firm for our clients’ accounts (i.e., “blackout periods” and “restricted list”). Limitations also exist for such persons on the participation in initial public offerings and private placements. All Employees must provide GWK with a listing of their securities holdings, as well as duplicate copies of statements and trade confirmations with respect to their brokerage accounts. These restrictions and requirements of the Code apply to all accounts over which employees have investment discretion, or in which they have a direct or indirect beneficial ownership interest.

Participation or Interest in Client Transactions

Certain principals of GWK and certain employees may invest their own assets in accounts managed by GWK. These accounts may hold, purchase, or sell the same securities in which clients have interests. GWK may aggregate transactions on behalf of discretionary accounts managed for its officers, directors, and family members with those of other advisory clients provided that such affiliated advisory accounts participate on a basis that is not more favorable over time than for other advisory clients. Please see Item 12 for additional information.

Principal Trades

GWK does not engage in principal trades with our clients.

Insider Trading/Material Non-Public Information

GWK's policies and procedures on insider trading include but are not limited to the following provisions: employees are prohibited from seeking out material, nonpublic information.

Employees who are in possession of what they know or should know is material, non public information, whether received directly or as a "tip" from another person, even if the receipt of information was unsolicited, or accidental, are prohibited from:

- purchasing or selling securities for their own accounts, accounts of immediate family members and relatives sharing their home, or accounts over which they have control, influence or exercise discretion;
- purchasing or selling securities for GWK accounts; or
- disclosing such information or any conclusions based thereon to any other person in or outside of GWK ("tipping"), except to the Chief Compliance Officer.

Regardless of the source or the manner obtained, material nonpublic information may not be utilized in trading or disclosed to others.

All employees of GWK are subject to AMG's Insider Trading Policy and Procedures (the "AMG Insider Trading Policy"). The AMG Insider Trading Policy broadly prohibits the use of material, non-public information, and also imposes restrictions on the trading of AMG's stock. In addition, GWK's Code of Ethics and Insider Trading Policy include procedures prohibiting the use of material non-public information that are designed to prevent insider trading by an officer or employee of GWK.

Gifts and Business Entertainment

GWK's Code includes policies and procedures regarding giving or receiving gifts and business entertainment between the firm's employees and certain third parties (e.g., vendors, broker/dealers, consultants, etc.) to help mitigate the potential for conflicts of interest surrounding these practices. In general, GWK limits the amount of gifts and business entertainment that may be provided or accepted by employees to or from any person or entity doing with or seeking to do business with or on behalf of GWK. GWK specifically monitors for any potential conflicts of interest with respect to individual instances of gifts or entertainment, as well as patterns of the same over time, to prevent the interests of GWK and its employees from being placed ahead of the interests of our clients.

As noted in "Item 10 - Other Financial Industry Activities and Affiliations" of this Brochure, certain employees of GWK are also registered representatives of MDI and are subject to additional procedures and restrictions with respect to gifts and business entertainment activities.

Charitable Contributions

From time to time, GWK may donate to charitable enterprises that are clients, are supported by clients, and/or are supported by an individual employed by one of our clients. Members of

GWK's management team approve charitable contributions to be made by the firm on a limited basis.

Political Contributions

GWK prohibits its employees from making political contributions on behalf of GWK or to be reimbursed for personal political contributions, or from making political contributions for the purpose of securing or retaining business. GWK maintains policies and procedures that set forth specific limitations as to the amounts of contributions, as well as preclearance requirements for certain political contributions.

Distribution of Code

All of our employees are provided with a copy of our Code at the time of hire and annually thereafter, and each employee must affirm that they have received a copy of the Code, and that they have read and understand its provisions. Additionally, we conduct periodic compliance training that addresses the requirements of the Code and the other policies described in this Item. A copy of GWK's Code is also available to clients or prospective clients upon request, and may be obtained by contacting GWK using the contact information on the Cover Page of this Brochure.

Item 12 – Brokerage Practices

Generally, and as discussed in Item 16, GWK is retained on a discretionary basis and is authorized to determine and direct execution of portfolio transactions within the client's specified investment strategy. Some clients limit GWK's authority in terms of the selection of broker/dealers in favor of their own brokerage arrangements. GWK has a fiduciary duty to seek best execution, and to ensure that trades are allocated fairly and equitably among clients over time.

