



GILDER GAGNON HOWE & CO.

Gilder Gagnon Howe & Co. LLC

Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure

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This wrap fee program brochure provides qualifications and business practices of Gilder Gagnon Howe & Co. LLC. If you have questions about the contents of this brochure, please contact us at 1.212.765.2500, email compliance@gghc.com or website www.gghc.com. The information in this brochure has not been approved or verified by the United States Securities Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Gilder Gagnon Howe & CO. LLC is available on the SEC’s website at www.adviserinfo.sec.gov.

Any reference to Gilder Gagnon Howe & Co. LLC as a “registered investment advisor” or as being “registered” does not imply a certain level of skill or training.

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Item 2: Material Changes

Not Applicable

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Item 4: Services, Fees, and Compensation

- A. GGHC provides investment supervisory services, also known as asset management services for its clients.

GGHC provides continuous investment advisory services to clients, with a specific focus on aggressive equity investing for a portion of the client's assets. GGHC's brokers exercise complete discretion over the investment of their clients' accounts, subject to each client's right to impose reasonable restrictions. GGHC employees who manage client accounts with discretion are referred to hereafter as "discretionary brokers".

While GGHC maintains a singular focus on achieving profits through aggressive equity investing, each discretionary broker decides how to best reach that goal for his or her clients. Each of GGHC's discretionary brokers works independently in determining his or her investments and deciding which securities and other instruments to purchase and sell.

GGHC's investment objective is to seek capital growth and to capture equity gains through active trading in growth stocks over the long term. GGHC's growth strategy seeks to maximize the return on client assets by investing in securities with high potential returns. GGHC does not follow the typical "buy and hold" strategy to achieve long-term growth. GGHC client accounts will generally see frequent trading activity as GGHC searches for growth opportunities which are worth holding on to.

The specific manner in which fees are charged by GGHC is established in a client's written agreement with GGHC. For Non-Retirement accounts GGHC charges a commission on each trade it makes for a client, rather than charging a management fee (see Commission Schedule Non-Retirement Accounts) Retirement accounts are charged a fee based on assets under management (see Commission Schedule-Retirement Accounts)

GGHC standard commission rates are not negotiable.

Commission Schedule—Non-Retirement Accounts

Non-retirement accounts are charged the following commissions:

Commissions are charged per trade on a sliding scale that does not exceed 2%. The table below illustrates the range of commission rates (right column) against the range of principal trade values (left column). Commission rates decline gradually as principal trade values increase.

Principal Trade Value		Commission Rate	
From	To	From	To
0	\$3,000	2.0000%	2.0000%
\$3,000	\$6,000	2.0000%	1.9418%
\$6,000	\$10,000	1.9418%	1.9367%
\$10,000	\$20,000	1.9367%	1.8292%
\$20,000	\$40,000	1.8292%	1.4578%
\$40,000	\$60,000	1.4578%	1.2762%
\$60,000	\$100,000	1.2762%	1.0970%
\$100,000	\$200,000	1.0970%	0.9868%
\$200,000	\$400,000	0.9868%	0.9039%
\$400,000	\$1,000,000	0.9039%	0.8948%
\$1,000,000	\$2,000,000	0.8948%	0.8144%
\$2,000,000	\$5,000,000	0.8144%	0.8005%
\$5,000,000	\$10,000,000	0.8005%	0.5000%

To illustrate how the fee schedule works, a trade done for \$15,000 in principal is halfway between \$10,000 and \$20,000; the commission rate charged will therefore be halfway between 1.9367% and 1.8292% (approximately 1.8830%).

Other Commissions (2% Limit)

Options—GGHC’s standard commissions on option trades are based on the premium price (the price paid to the issuer of the option for granting the rights, which are separate from and in addition to the exercise price). If the option premium is less than or equal to \$5.00, the commission is 2% of the premium. If the option premium is greater than \$5.00, the commission is \$10 per option.

Bonds—for bond trades, the commission are \$1.00 per \$1,000 face value, with a \$400 maximum.

Futures—The commission on futures trades is \$43.00 per contract.

Discounts

GGHC applies the following standard commission discounts to all accounts and trades that qualify. If a trade qualifies for more than one discount (e.g., it is a new account and receives a turn-around discount), only the discount yielding the biggest savings for the client will be applied.

