



GILDER GAGNON HOWE & CO.

Firm Brochure

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Gilder Gagnon Howe & Co. LLC (“GGHC” or “the Firm”). If you have any questions about the contents of this brochure, please contact us at: 212-765-2500, or by email at: compliance@gghc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”), or by any state securities authority.

Additional information about GGHC is available on the SEC’s website at www.adviserinfo.sec.gov.

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Material Changes

Material Changes since the Last Update on March 31, 2010

The U.S. Securities and Exchange Commission issued a final rule in July 2010 (“Final Rule”) requiring changes to Part II of Form ADV. The Final Rule specifies that a new document be prepared according to the requirements of the Final Rule. This document, therefore, is materially different in structure and requires certain information not included in our prior Form ADV Part II. This new document is now known as Form ADV Part 2 and includes Part 2A, the Brochure and Part 2B, the Brochure Supplement.

In the past we have offered or delivered information about our qualifications and business practices to clients at least annually. Pursuant to the Final Rule, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We will provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Our Brochure may be requested by contacting Bonnie Haupt at 212-424-0367 or compliance@gghc.com.

Additional information about GGHC is also available via the SEC’s Web site www.adviserinfo.sec.gov.

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Advisory Business

Firm Description

GGHC was founded in 1968.

GGHC is registered as both a broker-dealer and as an investment advisor. GGHC operates with the goal of giving the small investor who possesses long-term patience, and fortitude, an opportunity to create wealth. All of our clients have the same objective—growth of capital. It is important that each client understands and is willing to tolerate the risks that this strategy entails. GGHC's approach to building wealth is not for everyone. Investing in securities involves substantial risk. Clients can and will experience decline in their assets in the process. A client needs to understand that this approach to investing is not for the short-term investor, involves the risk of losing money, and will result in sharp fluctuations in the value of his or her account from month to month or year to year.

GGHC believes in owning as many promising stocks as possible, so it generally will purchase securities for clients on margin, to the extent permitted by the client's account opening documents and applicable law. This means that, where permitted, GGHC will borrow money to purchase securities for the client, using the client's account as collateral. Of course, since GGHC charges commissions on trades for most accounts (except retirement accounts), increasing the amount of assets at work for a client will increase GGHC's commission income as well.

Borrowing to invest can lead to losses if the market suddenly falls, because GGHC may have to liquidate securities during an unfavorable time in the market to repay the lender, which may cause exposure to risks that potentially exceed the initial investment. To attempt to reduce this exposure, GGHC will engage in short sales, which offer the opportunity to profit from falling stock prices.

Buying on margin and selling short have the virtue of increasing the client's dollars at work, while attempting to moderately reduce the client's exposure to abrupt swings in the market. In a short sale, GGHC borrows securities on behalf of a client's account. These securities are then immediately sold at market prices. If the market prices of the shorted securities fall, the client makes a profit because he or she only has to pay the new, lower price to purchase the stock that is returned to the lender.

Short selling is a risky strategy. Since the price of the stock sold short could increase without limit, there is theoretically no limit to potential losses from a short sale. Short sales provide two types of compensation to GGHC. GGHC earns commissions on the short sale trade, and shares in the interest paid to its clearing broker, J.P. Morgan Clearing Corp. ("J.P. Morgan"), on the short sale proceeds held as collateral on the borrowed stock. GGHC pays any fees charged if there is a charge to borrow a security.

GGHC is also registered as a broker-dealer and it buys and sells for its customers' accounts financial products such as stocks, bonds, options, and commodities for which it receives a commission.

GGHC does not act as a custodian of client assets. The client always maintains asset control. GGHC has authority to determine, without obtaining specific client consent, the securities to be bought or sold, their amount, the contra broker-dealer to be used and the commission rates paid.

Principal Owners

Richard Gilder is a Managing Member of GGHC and owns more than 25% of the membership interests in GGHC. No other person of GGHC owns 25% or more of membership interests.

Types of Advisory Services

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 a 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 best to reach that goal for his or her clients. Each of GGHC's discretionary brokers works independently in determining his or her investment strategy and deciding which securities and other instruments to purchase, sell, or sell short. As a result, individual brokers may emphasize different strategies or sectors, take different positions in the same security (long or short), use differing levels of leverage, and may take more or less concentrated positions in particular securities. On occasion, different brokers within GGHC may buy, sell, or sell short the same security at the same time. As part of GGHC's account application process, each client is given information about and interviewed by his or her intended discretionary broker. Clients should use this opportunity to learn about the broker's investment strategy.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) may be engaged directly by the client on an as needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

Investment Strategy

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.