Brokerage Relationships

GWK's relationships with broker/dealers, particularly those affiliated with large financial services organizations, are complex. GWK uses various broker/dealers to execute trades on behalf of clients, but GWK may also have many other relationships with such firms. For example:

- GWK may invest client assets in securities issued by broker/dealers or their affiliates;
- GWK may provide investment management services to certain broker/dealers or their affiliates;
- Certain broker/dealers may provide both internally-generated and third-party research to GWK, as part of a bundled service; and
- Certain brokers/dealers may refer clients to GWK.

Notwithstanding such relationships or business dealings with these broker/dealers, GWK has a fiduciary duty to its clients to seek best execution when trading with these firms, and has implemented policies and procedures to monitor its efforts in this regard, as described further below.

Best Execution – Selection Factors for Broker/Dealers

As noted above, GWK has a duty to seek best execution of transactions for client accounts. "Best execution" is generally understood to mean the most favorable cost or net proceeds reasonably obtainable under the circumstances. In seeking best execution, GWK looks for the best combination of transaction price, quality of execution (e.g., the speed of execution, the likelihood the trade will be executed, etc.), and other valuable services that an executing broker/dealer may provide.

Clients often grant GWK the authority to select the broker/dealer to be used for the purchase or sale of securities. GWK, in seeking best execution, will make this selection based on a number of factors, which may include, but are not limited to, the following: the broker/dealer's financial soundness; the broker/dealer's ability to effectively and efficiently execute, report, clear, and settle the order; the broker/dealer's ability to commit capital; the broker/dealer's ability to timely and accurately communicate with GWK's trading desk and operations team; the broker/dealer's research services provided in connection with soft dollar arrangements (explained in more detail in the "Soft Dollars" sub-section of this Item 12 below); the broker/dealer's commission rates; and similar factors. GWK does not consider any client referrals from a broker/dealer when determining best execution, or when placing client trades.

Recognizing the value of these factors, GWK may select a broker/dealer that charges a commission in excess of that which another broker/dealer might have charged for effecting the same transaction. GWK is not obligated to choose the broker/dealer offering the lowest available commission rate if, in GWK's reasonable judgment, the total cost or proceeds from the transaction may be less favorable than what may be obtained elsewhere or if a higher commission is justified by the service and/or research provided by another broker/dealer.

GWK has implemented a series of internal controls and procedures to address the conflicts of interest associated with its brokerage practices. To determine that it is receiving best execution for its transactions over time, GWK will periodically evaluate the overall reasonableness of brokerage commissions paid on client transactions by reviewing the results of its internal and external trade cost analyses. To the extent GWK has been paying higher commission rates for its transactions, GWK will determine if the quality of execution and the services provided by the broker/dealer justify these higher commissions. GWK utilizes an independent third party trade-cost analysis firm and GWK periodically reviews the past performance of the exchange members, brokers or dealers with whom it has been placing orders to execute portfolio transactions in light of the factors discussed above. GWK may cease to do business with certain exchange members, brokers or dealers whose performance may not have been competitive or may demand that such persons improve their performance before receiving any further orders. GWK has a Brokerage Committee comprised of Executive Management and various other firm representatives, including Operations and Compliance. The Committee typically meets quarterly and reviews both internal and external trade cost analyses. Additionally, portfolio managers, analysts and traders produce internal trading and commission reports that rank the brokers based on the factors enumerated above. The committee reviews and discusses all of these reports in its evaluation of ongoing execution quality. The third party trade cost analysis reports are available to all traders for review and evaluation.

Directed Brokerage

GWK does not direct or require its clients to use a specified broker/dealer for portfolio transactions in their accounts. In some cases, clients have directed GWK to use specified broker/dealers for portfolio transactions in their accounts. In such a case, GWK is not obligated to, and will generally not, solicit competitive bids for each transaction or seek the lowest commission rates for the client, as the commission rates have typically been pre-negotiated between the client and the designated broker/dealer ("directed broker"). Since GWK has not negotiated the commission rate and may not be able to obtain volume discounts, the commission rate charged by the directed broker may be higher than what GWK could receive from another broker/dealer. In addition, the client may be unable to obtain the most favorable price on transactions executed by GWK as a result of GWK's inability to aggregate/bunch the trades from this account with other client trades. Furthermore, the client may not be able to participate in the allocation of a security of limited availability (such as an initial public offering). In some situations, GWK may not execute a client's securities transactions with its directed broker until non-directed brokerage orders are completed. Accordingly, clients who direct commissions to specified broker/dealers may not generate returns equal to clients that do not direct commissions. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker/dealers at lower costs and possibly with more favorable execution.

