

Part 2A of Form ADV: Firm Brochure
January 1, 2012

Gardner Russo & Gardner

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This brochure provides information about the qualifications and business practices of Gardner Russo & Gardner, a federally registered investment advisor. If you have any questions about the contents of this brochure, please contact us as indicated above.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Gardner Russo & Gardner and its principals is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by using our firm's CRD number, which is 106114.

Item 2 Material Changes

The SEC unanimously adopted “Amendments to Form ADV” in July, 2010, significantly changing the content and format of the required information that registered investment advisors provide to clients. This Brochure was dated March 18, 2011, and is our revised disclosure document prepared according to the SEC’s new requirements and rules. As you will see, this document is a narrative that is substantially different in structure and includes certain new information that our previous document did not require.

This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm’s fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.

2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). “Material changes” requiring prompt notification will include changes of: disclosure document nature and scope; partners/ownership; location; contact person information; disciplinary proceedings; nature of advisory service – any information that is critical to a client’s full understanding of who we are, how to find us, and how we do business.

Please note the following information reflects changes from disclosures previously provided in our Firm Brochure that was dated May 16, 2011.

Item 5, Fees and Compensation:

Prior disclosure that we used a different fee rate for Gardner-managed accounts and for Russo-managed accounts has been changed to reflect practice as of January 1, 2012 that fees for new accounts are consistent throughout the firm. The standard fee is an annual 1% of assets under management. This has been the practice for Russo-managed accounts throughout and since inception; practice for Gardner-managed accounts is brought into conformance and we now have one standard fee.

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Item 4 **Advisory Business**

A. Description of Firm; History; Identification of Principals

Gardner Russo & Gardner (GRG) is a federally registered investment advisor under the Investment Advisors Act of 1940. ("Federally registered" does not connote or imply a certain level of skill or training.) We are an independent firm whose only business is investment advisory service. We have prime broker and custodian arrangements for client accounts with Pershing, LLC though, at our discretion, we are able to work with a broker/custodian specified by clients (please note disclosure in Item 12). Amount of managed assets as of December 31, 2011 is \$5.488 billion. We solely manage assets on a discretionary basis.

The investment advisory firm of Gardner Investments was founded by Eugene H. Gardner as a sole proprietorship in 1968. Thomas A. Russo joined the firm in partnership with Mr. Gardner in 1989. Eugene H. Gardner, Jr. came to the firm in 1998 and in 2000 the firm became **Gardner Russo & Gardner**, a business partnership wholly owned by the three principals.

The portfolio managers – the Gardners (father and son working as a team), and Mr. Russo – oversee discrete groups of separately-managed accounts, formulating and implementing investment approach and strategy (along with sharing overall responsibility for the firm's operations and resources). In addition, Mr. Russo is general partner of Semper Vic Partners, L.P. and Semper Vic Partners (QP), L.P., partnerships that are clients of GRG and are invested in U.S. and foreign equities in parallel fashion with separately-managed accounts.

GRG's partners are the sole portfolio managers for the firm. They are supported by a staff of thirty professionals in research analysis, trading, technology and operations, client service and account administration, compliance, and general support.

B. Advisory Service; Style of Investing

Our single advisory service is discretionary portfolio management on an individual, account-by-account basis. Our client portfolios are comprised of common stocks that can broadly be termed global value. Within this universe we focus on stocks that are purchased and held for purpose of long-term appreciation (in contrast to those whose primary purpose is to produce income). Our advice is limited to this discipline.

C. Individual Needs of Clients; Client Restrictions

Clients may request that restrictions be placed on their investments; however, the fact that we have a single style means that clients, by coming to us, clearly desire their funds to be managed in our particular style. We fully disclose at the outset what this style means in terms of risk, performance potential, exposure to certain companies and industries, and income expectation.

D. Wrap Fee Programs

We do not engage in Wrap Fee programs.

E. Assets under Management, Discretionary vs. Non-Discretionary

As previously stated, GRG has investment discretion over all actively-managed client funds entrusted to it (please see A, above).