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.

Assets Under Management

As of December 31, 2010, GGHC had \$5,285,656,856 of assets under management on a discretionary basis for 8,166 client accounts. GGHC also has \$273,797,317 of assets under management on a non-discretionary basis for 346 client accounts.

Types of Agreements

The following agreement defines the typical client relationship:

Investment Advisory Agreement

Each client signs an investment advisory agreement and limited power of attorney granting GGHC discretion to purchase and sell securities and other instruments and obligations for the client's account. In addition, each client must establish a brokerage account at J.P. Morgan Clearing Corp. and deposit cash or securities in the account for GGHC to manage. J.P. Morgan Clearing Corp. will maintain custody of the assets in the client's account while they are managed by GGHC. Each client may choose whether to establish a cash or margin account, which will determine whether or not GGHC will use leverage, borrowing against the assets in the client's account, or engage in short selling in managing the client's account (in cash accounts, no leverage or short selling will be used). GGHC will not accept unsolicited from clients for a discretionary managed account. Clients should read their brokerage agreements carefully for complete information about the terms and conditions of their J.P. Morgan Clearing Corp. accounts.

The investment advisory agreement with a client provides that GGHC will not be liable for honest mistakes in judgment, for losses due to such mistakes, or for any other loss or damage arising out of or based upon any act or omission by GGHC, unless GGHC has knowingly violated any applicable law, or is adjudged to have been negligent or to have engaged in willful misconduct. Of course, federal and some state securities laws may impose liabilities under certain circumstances on persons who act in good faith, and nothing in the agreement constitutes a waiver or limitation of any rights that a client may have under applicable federal or state securities law.

Termination of Agreement

A client may terminate an Investment Advisory Agreement at any time by notifying GGHC. When a client terminates the agreement, unless otherwise mutually agreed by GGHC and the client, GGHC will commence an orderly liquidation of the investments held in the client's account, and the risks of such liquidation will be borne exclusively by the client as will any commissions resulting from the liquidation (see Commission Schedule below).

GGHC may terminate an investment management agreement at any time by notifying the client in writing.

Fees and Compensation

Description

The specific manner in which fees are charged by GGHC is established in a client's written agreement with GGHC. For non-retirement (non-ERISA) 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 below). GGHC discretionary brokers constantly assess their clients' portfolios to ensure that they are buying and selling equities with a singular growth-oriented goal in mind. Clients should understand that at times and in certain market conditions, the GGHC investment strategy may require frequent trades, which will result in higher commission costs.

Retirement (ERISA) accounts are charged a fee based on assets under management (see Commission Schedule—Retirement Accounts below). Portfolio turnover in client accounts will vary, depending on which discretionary broker the client uses, whether the client opens a margin or cash account (margin accounts typically will experience higher turnover rates), and market conditions. The annual turnover in margin accounts generally exceeds 100%.

GGHC standard commission rates are not negotiable. GGHC pays the cost of execution, which is less than the amount of commissions charged to clients. Commissions paid by clients include the cost of investment advisory, custody and brokerage services. (Refer to the heading "Other Fees" for trades executed in foreign markets.)

The amount of commission charged on each trade generally depends on the size of the trade and the type of security. Certain types of trades or accounts qualify for standard discounts, which are described following the commission schedule. Except where specifically noted, all commissions charged are subject to a final limit of 2% of the principal amount involved in the trade.

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 is \$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 equity. 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.

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.

Other Fees

J.P. Morgan Clearing Corp. receives as compensation a ticket charge per transaction, based on a flat fee or the total commission amount, whichever is lower. All ticket charges and fees are paid by GGHC. The client also pays J.P. Morgan Clearing Corp. interest on any margin loans.

J.P. Morgan Clearing Corp. 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. Certain securities that a discretionary broker may wish to sell short for client accounts may be difficult to borrow. In such cases, GGHC will bear the cost of any fees required by the lender to locate and hold the security.

J.P. Morgan Clearing Corp. charges the client a \$50.00 termination fee whenever an IRA or Keogh account, for which J.P. Morgan acts as custodian, is closed.

Additional expenses are incurred by a client when investing in issues traded on foreign exchanges. Customary charges for investing in foreign countries such as country taxes and levy taxes, access to foreign market fees, commissions to foreign brokers, transaction fees and currency conversion fees are included in the US dollar denominated price the client pays.

The “Selecting Brokerage Firms” section below describes circumstances under which GGHC receives research services from brokers with whom GGHC executes trades.

Margin Interest

GGHC has negotiated low margin borrowing rates on behalf of its clients. Clients benefit from a margin rate significantly below the rate typically charged by other broker-dealers. GGHC does not share in interest income received by J. P. Morgan Clearing Corp. on margin loans.