GWK reserves the right to reject or limit client requests for directed brokerage, and clients may be charged a premium, by their broker, for such arrangements.

Step-Outs

GWK may use “step-out trades” when we determine that it may facilitate better execution for certain client trades. Step-out trades are transactions which are placed at one broker/dealer and then “given up” or “stepped out” by that broker/dealer to another broker/dealer for credit. Step-out trades may benefit the client by finding a natural buyer or seller of a particular security so that GWK can trade a larger block of shares more efficiently. Unless directed otherwise by the client, GWK may use step-out trades for any client account.

GWK may use step-out trades to accommodate a client’s directed brokerage mandate. In the case of directed brokerage accounts, trades are often executed through a particular broker/dealer and then “stepped-out” to the directed brokerage firm for credit. In circumstances where GWK has followed the client’s instructions to direct brokerage, there can be no assurance that GWK will be able to step-out the trades, or, if it is able to step-out the trades, that it will be able to obtain more favorable execution than if it had not stepped-out the trades.

Step-out trades may also be used by GWK in order to generate soft-dollar credits, provided that GWK has determined that such transactions are consistent with the principles of best execution and applicable regulations. Please see the discussion of GWK’s soft dollar transaction practices in the “Soft Dollars” sub-section below.

Cross Trades

GWK generally does not engage in cross trades in client accounts. For certain fixed income transactions, there may be situations where one client account is selling a bond that another client account is seeking to purchase. In these circumstances, GWK will identify appropriate independent brokers that deal in that bond, obtain quotes from available sources, and depending upon the results of that process may transact simultaneously in that bond using one or more independent brokers that provide the most favorable execution under the circumstances, which means that the same broker may execute both transactions.

Liquidity Rebates

In selecting broker/dealers to execute transactions for the accounts we manage, GWK does not consider any “liquidity rebates” that may be available to those broker/dealers. Broker/dealers may earn “liquidity rebates” (i.e., a certain cash rebate) when placing orders in certain market centers while trading on behalf of GWK. However, GWK chooses broker/dealers based on our policy of seeking best execution, which is determined by various quantitative and qualitative factors.

Soft Dollars

GWK may direct certain transactions for execution to certain broker/dealers in recognition of brokerage and research services provided by those broker/dealers and/or other third-party providers. The practice of obtaining research in this manner is referred to as using “soft dollars.” Soft dollar transactions generally cause clients to pay a commission rate higher than would be charged for execution only. The products and services received through soft dollar transactions

include either directly or through publications or writings as to the value of securities, the advisability of investing in, purchasing, or selling securities, the availability of securities or purchasers or sellers of securities, presentation of special situations and trading opportunities, advice concerning trading strategy, and analyses and reports concerning issues, industries, securities, economic factors and trends, portfolio strategy, and the performance of specific strategies. To the extent that GWK is able to obtain such products and services through the use of clients' commission dollars, it reduces the need to produce the same research internally or through outside providers for hard dollars and thus provides an economic benefit to GWK and its clients. As an example, GWK has received services relating to equity research from a political, economic, and financial perspective; research specific to small cap strategy and idea generation as well as equity analytics, which GWK has found useful in its research process. GWK may have an incentive to select a broker/dealer in order to receive such products and services whether or not the client receives best execution. However, GWK may give trading preference to those broker/dealers that provide research products and services, either directly or indirectly, only so long as GWK believes that the selection of a particular broker/dealer is consistent with GWK's duty to seek best execution.

The research products/services provided by broker/dealers through soft dollar arrangements benefit GWK's investment process for client accounts and may be used in formulating investment advice for any and all clients of GWK, including accounts other than those that paid commissions to the broker/dealers on a particular transaction. Nonetheless, not all research generated by a particular client's trade will benefit that particular client's account. In some instances, the other accounts benefited may include accounts for which the accounts' owners have directed their portion of brokerage commissions to go to particular broker/dealers other than those that provided the research products/services. However, research services obtained through soft dollar transactions may be used in advising all accounts, and not all such services would necessarily be used by GWK in connection with the specific account that paid commissions to the broker/dealer providing such services.