Item 5 Fees and Compensation

A. Compensation

A fee is charged for investment advisory service. Fees are not negotiable.

Fees for new accounts are calculated at an annual rate of 1% of assets under management, payable quarterly in arrears.

B. Billing Methodology

Fees – billed quarterly and in arrears – are invoiced or, at client instruction, directly debited from accounts.

C. Additional Fees or Expenses

No additional fees shall accrue to GRG as a result of its service.

GRG prime broker Pershing does not charge a custodial fee; this is a negotiated arrangement between our firm and Pershing. Other custodians (those chosen by clients) may charge additional costs or fees.

Money Market mutual funds may be used in client accounts to sweep unused cash balances until such funds can be appropriately invested. The fees and expenses charged by these mutual funds to its shareholders are separate from the fees paid to GRG for advisory services, and are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee.

All clients will incur costs associated with trading that are consistent with best execution practices (please see Item 12).

D. Advisory Fees Paid in Advance or in Arrears

Advisory fees are billed and paid in arrears of services rendered, prorated for partial periods of management.

E. Compensation for Sale of Securities or Other Products

GRG does not sell securities or other investment products.

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

GRG does not charge a performance-based fee.

Item 7 Types of Clients

Investors seek out GRG specifically because of the nature of our investment advisory service and are committed to the firm's long-term, global-value investment strategy (please also see Item 4C regarding restrictions and limitations). We handle various types of investment accounts including those of individuals, trusts, employee benefit plans, foundations, and endowed funds, in separate accounts (80% of assets under management) and co-mingled in the Semper Vic limited partnerships (20% of assets under management).

All client funds are held by qualified, independent custodians. (GRG has no relationship with any custodian except our prime broker relationship with Pershing.)

The minimum size for a new account is \$1,000,000. At the discretion of the partners, and based on existing relationships, accounts of lesser amounts may be accepted.

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

A. Analysis and Strategy

The firm's business is discretionary investment advisory. Our single investment focus can be broadly termed global value.

Investment decisions are made using primary, fundamental research directed towards a limited number of global industries with little input from Wall Street. We conduct research by analyzing a company's financial reports, attending annual, industry, and analyst meetings, and engaging management in appropriate venues. We assess its free-cash-flow generation, sustainability of franchise, earnings and pricing power, and quality of management; we match our judgments of these against the price of the company's stock. We buy at reasonable levels, and hold, meaningful positions of common stocks in concentrated industry groups, in competitively advantaged, global businesses that are run by able and honest managers. The following paragraphs describe the underlying tenets of our investing philosophy.

Buy and Hold We hope to hold positions for many years. Our focused familiarity with each of our holdings gives us the confidence to do this, and allows us to pass onto our clients the advantages of low turnover such as minimized taxes and transaction costs. Long holding periods promote in our investors the mindset of business owners, which properly focuses attention away from the short-term noise that can distract from long-term value creation.

Meaningful Positions, Concentrated Industry Groups The largest positions can have weights in the high single- to low double-digits as a percentage of the portfolio. We believe this method of portfolio construction offers a reasonable amount of diversification while concentrating funds in the best investment ideas that our highly focused research efforts uncover.

We have long-standing investments in the consumer products, media, and financial services industries. This industry focus has led to deeper and more meaningful insights than would have otherwise occurred if research efforts were more dispersed.

The trade-off is a narrow investment landscape, but long-term ownership of well-positioned global businesses requires the deeper understanding that such focus yields. Our representation in the drivers of global growth – companies headquartered overseas – is meaningful (50%). This exposure is mainly through the stocks of Western European based companies with globally oriented businesses.

Reasonable Prices We would describe most of our portfolio companies as great businesses, selling for reasonable prices. Our objective is to pay a fair price for franchises compounding faster than the market and own them long enough so that investment returns approach the businesses' growth in intrinsic value.