Performance-Based Fees

Sharing of Capital Gains

GGHC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client.)

Types of Clients

Description

GGHC provides investment management services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, limited partnerships, and investment clubs. Client relationships vary in scope and length of service.

Account Minimums

Generally, GGHC does not impose a minimum dollar value of assets or other conditions for opening or maintaining an account. However, some of GGHC’s discretionary brokers at their preference do impose a minimum dollar value for starting or maintaining an account with that discretionary broker.

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.

Disciplinary Information

Legal and Disciplinary

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of GGHC or the integrity of GGHC's management.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

In addition to its discretionary brokerage business, GGHC executes trades for certain institutional accounts over which it does not exercise discretion or give investment advice. GGHC accepts purchase and sell orders from these customers and executes the trades, with J. P. Morgan Clearing Corp. acting as clearing broker.

Some clients also have non-discretionary brokerage accounts with GGHC held at J. P. Morgan Clearing Corp. Clients typically use this accommodation to invest a portion of their assets more conservatively in securities such as US Treasury securities. Any advice provided to clients in connection with these investments is solely incidental to the brokerage services provided.

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, Participation or Interest in Client Transactions and Personal Trading

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.

Brokerage Practices

Selecting Brokerage Firms

GGHC uses a select group of brokerage institutions to execute trades. All brokerage institutions with whom GGHC trades are considered to have met certain qualifications regarding professional expertise and competence, the pricing of services and financial stability.

Clients generally grant GGHC complete discretion to select the broker-dealers and other financial institutions used to affect transactions for client accounts. In placing orders for the purchase and sale of securities and selecting brokers to affect these transactions, GGHC seeks prompt execution of orders at the most favorable prices reasonably obtainable. Because of GGHC’s compensation structure, commission cost is not a factor in seeking best execution. GGHC considers other factors, such as speed, confidentiality,

expertise, and execution price in evaluating whether the execution represents the best overall result for its clients. GGHC pays the cost of execution, which is less than the amount of commissions or management fees charged to clients. GGHC's commission schedule is set forth under the heading "Fees and Compensation" above. Commissions and management fees paid by clients include the cost of investment advisory, custody and brokerage services related to the entry, execution and handling of trades except for certain trades executed in foreign markets.

NASDAQ orders generally will be directed to the market maker or electronic trading network that can provide the best price based on the size of the order and their ability to execute the trade in an orderly manner. Exchange listed issues will be viewed on the available pricing services to determine if there is a market for the issue off the exchange that offers a price improvement over the listed market.

Consistent with its efforts to obtain best execution of each trade, GGHC will consider the desirability of having access to analysts employed by, and conferences sponsored by, various broker-dealers in deciding which firms to trade with. GGHC may try to execute trades enough with certain broker-dealers to attain access to their analysts and conferences, provided those broker-dealers also provide best execution for GGHC's trades. However, GGHC pays for any costs associated with research products or services it obtains from third parties out of its own resources, except for certain trades executed in foreign markets.

Orders which GGHC believes require more execution skill are allocated to broker-dealers primarily on the basis of their execution capability.

Soft Dollars

Contingent upon its ongoing commitment to obtaining best execution for transactions in its customer accounts, GGHC from time to time directs orders to certain brokers for execution, in exchange for which such brokers may provide GGHC with research intended to assist GGHC in its investment-related decision making. This type of activity, in which commission-generating customer orders are sent to third-party brokers in exchange for research services, is referred to as "soft dollars." When GGHC uses client brokerage commissions it receives a benefit because GGHC does not have to produce or pay for research, products, or services.

GGHC monitors its participation in such activity to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934 (the "Exchange Act"), which provides a "safe harbor" for investment managers who "pay for" third party research with client brokerage commissions and/or transaction fees generated by client account orders. For this purpose, and consistent with Section 28(e) of the Exchange Act, "research" is considered to include, among other things, (1) written reports analyzing a particular company or its stock; (2) access to research analysts for the purpose of discussing the advisability of making certain investments; (3) access to corporate representatives to discuss their company's performance; (4) access to conferences, seminars, etc., relevant to obtaining information about companies, industries, securities, and other applicable subject matter; and (5) corporate governance research relevant to such things as a company's performance outlook.