GWK periodically reviews the past performance of broker/dealers with whom it has been placing orders in light of the factors discussed above. Notwithstanding any research provided, GWK may cease to do business with certain broker/dealers whose performance may not have been competitive, or we may demand that such broker/dealers improve their performance before receiving any further orders. The overall reasonableness of commissions paid is evaluated by reviewing what competing broker/dealers were willing to charge for similar types of services. The evaluation would also consider the timeliness and accuracy of the research received. Reasonableness is evaluated on an ongoing basis.

As noted previously, GWK maintains a series of internal controls and procedures relating to its brokerage practices, including its use of soft dollars. These controls and procedures are designed to mitigate the potential conflicts of interest described in this Item.

Commission Sharing Arrangements

In addition to traditional soft dollar arrangements, GWK uses commissions to obtain products or services provided by broker/dealers, but produced by third parties, through commission sharing arrangements. In commission sharing arrangements, GWK enters into agreements with broker/dealers so that certain commissions from transactions placed by GWK at those

broker/dealers are pooled by the broker/dealers, in order for GWK to direct the compensation to one or more third-party investment research providers. Through these arrangements, products and services that provide lawful and appropriate assistance to GWK's investment decision-making process may be paid for with commissions generated by client accounts. GWK allocates the cost of such products on a basis that it deems reasonable over time according to the various uses of the product, and maintains records to document this allocation process.

Trade Aggregation

When two or more portfolios are simultaneously engaged in the purchase or sale of the same security, GWK may, but is not obligated to, combine and aggregate the transactions to form a "bunched trade" or "block trade." In such cases, these accounts will receive the average price of the transactions in that security for the day. Trades in the same security for different accounts will be accumulated for a reasonable period of time to allow for aggregation, unless a particular account's interest would be unduly prejudiced. GWK may, but is not required to, aggregate orders into block trades where GWK believes this is to be appropriate, in the best interests of the client accounts, and consistent with applicable legal requirements. Transactions executed in a block will typically be allocated to the participating client accounts before the close of the business day.

Since more than one account's orders are included in a block trade, GWK has adopted a policy of using a "pro rata allocation" to allocate the trade among each account whose order makes up part of the block. Under a pro rata allocation, as securities are being purchased or sold as part of the block trade, the securities are being allocated to (or away from, in the case of a sale) accounts in the proportion by which each account's order size (as determined by the portfolio manager at the time of order entry) makes up a percentage of the entire block. In cases where GWK is unable to fulfill a block trade the same day (i.e., purchase or sell all securities within the block trade), those securities that have been purchased or sold by the end of the day will generally be allocated pursuant to GWK's pro rata allocation methodology.

GWK believes that, in most instances, a pro rata allocation of block trades will assure fairness. However, we also recognize that no rigid formula will necessarily lead to a fair and reasonable result, and that a degree of flexibility to adjust the formula to accommodate specific circumstances is necessary when determining how to allocate block trades. Therefore, under certain circumstances, allocation of block trades on a basis other than strictly pro rata may occur if we believe that such allocation is fair and reasonable. Nevertheless, all securities purchased or sold through a block trade, including expenses incurred in the transaction, will be allocated on a fair and equitable basis over time, to the extent practicable, without favoring any account or type of account or client (including any proprietary or affiliated account). When GWK wishes to place a strategic trade order for different types of accounts for which trade aggregation is not practicable, GWK uses a trade sequencing and rotation policy to determine which type of account is to be traded first. Under this policy, each equity portfolio management team may determine the length of its trade rotation period and the sequencing schedule for different categories of clients within this period, provided that the trading periods and sequencing schedules are designed to be fair and equitable over time. On a periodic basis, our portfolio managers and compliance personnel monitor the proportional amounts allocated to all accounts to determine whether such allocations are fair and equitable over time.

The ability of a client account to participate with other accounts in bunched/block transactions may produce better execution for the individual client account. However, in some instances, a client may have designated a specific broker/dealer to whom the client's trades must be directed. (See the "Directed Brokerage" sub-section above.) This designated broker/dealer may not (or, in some cases, will not) execute bunched or block trades, and even if it does, GWK may not be able to direct the entire block trade to this designated broker/dealer because it would conflict with GWK's duty to obtain best execution. In such cases, since GWK will place the client's trade with the designated broker/dealer as instructed rather than include the client's order in the block trade, the client may not necessarily get the better price and/or level of execution that those clients who participate in the block may receive. As mentioned previously, GWK may aggregate transactions on behalf of discretionary accounts managed for its officers, directors, and family members with those of other advisory clients provided that such affiliated advisory accounts participate on a basis that is not more favorable over time than for other advisory clients.