Turn-Around Commission Discount

This applies to a closing trade within 90 days of an opening trade, or an opening trade within 90 days of a closing trade. However, the discount is not applied if the direction of the trade has changed (e.g., were long but are now going short). If the trades are within 0 through 21 days, the closing trade receives an 87.5% discount. If the trades take place after the 21st day, the discount is reduced by 1.25% for each day after the 21st until it is eliminated on the 91st day. Therefore, day 22 receives an 86.25% discount; day 23 receives an 85% discount.

New Account Discount

All trades in new accounts will receive a 50% discount unless a Turn-Around Discount supersedes. This discount applies to trades done from the first day of trading through the 90th day.

Full Liquidations

All trades will receive a 50% discount if denoted as part of liquidating an account. The Turn-Around Discount also applies and the client will receive the discount yielding the biggest savings for the client.

Partial Liquidations

This applies to an account that is partially liquidated on that trading day. Total trade value for the day must exceed 25% of the account's start of day total market value. All trades for the day will receive a 50% discount. The Turn-Around Discount also applies and the client will receive the discount yielding the biggest savings for the client.

New Investments

Accounts investing a large sum of new money on that trading day will receive a 50% discount. Total trade value for the day must exceed 25% of the account's start of day total market value.

Insider Accounts

Applies to employee and related accounts of family members (spouses, parents, siblings, children, in-laws, dependents, and any account over which an employee has beneficial or financial interest). The standard insider discount is 50% unless the Turn-Around Discount is

greater. Partners and their spouses do not pay commissions on accounts they manage for themselves.

GGHC Employees' Profit Sharing Plan

GGHC's Employees' Profit Sharing accounts are not insider accounts. GGHC Employees' Profit Sharing Accounts are client accounts and as such receive client average price on trades which could adversely affect the client average price. GGHC Employees' Profit Sharing accounts do not pay commissions or management fees.

No Commissions

GGHC does not charge commissions on purchases of securities in syndicate offerings or when "bought-in" on short positions. GGHC does not accept selling concession from underwriters in connection with client purchases. GGHC does not charge commissions when exercising options.

Commission Schedule—Retirement Accounts

Retirement accounts will be charged a fee based on a percentage of assets under management as set forth in the following table:

Asset Value		Commission Percentage
From	To	
\$0	\$1,000,000	3%
\$1,000,001	Above	2.5%

These fees are calculated on a pro-rated monthly basis, based on the equity reported on the account's month-end statement, and will be charged to a client's account the following month. As an example, if an account's month-end equity is \$1,250,000, the fee for the month is 3% of \$1,000,000 divided by 12, plus 2.5% of \$250,000 divided by 12. In the month an account is opened or closed, the fee for that month is not charged.

- B.** The wrap fee program may cost a client more or less than if the client was charged for all brokerage commissions instead of paying the wrap fee. Factors that affect whether the wrap fee program costs clients more or less include the account type (Erisa or Non-Erisa), frequency of the trading activities, and the number of securities transactions. Clients should understand that at times and in certain market conditions, the aggressive growth (margin) investment strategy may require frequent trades which will result in higher commission costs.

- C. Expenses that are charged to or borne by the clients include administrative costs, which include a \$50.00 termination fee whenever an IRA or Keogh account is closed. The client also pays J.P. Morgan Clearing Corp. interest on any margin loans, taxes, brokerage commissions and advisory fees.
- D. GGHC receives compensation as a result of the clients' participation in the wrap fee program. The amount of compensation received by us might be more than what we would have received if the client did not participate in the wrap fee program and instead paid commissions. GGHC might receive more compensation from a wrap fee program if we do not frequently trade in the account or could receive less if trading is more frequent. Clients do not have the option to select to participate in a wrap fee program. GGHC only offers wrap fee programs to Retirement type accounts.

Item 5: Account Requirements and Types of Clients

GGHC primarily provides investment advice to clients that are individuals. We also provide investment advice to other account types such as corporations, trusts, pension accounts, partnerships, foundations. There are no minimum investment amount to open or maintain an account and no minimum account size to participate in the wrap fee program.