Competitively Advantaged Businesses, Able Managers To merit our investing attention a company must possess unique characteristics. Its businesses' competitive

advantages must give promise of stability and growth. This is measured by its sustainable long-term returns on capital and by consistent generation of free cash flow. The company must be run by a management team with a proven record of successful operation and effective allocation of free cash flow. It must also possess the type of firm culture that provides the context and incentive for long-term value creation. This means a management that brings the most effective of “family-owned” approaches to running their operations (long-term wealth-building rather than short-term profit-harvesting; interest in proactively maintaining reputational value of a business; deep knowledge of its businesses and of the industry in which its businesses operate).

We recognize that investing in securities involves risk of loss that clients should be prepared to bear.

B. Material Risk of GRG Investment Strategy

The attributes of our investment strategy that we have identified as posing potential risks to portfolio value are:

Industry and Holdings Concentration Market sectors, other than ours, may be in favor for a period of time, which can mean depression of price for our sectors. In this case, because depression of stock price does not necessarily equate to depression of company operations, we do not move from sector to sector, following the bubble of the moment; rather, we patiently await the righting of value parameters. This can cause periodic under-performance of our portfolios versus the market as a whole.

The same can be said for individual companies in which we invest. Earnings can disappoint without necessarily disturbing our long-term confidence in a company’s ability to grow its intrinsic value. Because holdings of our core positions can be heavily weighted, performance of a portfolio can be dampened by market negativity to a stock over circumstances we see as immaterial to its long-term potential.

Long-Term Perspective We never mind waiting for the market to recognize the intrinsic value of our stocks and, in fact, the “cheaper” our stocks become in comparison to their intrinsic value, the more unrealized wealth we are building within a portfolio. The freedom to ignore consensus and with it quarterly and annual targets is critical to our long-term outlook. This is a concept that may be challenging, in difficult times, for an investor-client to understand and accept, even though they would have embraced the concept in theory at outset. We spend the bulk of our communication efforts with clients in reinforcing this as a key element of our style.

There is risk, however, in the fact that we can be just plain wrong in our analysis, and the benefits of long-term patience can turn to risk of long-term loss as something we simply did not see, in industry conditions or in company management or operations, permanently erodes value and thus portfolio performance.

Foreign Currency Fluctuation Our substantial holdings in foreign stocks (primarily large-cap Western European multinationals) can be affected by currency fluctuations or imbalances (favorably or unfavorably). Over time the net impact of currencies has not been a large driver of performance, but this is not a guarantee of future stability.

C. Material Risk from a Particular Type of Security

Our portfolio investments are largely common stocks of large-cap U.S. and foreign publicly owned corporations (if foreign, generally multi-national). There is no out-of-the-ordinary risk associated with this type of security though foreign stocks as a *type* of security may pose risk in terms of currency instability (please see above).

Item 9 Disciplinary Information

There are no legal or disciplinary events for GRG and its management personnel.

Item 10 Other Financial Industry Activities and Affiliations

Possible Conflict of Interest Relationships

GRG and its licensed investment advisory representatives have no outside business activities or industry affiliations with any other financial industry business other than as noted below in the case of Mr. Gardner, Jr.

GRG discloses the following relationships that may have potential to create material conflict of interest with clients, and describes how we address such potential conflict.

Semper Vic Partners, L.P. and Semper Vic Partners (QP), L.P. are limited partnerships investing in U.S. and foreign equities. We comply with Custody Rule 206 (4)-2 with regard to these partnerships. They are clients of GRG and invest in securities for the benefit of the partners of the limited partnerships. They are managed by Thomas Russo (general partner for both partnerships and partner of GRG).

Mr. Russo has beneficial interest in these partnerships. Separately-managed accounts are managed in a parallel fashion to the partnerships in terms of portfolio holdings and weightings. Whenever possible, trades for the partnerships are aggregated with those of separately-managed client accounts. These practices mitigate potential for favoring of partnerships (and Mr. Russo's interests) over separately-managed client accounts.