Initial Public Offerings

An initial public offering is a company's first offer of stock for sale to the public. Depending on the interest in this initial offering, GWK's access to these newly offered shares may be limited in amount at the time of the initial offering.

In the event that GWK participates in any initial public offerings and other securities with limited availability (collectively, "IPOs"), GWK allocates IPOs among accounts in a fair and equitable manner over time, taking into consideration factors such as account type, client account objectives and preference, investment restrictions, account sizes, cash availability, and current specific needs.

Where the actual allocation of an IPO to GWK for its accounts is significantly lower than that originally requested by GWK, the original allocation proportions that we determined for our accounts may result in allocations that are not meaningful to certain accounts. In those situations, GWK may allocate the securities received to significantly fewer accounts than originally intended. Those accounts chosen to receive the smaller allocations are selected based on a combination of factors, such as size, cash position, sector allocations, number of positions, diversification among similar companies, and minimization of custodian transaction costs to the client. While GWK's intention is to allocate similar proportional amounts of IPOs to all eligible accounts over time, using this methodology, some accounts may not receive small allocations. Portfolio managers and compliance personnel periodically monitor the allocations to client accounts and the dispersion of performance for accounts in an effort to ensure that all accounts are treated fairly and equitably over time.

Prime Brokerage

GWK utilizes client's designated prime brokers to facilitate trade execution and periodic reconciliation of cash and position holdings. In this capacity GWK enters into an agreement for prime brokerage clearance services with the prime broker on the client's behalf. For additional information, see "Relationship with Solicitors" section of Item 14.

Trade Errors and Trade Error Accounts

GWK has established error correction procedures which provide that the resolution of all errors be made consistent with the Firm's fiduciary duties. It is GWK's policy to resolve any error identified in a client account in a manner which ensures that the account is made whole. GWK prohibits the use of soft dollars to resolve trade errors.

GWK may maintain a trade error account with certain broker-dealers and banks who are qualified custodians. These accounts allow for the netting of gains and losses relating to trade errors occurring with respect to the Firm's clients. Any net losses residing in these accounts generally require reimbursement from GWK. Any net gains will generally accumulate to be used to offset future trade error losses (unless the brokerage program specifies the trading gains are required to be allocated to the client's account). If a trade error is discovered prior to settlement, and the trade cannot practicably be broken, the trade will generally be settled in a GWK trade error account. Securities acquired in the error account are not held for investment, but rather an offsetting transaction will be executed in the error account to either sell or cover the securities transacted in error, at GWK's discretion, as soon as practicable. GWK may elect to close such a position while client orders to buy or sell are pending.

Item 13 – Review of Accounts

GWK portfolio management, trading, operations, and compliance teams are responsible for the regular review of the assets of the accounts under their supervision. The number of reviewers and accounts assigned to each varies depending on the nature of the product, service, or strategy.

Reviewers include Portfolio Managers and Portfolio Administrators. Portfolio Managers have varying numbers of accounts to manage depending on experience. Portfolio Managers are assigned Portfolio Administrators who are responsible for daily cash management and overseeing the implementation of transactions. Portfolio Managers review accounts with administrators on a periodic basis as well as whenever there is a policy/strategy change. Account reviews consider the effectiveness of strategy in meeting the client's objectives given prevailing market conditions. Accounts are reviewed at least annually by senior personnel to monitor compliance with GWK's investment policy.

Additionally, individual holdings within client accounts are reviewed by investment research analysts on a regular basis. GWK's investment research analysts are typically responsible for tracking a variety of companies and/or industries or sectors and making recommendations for GWK's portfolios. In addition, GWK typically holds a bi-weekly investment meeting to discuss the securities that GWK is monitoring for potential purchase or sale. Periodically, GWK reviews all securities to ensure that each holding is appropriate for GWK's clients based on our investment strategies. Both investment research analysts and portfolio managers are responsible for these reviews.