Item 6: Portfolio Manager Selection and Evaluation

- A. GGHC is the sponsor and only portfolio manager for the wrap fee program and we do not select other portfolio managers. Within GGHC there are a number of discretionary portfolio managers to whom clients are referred from existing clients or other business relationships. Fee structure for accounts is selected by account type, Retirement or Non-Retirement, not by portfolio manager or account size. Retirement type accounts are the only accounts offered the wrap fee program. All other account types are commission based accounts.
- B. GGHC discretionary brokers act as the portfolio managers for the client accounts that are referred to them. This creates a conflict of interest because they have an incentive to select themselves as the portfolio managers over other portfolio managers in order to receive the advisory fees and other compensation. Retirement type accounts are only offered the fee based structure.

C. Advisory Business

Item 4.B

We provide discretionary advice to separately managed accounts. Certain of these accounts use a wrap fee structure which is described in this brochure.

Item 4.C

We permit each client to choose its investment objective, Growth (Cash) or Aggressive Growth (Margin). In certain circumstances, we will adhere to certain account restrictions imposed by the client.

Item 4.D

We manage the accounts that participate in the wrap fee program similar to how other managed accounts are managed.

6. Performance-Based Fees and Side-By-Side Management:
Not Applicable

8. Methods of Analysis, Investment Strategies and Risk of Loss:

Methods of Analysis

GGHC's investment process begins with the identification of a potential investment opportunity. Once GGHC has identified a potential strategic investment opportunity, it combines fundamental security analysis, corporate governance analysis, merger arbitrage analysis and technical analysis as a part of the due diligence process.

GGHC uses fundamental analysis and technical analysis when evaluating securities. Fundamental analysis is a method of security valuation which involves examining a company's financials and operations, especially sales, earnings, growth potential, assets, debt, management, products, and competition. Fundamental analysis takes into consideration only those variables that are directly related to the company itself, rather than the overall state of the market. Technical analysis is the study of relationships among security market variables, such as price levels, trading volume, and price movements, so as to gain insights into the supply and demand for securities. Rather than concentrating on earnings, the economic outlook, and other business-related factors that influence a security's

value, technical analysis attempts to determine the market forces at work on a certain security or on the securities market as a whole.

GGHC uses a proprietary quantitative screening and analysis system that provides an economic versus accounting-based analysis of a number of performances, risk, and valuation based metrics.

GGHC has two critical objectives in managing portfolios. The first objective is to mitigate market risk and the second objective is to mitigate investment risk. GGHC seeks to mitigate market risk by employing hedging strategies that include the use of exchange listed options and short sales. To reduce investment risk, GGHC seeks to diversify portfolios across types of investments and risk, use position limits and limit leverage. To further mitigate investment risk, each position is actively monitored on a daily basis.

Investment Strategies

GGHC focuses on stocks, with a minor emphasis on options, bonds, and commodities. We believe that while market action is impossible to predict, companies which have successfully competed with others are likely to continue to do so. Therefore, we invest in individual stocks, not markets. GGHC prefers to purchase stocks of smaller and medium-sized companies operating worldwide.

GGHC uses the following strategies to implement its investment advice to clients: long-term purchases (securities held at least a year); short-term purchases (securities held less than one year); trading (securities sold within 30 days); short sales (borrowed securities are sold); margin transactions (securities are borrowed against and the borrowed funds are used to purchase more securities); and option transactions.

In addition to the investment strategies noted above, GGHC's discretionary brokers may take certain actions with respect to a client's portfolio in an effort to manage the client's tax liabilities associated with the client's account. For example, a discretionary broker may cause a client to sell certain securities toward the end of the year in order to take a tax loss, and then may repurchase those securities later, in a manner that would not be treated as a wash sale under the Internal Revenue Code. In order to permit as many clients to participate in tax-saving trades as possible, GGHC may affect cross trades among client accounts in a manner consistent with applicable law and its investment advisory agreements with clients.