Eugene Gardner, Jr. is vice president of Rutabaga Capital Management, LLC, a small-cap Investment Advisor located in Boston, MA. Wearing this second hat, he could be seen to have potential of favoring the clients of one or the other of GRG and Rutabaga if the two firms should hold stocks in common.

Practical mitigation of this potential is by virtue of the investment strategies the two firms employ – GRG is almost totally large-cap and Rutabaga is solely small- and micro-cap. There is minimal chance that the same stock would be bought, especially on the same day. Mr. Gardner provides Rutabaga with his personal trading records.

Although there are clients-in-common between the two firms, there is no mutual solicitation or active referral by either.

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

A. Code of Ethics

Gardner Russo & Gardner states its fiduciary care of client assets. Our expectation is that all partners and employees act with honesty, integrity, and loyalty in the best interests of clients. They comply with applicable securities laws. They adhere to an obligation to avoid or disclose any actual or potential conflicts of interest, and commit to safeguard clients' nonpublic personal information.

Our paramount intention is to place the interests of our clients first and foremost in the operation of our business. Policies and procedures provide a framework within which we carry out this intention. We review these frequently and regard them as covering every principal and employee, and every aspect of the firm's activity. Orientation at time of employment is thorough, and periodic reorientation and affirmation are conducted. Any violations of the firm's Code of Ethics must be reported promptly to the Compliance Officer.

The Associated Person (AP) Trading Policy and Procedures document covers partners and all employees of GRG. Our policy is that in accordance with our Code of Ethics, we commit to preventing any disadvantage to clients in favor of AP interests. At the same time we recognize that it is appropriate for APs to invest in the firm's ideas alongside clients. In aggregating trades for clients, AP trades may be included.

We define situations in which there could be fact or appearance of self-serving either in buying or selling. This is done through a scrutiny and approval process that varies from situation to situation but ultimately guards against disadvantage to clients.

The following considerations for Associated Persons addressed procedurally in this document include: limitations on personal trading, pre-clearance of certain transactions, personal securities reporting, periodic review and monitoring of same, descriptions of restricted circumstances for transactions, and statement of possible sanctions for violations of established policy and procedure.

AP trading for decision-makers is handled through our trading office. To prevent conflict of interest, traders have authority to not place AP trades if conflict cannot be avoided. AP trades are reviewed by Head Trader at day's end. He has authority to reassign or to break trades if conflict inadvertently occurs. A copy of our Code of Ethics (including Associated Persons Policies and Procedures) is available upon request.

We do not accept or dispense gifts from or to professional relationships including vendors and brokers.

We do not solicit or manage assets of plans or programs of government entities.

B. Related Person Trading as Potential Conflict of Interest

Please see Item 10 for Mr. Russo's handling of potential conflict of interest involving Semper Vic partnerships (acting as general partner in a partnership in which clients invest). The limited partnerships are treated no differently than Mr. Russo's separately-managed accounts in allocation and aggregation practices (please see Item 12).

C. Related Person Trading Alongside and Concurrent with Client Accounts
Please see Item 11A.

Item 12 Brokerage Practices

A. Selection of Broker-Dealers for Client Transactions; Use of Soft Dollars; Directed Custodian/Brokerage; Miscellaneous Practices

GRG's efforts to assure best execution for clients begin with our attention to our prime broker relationship. We encourage clients to custody accounts at our prime broker Pershing for the many administrative/trading advantages this gives. These include safety of client assets, close personal attention to opening accounts and transferring assets, and to problem-solving, request-response, and special situations. Pershing knows GRG (and through us, our mutual clients) extremely well and the benefits for our clients that flow from this relationship are numerous and constant. (Please see Item 5C for description of our arrangement with Pershing.)

For accounts held in custody at Pershing, we trade widely among brokerage houses that provide good execution for client trades (to be delivered into their accounts at Pershing).

For accounts not custodied at Pershing but held in custody at banking institutions, this same trading advantage pertains; we can trade away and deliver to accounts at these custodians.