Regular reviews of client accounts are also conducted on at a quarterly basis by compliance personnel for adherence to internal investment guidelines, client-mandated or contractual guidelines, and regulatory requirements. Compliance will also compare individual client accounts against other accounts invested in a similar manner to assess the consistency of holdings and performance, and to reconcile any outliers or other exceptions that are found.

GWK also performs reconciliations of its records of the securities and cash within its clients' accounts against the records of the custodians who actually hold the securities and cash. These reconciliations are performed by GWK's operations personnel. Positions are reconciled on a monthly basis and cash is reconciled on a daily basis. To the extent any discrepancies are identified through the performance of these reconciliations, our operations personnel will work with both our internal team and the custodian to resolve any such discrepancies. The clients' custodial records are the official books and records for the account.

Reporting

Clients generally receive quarterly account reports from independent qualified custodians, unless they request these reports more frequently. The reports typically include:

1. Listing of individual holdings, including number of shares and current market value;
2. Quarterly, year-to-date, and/or since-inception time-weighted rates of return;
3. Historical statement of changes describing clients' original capital and additions or withdrawals of capital, together with income earned and a combination of realized and unrealized appreciation or depreciation; and
4. Purchase and sale transactions occurring during the quarter.

In addition, each direct client also generally receives quarterly reports from GWK. These reports normally include performance, portfolio changes, statement of changes, portfolio composition, realized gain loss, holdings and sectors. These reports are supplemented by trade confirmations and the other reports on clients' portfolio holdings and transactions provided to clients from their respective custodians and/or broker/dealers, as described above. As noted, the custodian statements reflect the official books and records for the accounts we manage, rather than GWK's statements.

Item 14 – Client Referrals and other Compensation

Relationships with Consultants

Many of our clients and prospective clients retain investment consultants to advise them on the selection and review of investment managers. GWK may have certain accounts that were introduced to GWK through consultants. These consultants or their affiliates may, in the ordinary course of their investment consulting business, recommend GWK's investment advisory services, or otherwise place GWK into searches or other selection processes for a particular client.

GWK has extensive dealings with investment consultants, both in the consultants' role as adviser for their clients and through independent business relationships. Specifically, we provide consultants with information on portfolios we manage for our mutual clients, pursuant to our clients' directions. GWK also provides information on our investment styles to consultants, who use that information in connection with searches they conduct for their clients. GWK may also respond to "Requests for Proposals" from prospective clients in connection with those searches.

Clients obtained from these consultants may instruct GWK to direct some or all of their brokerage transactions to these consultants, which may also be a broker/dealer, or to the particular broker/dealers with whom they have relationships. In the alternative, GWK may simply choose to allocate brokerage to such consultants or broker/dealers in the ordinary course of business.

Other interactions that GWK may have with consultants include, but are not limited to, the following:

- GWK may invite consultants to events or other entertainment hosted by GWK.
- GWK may, from time to time, purchase software applications, access to databases, and other products or services from some consultants.
- GWK may pay registration or other fees for the opportunity to participate, along with other investment managers, in consultant-sponsored industry forums or conferences. These conferences or forums provide GWK with the opportunity to discuss a broad variety of business topics with consultants, clients, and prospective clients.
- In some cases, GWK may serve as investment adviser for the proprietary accounts of consultants or their affiliates, or as adviser or sub-adviser for funds offered by consultants and/or their affiliates.

In general, GWK relies on each consultant to make appropriate disclosure to its clients of any conflict that the consultant may believe to exist due to its relationship with our firm.

Consulting Databases

GWK may pay consultants or other third parties to include information about GWK's investment approaches in databases that they maintain to describe the services provided by investment managers to prospective clients.

Relationships with Solicitors

GWK is party to agreements with third party solicitors pursuant to which GWK pays a fee to these parties in connection with their solicitation of clients and other services that they provide on GWK's behalf, such as sales, marketing, client referrals, and client services.

These arrangements will only be entered into pursuant to a written agreement which describes the activities, sets forth the solicitor's duties and requires the solicitor to deliver appropriate disclosures to the client. Typically as compensation the solicitor will receive a portion of the advisory fee paid to GWK by any client. The fees charged to clients are not higher as a result of these arrangements.