Risk of Loss

All investment programs have certain risks including the risk of loss that clients should be prepared to bear. GGHC believes that all stocks possess risk and looks

to purchase for its clients only those offering the greatest possible reward. GGHC's growth investment approach can result in dramatic losses over one or more market cycles. Further, clients face the following investment risks:

Interest-Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

Financial Risk: Excessive borrowing to finance a business's operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value

Margin Risk: Borrowing to purchasing stocks increases a client's leverage allowing the client to purchase more stock than the client could purchase for cash. However, borrowing increases levels of market risk which may cause a greater drop in an investment and margin loans must be repaid regardless of the underlying value of the securities purchased. Margin accounts also have minimum maintenance requirements. If the equity in a margin account falls below the minimum amount, the broker-dealer will issue a maintenance call requiring an additional deposit in cash or acceptable collateral. There is no extension of time on a margin call. Failure to meet a margin call may force a client to sell some or all securities in an account which may be sold without the client's approval

Risks Associated with Growth Investing

GGHC's Growth Investment Strategy carries risks that are unique to this strategy. In down markets, smaller or medium-sized companies share prices come under great pressure. The lack of marketability, lower than average dividends, and unfamiliarity to the investing public of these stocks may outweigh the growth potential. The outlook of a smaller company can deteriorate suddenly. Turnaround companies, rather than growing favorably, sometimes fall deeper into trouble, cyclical companies may fail to bounce, new issues flounder, and new products disappoint. This may cause discretionary brokers to sell unsuccessful positions at substantial losses.

17. Voting Client Securities:

GGHC does not vote proxies relating to securities held in client accounts, nor does GGHC advise on proxy voting. Clients will receive all proxy statements and related proxy voting materials from the issuers whose securities are held in their accounts. In the case of the wrap fee Erisa Retirement type accounts, proxy

statements and related materials will be forwarded to a plan fiduciary named in the plan's investment advisory agreement for voting.

Item 7:

Client Information Provided to Portfolio Managers

Not applicable since GGHC is the only portfolio advisor

Item 8:

Client contact with Portfolio Managers

There are no restrictions on the clients' ability to contact or consult with the portfolio managers or GGHC.

Item 9:

A. Disciplinary Information

Not applicable

B. Other Financial Industry Activities and Affiliations

In addition to being registered as an investment adviser, GGHC is registered as a broker-dealer. GGHC acts as broker when effecting transactions for its clients, as reflected in the clients' written contracts with GGHC. GGHC acts only as agent in connection with client transactions, and not as principal. GGHC does not act as a market maker in any security and does not issue research reports.

As compensation for its services, GGHC receives either commissions or investment advisory fees, if the client is a type of retirement plan. For all clients, GGHC pays any charges owed to broker-dealers through which client trades are affected except for trades executed in foreign markets. GGHC's discretionary trading and receiving commissions creates a conflict of interest as GGHC has an incentive to trade frequently and to engage in short sales. GGHC follows written procedures that it believes are reasonably designed to ensure that client accounts are not traded excessively, and that all trades affected for client accounts are suitable for those clients. Subject to GGHC's policy against excessive trading, GGHC believes compensation via trading commissions provides the best incentive to brokers to remain focused on identifying better investments. Any commissions or other fees paid by clients are charged to client accounts directly by J.P. Morgan Clearing Corp. and paid to the broker or brokers involved in executing the trade, including J.P. Morgan Clearing Corp. itself. For a complete

description of J.P. Morgan's services and compensation, clients can read the J.P. Morgan Clearing Corp. account agreement that is completed in connection with opening an account with GGHC.

Other than as stated above, GGHC has no relationships or arrangements material to its advisory business with any related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

GGHC's management persons do not have affiliations with other broker-dealers, investment companies, other investment advisors, financial planning firms, commodity pool operators, commodity trading advisers or futures commission merchants, banking or thrift institutions, accounting firms, law firms, insurance companies or agency, pension consultants, real estate brokers or dealers, or entities that creates or packages limited partnerships

Code of Ethics

The employees of GGHC have committed to a Code of Ethics that is available for review by clients and prospective clients upon request.

GGHC's Code of Ethics provides for a high ethical standard of conduct for all of GGHC's employees. The Code of Ethics requires compliance with applicable securities laws. It generally requires officers and employees to report their personal securities transactions periodically, and their holdings upon commencement of employment with GGHC and on a monthly basis thereafter, with certain exceptions as provided under Securities and Exchange Commission regulations. GGHC employees are considered "restricted persons" under FINRA rules and are not permitted to purchase equity securities in any initial public offering. Employees are also required to obtain prior approval when purchasing any security in a private placement.

GGHC's Code of Ethics defines fiduciary responsibilities and bans making untrue or fraudulent statements or material omissions, the misuse of material nonpublic information and other unethical practices. The Code of Ethics also details GGHC's policies on gifts and entertainment, political contributions, training, education, and recordkeeping.