For accounts not held in custody at Pershing but at a retail brokerage firm, this same trading advantage does not apply. Please see *Client-Directed Brokerage* section below.

We have an obligation to seek best execution but that does not necessarily include always obtaining the lowest commission rate possible. While we will always seek competitive commission rates at our brokers, we will take them into account along with the following standards that we require of our providers on behalf of our clients:

- Confidentiality
- Efficacy of execution; block-trading capabilities
- Foreign stock access and capabilities
- Clearance and settlement capabilities
- Size of order; difficulty of trade and security's trading characteristics
- Liquidity of the market for the security in question
- Quality of confirmations and account statements
- Access to markets
- Reputation and integrity; financial responsibility; credit-worthiness
- Responsiveness
- Trade error rate and the ability or willingness to correct errors

Soft Dollars We obtain research and brokerage goods and services from time to time from broker-dealers we select. The use of client commissions to obtain research and brokerage products and services raises a conflict of interest in that an incentive is created for an adviser to select or recommend a broker-dealer based on advisor's interest in receiving those products and services.

Our practice follows a policy for client commissions that is consistent with SEC guidance allowing that we maintain our fiduciary duty, in a case when we cause a client to pay a commission that exceeds what another broker may charge, if we determine the amount is reasonable in relation to the value of the research and brokerage services provided. This pertains to a particular transaction or to our overall responsibilities in regard to the account. Our practice is limited to our choosing brokers and using step-out trades in return for research and brokerage service described below. In any particular instance, a client account for which a trade was executed may not be the direct or indirect beneficiary of the research or brokerage services obtained from such broker.

Research, at least during our last fiscal year, consisted of access to analyst meetings with company managements and research reports on particular issuers, industries, markets, or economic studies or forecasts.

Brokerage Service, at least during our last fiscal year, consisted of interconnectivity lines between GRG trading office and brokers, as well as trading/settlement expertise and expertise in particular markets and stocks.

Our practice in this area of soft dollar trading was confined to the activities mentioned above. Otherwise, our firm bears its own operating expenses.

Allocation and Aggregation GRG strives to provide best execution for its clients in terms of allocation of stock. We do not use a formula for allocation, taking into account as we do the individual profiles of each of our client accounts. Some of the characteristics we consider when allocating stock are cash reserves and requirements for cash, risk profiles (within the homogeneous context of our typical client's risk profile), and the general balance of holdings.

It is our intention to see that over time all our core positions are represented in each client account to the extent allowed by account size, client preference, and attractiveness of price. The Semper Vic limited partnerships are treated as separately-managed accounts in allocation practices.

Whenever possible, GRG aggregates trades for client accounts. Trades for partners of GRG may be included in the aggregations (please see Item 11). The Semper Vic limited partnerships are treated as separately-managed accounts in aggregation practices.

As to cost to clients of not aggregating, please see section above pertaining to client-directed custodian/brokerage.

Matching Trades On rare occasions, involving primarily foreign, illiquid stocks, GRG may intentionally match a buy and a sell trade in the same stock between managed accounts (including Semper Vic partnerships). This allows efficient control of a block of stock that needs to be sold from one or more client accounts (for the purposes of liquidation or rebalancing) at the same time there is desire to place the stock in one or more client accounts (for the purposes of establishing or increasing a position).

This is done with no direction or control from GRG as to price, and with no compensation accruing to GRG as a result of the trade. When such a trade occurs in foreign markets, it is at the opening auction and/or the closing auction. The benefit for clients on both sides of the trade is our ability to minimize the volatile swing of

prices in stocks that are in short supply in foreign markets and under foreign market conditions.

Valuation Practices GRG uses Interactive Data to provide pricing information to populate our portfolios and for our performance and fee calculations. In special situations where there is limited market in a foreign stock, we may use a price from a market-maker. There may be discrepancy between GRG's portfolio valuations and the custodians' due to rounding, security valuation (primarily foreign holdings), interest or dividend payments, and transactions not known to GRG.