GWK has entered into an agreement with Charles Schwab & Co., Inc., an independent and unaffiliated broker-dealer ("Schwab") to participate in Schwab Advisor Source ("the Service"), an advisor referral service designed to help investors find an independent personal investment manager in their area. The Participation Fee paid by GWK is a percentage of the value of the assets in the client's account. Advisor participation in the Service may raise potential conflicts of interest. Although not required by the Service, clients participating in the Service may direct GWK to execute transactions for their accounts referred through the Service with Schwab. (For additional information refer to Item 12.)

GWK has also entered into certain agreements with MIG, an AMG affiliate, as described in Item 10.

Compensation from Third Parties

GWK does not receive any monetary compensation from non-clients for GWK's provision of investment advisory services to clients.

Item 15 – Custody

GWK does not act as a custodian over the assets in the accounts we manage for our clients. Clients must make their own arrangements for custody of securities in their accounts. Such custodians may be broker/dealers, banks, trust companies, or other qualified institutions. The qualified custodian will typically provide the client with at least quarterly account statements relating to the assets held within the account managed by GWK. Each client should carefully review the qualified custodian's statement upon receipt to determine that it completely and accurately states all holdings in the client's account and all account activity over the relevant period. Any discrepancies identified by a client should be immediately reported to GWK and the qualified custodian.

In addition to the account statements provided by qualified custodians to our clients, GWK also provides account statements to direct clients on a quarterly basis. As such, we encourage clients to compare the statements provided to them by GWK against those provided to them by the qualified custodians who hold the assets of their accounts, and to report any questions, concerns, or discrepancies to both GWK and the qualified custodian promptly. Such questions, concerns, or discrepancies may be communicated to GWK by writing, e-mailing, or telephoning us using the contact information on the Cover Page of this Brochure.

Our statements may vary from custodial statements based on accounting procedures, reporting dates, independent valuation services used and/or valuation methodologies of certain securities. However, please note that custodian statements reflect the official books and records for the accounts we manage.

Item 16 – Investment Discretion

GWK is typically granted discretionary authority by a client at the outset of an advisory relationship to determine the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts of securities for purchase or sale, GWK observes the investment policies, limitations, and restrictions that are applicable to our clients' accounts, as set forth by our clients. Any investment guidelines and restrictions, including amendments, must be provided to GWK by our clients in writing. A client will grant GWK discretionary authority by executing an investment management agreement and/or a separate power of attorney, which includes, among other items, a statement giving GWK authority to invest the assets identified by the client in a manner consistent with the investment objectives and limitations delineated by the client, and to engage in transactions on a discretionary basis in the client account.

In addition, we may manage accounts on a non-discretionary basis as described in Item 5.

Class Actions Suits and Other Legal Actions

GWK is not obligated to, and typically does not take any legal action with regard to class action suits relating to securities purchased by GWK for its clients. GWK provides instructions to custodians and brokers regarding tender offers and rights offerings for securities in client accounts. However, GWK does not provide legal advice to clients and, accordingly, does not determine whether a client should join, opt out of or otherwise submit a claim with respect to any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by the client. GWK generally does not have authority to submit claims or elections on behalf of clients in legal proceedings. Should a client, however, wish to retain legal counsel and/or take action regarding any class action suit proceeding, GWK will provide the client or the client's legal counsel with information that may be needed upon the client's reasonable request.

Item 17 – Voting Client Securities

Since client accounts may hold stocks or other securities with voting rights, our clients often have the right to cast votes at the corporate issuers' shareholder meetings. However, since shareholders often do not attend shareholder meetings, they have the right to cast their votes by "proxy." In such cases, GWK's clients will either retain proxy voting authority or delegate it to GWK. If a client has delegated such authority to GWK (whether in the client's investment management agreement with GWK or otherwise), GWK will vote proxies for that client. If a particular client for whom GWK has investment discretion has not explicitly delegated proxy voting authority to GWK, GWK will not vote such client's proxies, and the client will retain the voting authority for its account. In such a case, the client will receive proxy solicitations from the custodian, and the client may contact GWK with any questions about a particular solicitation at the contact information below.

Where clients have delegated proxy voting authority to GWK, as an investment adviser and fiduciary of client assets, GWK has implemented proxy voting policies and procedures intended to protect the value of shareholder investments and designed to reasonably ensure that GWK votes proxies in the best interest of clients. In voting proxies, we seek to both maximize the long-term value of our clients' assets and to cast votes that we believe to be fair and in the best interest of the affected client(s).