Participation or Interest in Client Transactions

GGHC, as a firm, does not invest for its own account. However, GGHC officers and employees may do so, subject to compliance with GGHC's Code of Ethics. The Code of Ethics requires that officers and employees put the interests of clients first. As explained in more detail below, GGHC's policies regarding personal investment activity distinguishes between the accounts of discretionary brokers, traders and senior officers, on the one hand, and the accounts of all other employees on the other. The Code of Ethics imposes the same conditions on the personal investment accounts of GGHC employees, and other investment accounts that they are deemed to control, such as certain accounts of family members. Employees are permitted to invest in securities on their own under certain, very specific circumstances. Investments in mutual funds or municipal securities are exempt from this policy and those securities may be held by Employees. The following rules apply to non-discretionary broker, non-discretionary employee accounts:

- the account must be opened with a discretionary broker, who will be held responsible for ensuring compliance with these rules along with the account holder.
- the account must hold a security for at least 30 days.
- orders to buy or sell must be given to the discretionary broker or their allocator for execution. GGHC's Compliance Department keeps a record of these orders.
- the account can't take a position in a security the discretionary broker holds for their client accounts if there is an active order in the stock. An employee may buy a security held by another discretionary broker but only after checking with the other discretionary broker and GGHC's Trading Department to make sure no one is currently operating in the security. The one day rule also applies.
- if an employee buys a security and then any discretionary broker buys the same security, when the employee wants to sell, he or she must place their order with their discretionary broker. If their discretionary broker is not the one who has taken a position, the employee must first check with the manager who holds the position for his/her clients to make sure they are not contemplating selling the security as well.

GGHC discretionary brokers, traders and certain officers may exercise discretion over the investments for their own accounts ("Self-Managed Accounts"), or they may have another GGHC discretionary broker manage all or a portion of their accounts ("Peer-Managed Accounts"). GGHC trading procedures generally prohibit a discretionary broker from purchasing or selling a security for a client account within one day of purchasing or selling the same security for any employee account, including his or her own account. A discretionary broker generally will treat and trade the Peer-Managed Accounts that they manage identically to the accounts of clients that he or she manages, subject to differences due to client-specific investment restrictions, cash flow into and out of the

account, the availability of certain securities, GGHC's trade allocation procedures and other factors. Self-Managed Accounts may or may not be invested in the same securities as those client accounts managed by the same discretionary broker. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of GGHC will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between GGHC and its clients.

GGHC does not hold securities in inventory and does not affect securities transactions on a principal basis with the firm's clients even on a "riskless" basis. If such principal transactions were to be effected, GGHC would give the client advance notice and obtain client consent insofar as it is required under Section 206(3) of the Investment Advisers Act of 1940.

Subject to the provisions of Rule 206(3)-2 of the Investment Advisers Act of 1940, GGHC may arrange "agency cross" transactions between GGHC client accounts, whether of the same or different discretionary broker, in accordance with the client's investment management agreement. Such "agency cross" transactions will only occur if the discretionary broker believes it to be in the best interest of the clients. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser acts as broker for both the advisory client and for another person on the other side of the transaction. For agency cross transactions, GGHC's standard commissions are applied. Retirement plan accounts will not participate in cross transactions.

Aggregation of orders

Single Broker Trades

Generally, each GGHC discretionary broker will purchase or sell the same securities for several clients at approximately the same time. Whenever possible, orders to purchase or sell the same security for multiple accounts of the same discretionary broker are aggregated for execution. GGHC determines which accounts should participate in a bunched order and how to allocate the order among the participating accounts systematically, considering all relevant factors, including account size, risk profiles of the accounts, existing positions in the security held by some accounts, the availability of cash

in the account for investment, and client-imposed limitations, among other factors. Each GGHC discretionary broker uses proprietary models called “target tables”, which determine position sizes based upon the equity of the account. Each GGHC discretionary broker uses a unique “target table” which may cause account performance to vary. Once the participating accounts are identified and their intended allocations are determined, the bunched trade is entered into GGHC’s trading system for execution.