Trading Error and Trading Error Account GRG makes a client whole when an error committed by GRG causes loss. We maintain a Trading Error Account. If an error correction causes "profit," it is passed along to the client unless de minimis or unacceptable to client account.

Client-Directed Brokerage GRG may accept a client request to custody an account at a firm/bank other than our prime broker Pershing, which might require that we direct brokerage transactions to this custodian/retail broker. (This is the only circumstance in which a client is able to "direct" brokerage.) SEC rules state that in this case we must disclose potential disadvantages to this arrangement and must obtain signed instructions from the client. We commit to protecting client interests to the extent possible in these cases but disclose that for any such arrangement best execution and administrative practices may not be obtained in terms of the following:

- Commissions are negotiated between client and client's custodian/retail broker. This may result in higher commissions than those realized by client accounts that are held in custody at GRG's prime broker Pershing.
- GRG enters client-brokerage trades after GRG-brokerage trades. This may subject these trades to greater risk of market impact, particularly in the case of illiquid securities or in times of market volatility. Because we do not aggregate client-brokerage trades with GRG-brokerage trades, the former will not participate in benefits of aggregation such as use of specialists, in addition to efficiencies of trading costs.
- We disclose that in working with custodians other than Pershing there are limits to our influence or control in areas such as trading problem resolution, charitable gifting of stock, and tax-lot accounting for reporting purposes.

Item 13 Review of Accounts

A. Periodic Reviews of Client Accounts

Our partners review all accounts routinely at least quarterly. Underlying securities are monitored on a continuous basis.

B. More Frequent Reviews

Reviews can be triggered at any time for a number of reasons such as a call or meeting with a client, by testing that shows an account falling outside standard performance parameters, or by significant market movement.

C. Regular Reports to Clients

Every ninety days an updated written report showing account holdings, performance, tax information, and calculation of advisory fees is sent to each client by GRG. Each client's reports, updated daily, are available by proprietary, password-protected Internet access.

Item 14 Client Referrals and Other Compensation

GRG is not compensated by anyone other than a client for investment advisory work. We do not compensate anyone or any entity for client referrals.

Item 15 Custody

All GRG-managed client assets are directed to and held at qualified custodians. However, under current applicable regulatory interpretations, GRG is deemed to have custody of client assets because of two situations: direct debiting of fees from client accounts, and the dual-control role for Mr. Russo in his management of the Semper Vic partnerships.

Following are the two situations noted above and the mandated steps taken to protect client interests.

Directly-Debited Fees We previously disclosed in the Fees and Compensation section (Item 5) of this brochure that our firm directly debits advisory fees from client accounts, which burdens us with responsibilities related to custody.

As part of this billing process, each client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions (including fee debits) within the account during the reporting period. To ensure that notice of fee debits are being sent to our clients, GRG receives from its prime broker Pershing quarterly attestation that statements have been sent to clients (this is part of Pershing's standard practice to send statements to its custodial accounts).

Because GRG, not the custodian, calculates the amount of the fees to be deducted, we encourage clients to verify the accuracy of calculations seen on each GRG invoice. Comparing all the information pertaining to billing, transactions and holdings between monthly custodian statements and quarterly GRG reports (see Item 13C) is prudent practice for clients. Clients should contact us directly if they believe there may be an error in their statements or reports.

Dual-Control Role We previously disclosed in the Advisory Business section (Item 4) that Mr. Russo is general partner of two limited partnerships that are clients of GRG. Mr. Russo's dual role as general partner and portfolio manager means we must formally disclose our standard accounting practices: The partnerships are audited annually by an independent public accountant that is both registered with and subject to regular inspection by the Public Companies Accounting Oversight Board. Copies of the audited financial statements are sent to each investor in the partnerships within 120 days of each fund's fiscal year-end.