If a client has delegated proxy voting authority to GWK, but would nevertheless like to direct our vote on a particular proxy solicitation, the client may contact GWK at the address below and explain the facts and circumstances for the specific proxy ballot.

Voting Agent

GWK has contracted with an independent third-party provider of proxy voting and corporate governance services ("proxy agent") which specializes in providing a variety of services related to proxy voting. Specifically, this proxy agent has been retained to conduct proxy research, execute proxy votes, and keep various records necessary for tracking proxy voting materials and proxy voting actions taken for the appropriate client account.

GWK has adopted the proxy agent's proxy voting policy guidelines as its own and, as such, votes GWK's clients' proxies (for those client accounts over which it has proxy voting authority) according to those policy guidelines.

Conflicts of Interest

As noted, GWK has an agreement with the proxy agent and has adopted the proxy agent's proxy voting policy guidelines (the "Policies"). The adoption of the Policies, which provide pre-determined guidelines for voting proxies, is designed to remove any potential conflicts of interest GWK may have that could affect the outcome of a vote. By adopting the Policies, GWK has essentially removed discretion that GWK would have otherwise had to determine how to vote proxies in cases where GWK has a material conflict of interest.

Notwithstanding the appointment of the proxy agent, there may be some instances where GWK votes proxies. Specifically, there may be a situation where the proxy agent itself may have a material conflict of interest with respect to a proxy vote that it is voting on GWK's clients' behalf. In those situations, the proxy agent is obligated to fully or partially abstain from voting

the proxy, and GWK's Management will provide the voting recommendation after a review of the vote(s) involved. GWK's Chief Compliance Officer must approve any decision made on such vote prior to the vote being cast. GWK's Chief Compliance Officer and/or designee will also become involved in any other situation, though expected to be rare, where GWK determines to remove voting discretion from the proxy agent. In both of the preceding circumstances, GWK will work to ensure that prior to a vote being made, conflicts of interest are identified and material conflicts are properly addressed such that the proxy may be voted in the best interest of clients.

If you would like a complete copy of GWK's Proxy Policy or if you would like to review how GWK voted on a particular security in your account, please contact GWK using the contact information on the Cover Page of this Brochure.

Item 18 – Financial Information

GWK has no financial condition that impairs our ability to meet our contractual and fiduciary commitments to our clients, and GWK has not been the subject of a bankruptcy proceeding.

IMPORTANT INFORMATION ABOUT PRIVACY AND CERTAIN INFORMATION SHARING

In compliance with Securities and Exchange Commission regulations, we are pleased to provide you with our privacy policy. At GWK we appreciate the trust our clients place in us and we recognize the importance of protecting the confidentiality of non-public personal information that we collect about them. Keeping this information confidential and secure is a top priority. The following guidelines are designed to help you understand how we gather, use, and protect your personal and financial information.

GWK collects and maintains non-public personal information to enable us to provide investment management services to our clients. The types and sources of information that we collect include:

- Information obtained from agreements, applications, account opening forms, questionnaires, or other documents and correspondence such as name, address, phone number, assets, and income;
- Information we generate, such as portfolio appraisals and trade tickets; and
- Information provided to us by authorized parties acting on behalf of our clients such as accountants, attorneys, or investment consultants.

We do not disclose non-public personal information about our current, prospective or former clients, except as required or permitted by law. The types of information that may be shared include:

- Information to companies that is necessary in order to service client accounts, such as providing account and trade information to brokers and custodians;
- Information that we generate, such as portfolio appraisals, to authorized persons;
- Information that is necessary for non-affiliated companies, including third party service providers such as accounting firms, to perform services for GWK and its clients; and
- Data that we provide to certain affiliates, who use the information only for internal reporting, record-keeping, and other legitimate business purposes.

We maintain firm-wide physical, electronic, and procedural safeguards designed to comply with federal standards to protect our clients' non-public personal information.

- Access to electronic client information is limited by electronic safeguards, such as passwords for access to our networks, data and programs;
- Records are kept in GWK's office or stored by a records management firm;
- Third parties who do work on our behalf are specifically instructed that client information must remain confidential; and
- All safeguards apply to nonpublic personal information of current and former clients.

For questions concerning our Privacy Policy, please contact GWK using the contact information on the Cover Page of this Brochure