If a bunched order is filled completely, GGHC will allocate the securities purchased or sold in accordance with the original order. GGHC prioritizes allocation of client orders based on objective criteria (such as cash available, account size, whether certain accounts have already established a position in the security, and risk ratio and leverage ratios -- which are GGHC derived formulas). Otherwise, GGHC will rotate among client accounts in computer generated random order. If an order is only partially filled, the securities are allocated in a manner deemed fair to all clients participating in the bunched trade. The discretionary broker will decide whether to (a) fill all client accounts completely in the order of the allocation until all shares are allocated before giving any to employee accounts, or (b) give each participating client account a *pro rata* share. Employee accounts will be always be excluded if choice (b) is selected.

If an order is only partially filled and the number of shares or units purchased or sold is judged to be too small to be allocated as described in the previous paragraph, GGHC may elect to give a full allocation to only some client accounts (and not to employee accounts), selected in a manner that GGHC believes to be fair to all clients. If GGHC is able to prioritize the client accounts based on objective criteria (such as whether certain accounts have already established a position in the security, risk or leverage), it will do so and fill the highest priority accounts first. Otherwise, GGHC will rotate among the client accounts in a randomly selected order the opportunity to be filled first.

Multiple Broker Trades

GGHC’s method of placing trades differs when two or more discretionary brokers wish to purchase or sell the same security at about the same time. GGHC generally does not aggregate orders for different discretionary brokers. However, when two or more discretionary brokers wish to trade in the same security at the same time, GGHC uses the following procedure.

There are times when GGHC will execute the orders for the discretionary broker who originated the purchase or sell idea first. Orders for other discretionary brokers wishing to trade in the same security at the same time will be executed afterward, as follows. Once each discretionary broker determines which accounts will participate in the trade and the intended allocation among the accounts, as described above, each discretionary broker’s trades are sent to the trading room as separate orders. However, GGHC’s traders work them at the same time as a single order. If the aggregate trade requires more than one execution to complete, GGHC’s trading system allocates

a *pro rata* portion of each execution between the participating discretionary brokers based on the relative size of their orders. The system then allocates the trades among each discretionary broker's client's accounts in the same manner as for single broker bunched orders, as described above. The accounts of brokers whose orders are worked side by side may receive different average prices for their orders.

Some of GGHC's discretionary brokers manage a much larger amount of assets than others. This could affect client average price. In cases where both a large and small trade would otherwise be entered in the same security at the same time, GGHC may permit the smaller order to trade first, rather than working the orders, as described above. This practice may have some beneficial impact on the performance of account participating in the smaller order if the larger order affects the market price for the security. The accounts of brokers whose orders are worked side by side may receive different average prices for their orders.

Review of Accounts

Periodic Reviews

GGHC discretionary brokers and client service brokers review all of their client accounts on a daily basis. Further, the firm's supervisors review all orders and new account forms. Among other things, the reviews focus on evidence of excessive activity, suitability, restricted securities, conflicts between client and employee trades and other compliance matters. GGHC employs proprietary technology to monitor positions, risk ratios, leverage ratios and cash available in each account. J.P. Morgan Clearing Corp. monitors clients' margin levels and reports them to GGHC on a daily basis.

Regular Reports

GGHC clients can receive information about their accounts online, and by mail and telephone. Through our password protected website, clients can see account activity that is updated daily when the markets are open. GGHC discretionary brokers send their clients a quarterly letter summarizing their activities, and clients may call their brokers for information during business hours. Clients receive confirmations of every transaction, and account statements at least quarterly from J.P. Morgan Clearing Corp. J.P. Morgan Clearing Corp. also provides clients with annual 1099 reports. Clients also will receive proxy statements and annual reports from the issuers of securities held in, and prospectuses for any newly issued securities purchased for, their accounts.

Other Compensation

J.P. Morgan Clearing Corp. pays GGHC a portion of the interest it earns on the cash proceeds from short sale transactions held as collateral, and GGHC pays any fees charged by the lender of the security for the privilege of borrowing it. J.P. Morgan Clearing Corp. also pays GGHC a portion of the interest it earns on cash collateral posted by other, non-GGHC customers with respect to securities J.P. Morgan Clearing Corp. borrows from GGHC client accounts.

Financial Information

Registered investment advisers are required in this document to provide you with certain financial information or disclosures about GGHC's financial condition. GGHC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 10:

Requirements for State-Registered Advisors

Not applicable