Item 16 Investment Discretion

An Investment Advisory Agreement, designating Gardner Russo & Gardner as an account's discretionary investment advisor, will be executed by a client prior to start of management. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

Item 17 Voting Client Securities

Proxy voting is an important right of shareholders. When this voting is handled by an agent of a shareholder, diligence must be undertaken to ensure that such rights are properly and timely exercised with consideration given to possible conflicts of interest. When GRG, exercising its fiduciary responsibility, has discretion to vote proxies, it will vote in a manner that it believes to be in the best interest of its clients and in accordance with our policies and procedures. A client may obtain a record of votes cast by written or phoned request to our office, directed to our Proxy Administrator. Our Proxy Voting Policies and Procedures document is available upon request.

A client who gives GRG discretion to vote can direct the vote GRG makes on client's behalf. In a case of possible conflict of interest between GRG's vote and a client's directed vote, we will explain conflict of interest and defer to client's voting wishes.

GRG helps clients with class-action filings by supplying information and/or by assisting in filling out forms, providing GRG or the client has necessary documentation. In the case of the Semper Vic limited partnerships, the general partner will decide whether to participate in suits based on potential recovery versus cost of documentation preparation.

Item 18 Financial Information

As previously disclosed in Item 5, GRG's fees are payable in arrears. We do not include a financial statement as part of this disclosure document because inclusion is only required if a firm solicits "payment of fees in excess of \$1200 per client more than six months in advance of services rendered," which we, as billers in arrears, do not.

As an advisory firm that maintains discretionary authority for client accounts and is deemed to have custody of client assets (please see Item 15), we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. GRG has no such financial circumstances to report, nor has GRG ever been the subject of a bankruptcy petition.

ATTACHMENT

Safeguard of Privacy Policy and Procedure

Gardner Russo & Gardner respects clients' right to privacy and places a high priority on protecting the personal information provided to us. We collect and use personal information solely for legitimate business purposes. We understand that our clients expect the personal information they provide will be kept confidential. Our Privacy Policy applies not only to written correspondence, but also to information provided through telephone conversations, e-mail or transactions. Annually, we are required to distribute our privacy policy as an explanation of how we collect, use, safeguard, and safely dispose of clients' personal information according to the following procedures.

GRG collects the following information, all of which we consider non-public personal information:

- Client name, address, social security number and other personal identifiers, telephone number, income and assets, employment (gathered from applications, telephone conversations, and e-mail).
- Information about client transactions and account balance.

GRG does not disclose non-public personal information to third parties except:

- As permitted or required by law, as in providing information to industry regulators or to law enforcement agencies.
- To third parties that assist us in processing transactions, account statements, annual financial reports and legal due diligence.
- As requested by clients in writing.

Employee Access and Use of Customer Information:

Our employees are responsible for maintaining the confidentiality of customer information. Training on how to properly handle personal information is provided to all employees including awareness of unauthorized requests, by e-mail, phone, fax, and mail, of client information. Knowledge of and familiarity with clients is regarded as an important safeguard against inappropriate access.

GRG protects the confidentiality of client information through the following practices:

- Physical security provided by building and office.
- Electronic security for data and systems.
- Safeguard of electronic transmission through encryption.
- Professional off-site storage.
- Employee training, including firm culture of discretion in all matters concerning client information.
- Compliance reviews.
- System backup and recovery procedures.
- Professional disposal of material or documents containing personal information.
- Review and monitoring of privacy policies used by the third parties with which we do business on behalf of clients including advocacy and active involvement in remediation in cases of security breach.

GRG Privacy Policy applies to both current and former clients and employees.

INFORMATION ABOUT PARTNERS/PORTFOLIO MANAGERS
Eugene H. Gardner

Item 2 Educational Background and Business Experience

Eugene H. Gardner, born 1936, is a graduate of Harvard College ('58) with an AB in Economics, receiving an MBA from the Harvard Business School ('61). Previous to founding our firm in 1968 he worked for Kidder Peabody & Company in New York City.

Item 3 Disciplinary Information

There are no legal or disciplinary events associated with Mr. Gardner.

Item 4 Other Business Activities

Mr. Gardner does not have active engagement with other advisory firms.

Item 5 Additional Compensation

There are no additional compensations to Mr. Gardner for providing advisory service.

Item 6 Supervision

Eugene Gardner, Thomas Russo, and Eugene Gardner, Jr. function collectively and cooperatively as partners, owners, and portfolio managers of GRG. As such, the supervision of their investing activities for their clients and for their personal accounts involves peer association among themselves and is subject to defined behavior in GRG Code of Ethics to which they attest fidelity.

Additionally, the policies and procedures that allow for monitoring investing activities of partners include: custody of their personal accounts at GRG's prime broker, their personal practices and reviews (of, for example, the daily trading blotter), placement of their personal trades by our Head Trader, and review of these trades (and of all supervisory procedures) by our Compliance Officer (Anne Gardner; 717 299-1385).

INFORMATION ABOUT PARTNERS/PORTFOLIO MANAGERS

Thomas A. Russo

Item 2 Educational Background and Business Experience

Thomas A. Russo, born 1955, is a graduate of Dartmouth College ('77) with a BA in History, receiving a joint MBA/JD from Stanford University ('84). Previous to joining GRG in 1989 he worked for Ruane Cunniff & Company, and Cumberland Associates, in New York City. Mr. Russo is a charter member of the Advisory Board for the Heilbrunn Center for Graham & Dodd Investing at Columbia Business School. He is a member of Dartmouth College's President's Leadership Council and the Dean's Circle at Stanford Law School.

Item 3 Disciplinary Information

There are no legal or disciplinary events associated with Mr. Russo.

Item 4 Other Business Activities

Mr. Russo does not have active engagement with other advisory firms.

Item 5 Additional Compensation

There are no additional compensations to Mr. Russo for providing advisory service.

Item 6 Supervision

Eugene Gardner, Thomas Russo, and Eugene Gardner, Jr. function collectively and cooperatively as partners, owners, and portfolio managers of GRG. As such, the supervision of their investing activities for their clients and for their personal accounts involves peer association among themselves and is subject to defined behavior in GRG Code of Ethics to which they attest fidelity.

Additionally, the policies and procedures that allow for monitoring investing activities of partners include: custody of their personal accounts at GRG's prime broker, their personal practices and reviews (of, for example, the daily trading blotter), placement of their personal trades by our Head Trader, and review of these trades (and of all supervisory procedures) by our Compliance Officer (Anne Gardner; 717 299-1385).

INFORMATION ABOUT PARTNERS/PORTFOLIO MANAGERS

Eugene H. Gardner, Jr.

Item 2 Educational Background and Business Experience

Eugene H. Gardner, Jr., born 1967, is a graduate of Duke University ('89) with a BA in Political Science. Previous to joining our firm in 1998 he worked for David L. Babson & Co. in Cambridge, MA. Concurrent with his work at GRG, he has been associated with Rutabaga Capital Management, LLC (please see Item 4).

Item 3 Disciplinary Information

There are no legal or disciplinary events associated with Mr. Gardner, Jr.

Item 4 Other Business Activities

Mr. Gardner, Jr. is vice president of Rutabaga Capital Management, LLC, a small-cap Investment Advisor located in Boston, MA.

Item 5 Additional Compensation

Mr. Gardner, Jr. receives compensation from Rutabaga Capital Management for consultative service; aside from this there are no additional compensations for providing advisory service.

Item 6 Supervision

Eugene Gardner, Thomas Russo, and Eugene Gardner, Jr. function collectively and cooperatively as partners, owners, and portfolio managers of GRG. As such, the supervision of their investing activities for their clients and for their personal accounts involves peer association among themselves and is subject to defined behavior in GRG Code of Ethics to which they attest fidelity.

Additionally, the policies and procedures that allow for monitoring investing activities of partners include: custody of their personal accounts at GRG's prime broker, their personal practices and reviews(of, for example, the daily trading blotter) , placement of their personal trades by our Head Trader, and review of these trades (and of all supervisory procedures) by our Compliance Officer (Anne Gardner; 717 299-1385).