Although the opportunity to obtain investment-related research services provides an incentive to GGHC to decide which brokers to whom to send customer orders, rather than on its clients' interest in receiving most favorable execution, consistently obtaining best execution for customer transactions remains the overriding factor in GGHC's broker selection. GGHC maintains a Best Execution Committee which meets at least quarterly to review the quality of executions obtained from the third-party brokers it has utilized. To facilitate this review, GGHC has retained an independent consultant, Abel/Noser Corp., to compile data analyzing third-party brokers' executions against comparable information for industry peers. Using information compiled from both GGHC internal systems and industry sources, average prices, volume-weighted average prices and time-stamped benchmarks are determined for comparative purposes. Depending on the results of the Best Execution Committee's review, GGHC may decide to discontinue using certain brokers, regardless of the availability of research services they may provide.

Neither the provision of research services by, nor the amount of customer order flow sent to, any particular broker is governed by any formal agreement that commits GGHC to compensate such broker for such research services. Use of any third-party broker is purely at GGHC's discretion; the Firm endeavors to allocate customer orders to brokers in a manner that helps to ensure continued receipt of research believed to be useful in facilitating the investment decision-making process, and therefore beneficial to GGHC customers. GGHC does not distinguish between customers in its use of soft dollar-related research; in other words, the benefits received from such research is intended to be used in connection with GGHC's overall investment decision-making process, and therefore is potentially beneficial to any and all customer accounts.

With respect to orders in U.S. securities, GGHC customers do not pay higher commissions for execution of orders sent to third-party brokers that provide soft dollar research services. In other words, GGHC does not apply additional commissions or transaction costs to customer accounts with respect to orders sent to third-party brokers who provide such research in exchange for the order flow. With respect to orders in foreign securities, GGHC's decision to send an order to a particular non-U.S. broker may be based on the belief that the broker is best positioned to facilitate execution of the order, as well as the availability of research services from such broker. Certain non-U.S. brokers do not specifically break out commission charges when reporting executions, orders sent to some such brokers will result in additional costs being borne by the customer. Regardless, when GGHC directs an order to a non-U.S. broker that may result in an increase in the customer's cost, it is based on a reasonable belief by GGHC that the broker can provide the most advantageous execution overall, and that, considering all relevant factors, the cost to the customer is reasonable and consistent with GGHC's ongoing best execution efforts.

The types of products and services GGHC has acquired with soft dollars within the last year include having access to analysts employed by, and conferences sponsored by, various broker-dealers. GGHC also purchases research with soft dollars, which may include direct access to analysts and meetings or conferences they provide.

Best Execution

GGHC'S Best Execution Committee meets at least quarterly and reviews the quality of executions obtained from the third-party brokers GGHC uses. GGHC also uses an independent consultant, Abel/Noser Corp., to compile data analyzing third-party brokers' executions against comparable information for industry peers. Then using information compiled from both GGHC systems and industry sources, average prices, volume-weighted average prices and time-stamped benchmarks are determined for comparative purposes. Depending on the results of the Best Execution Committee's review, GGHC may decide to discontinue using certain brokers.

Order Aggregation

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 at the same time and allocating the executions between them. This helps GGHC avoid having to allocate excessively small amounts of multiple executions to the smaller broker's accounts. This practice may have some beneficial impact on the performance of accounts participating in the smaller order if the larger order affects the market price for the security.

If one discretionary broker places a market order and another broker places a limit order, the trades will be worked at the same time until the limit is reached. Then, the market order will be given higher priority and will be worked individually until the security again trades within the limit parameters. In this circumstance, the participating brokers and their clients may receive different average prices for their orders.

Employee Accounts

Employee accounts managed by a discretionary broker may participate in a bunched order with that broker's client accounts. If the entire order is filled, the securities purchased or sold are allocated in accordance with the original order, with employee accounts receiving an average of the worst executions on the day for that manager's order. If the order is only partially filled, the securities or proceeds are allocated in a manner that GGHC believes to be fair to all clients, as described above.

Peer Managed Accounts

GGHC policies to (a) reward its discretionary brokers for originating investment ideas by permitting them to trade first, as described above, and (b) encourage discretionary brokers to open Peer-Managed Accounts that will be managed by their colleagues, together may have the following unintended effect. It is possible that Peer-Managed Accounts managed by the originating discretionary broker may trade (together with the originating broker's client accounts) ahead of client accounts managed by other discretionary brokers. It is possible, though it is not always the case, that the accounts trading first may receive better average prices than accounts trading later in the same day.

When only client accounts participate in an aggregated order, each account pays or receives the average price for all trades transacted by GGHC for the bunched order during the trading day. If employee accounts participate in a bunched order with client accounts, GGHC calculates the average price for the securities allocated to client accounts by using only the best prices received for the number of shares allocated to those accounts during the trading day. The average of the worst prices received during the trading day will be applied to the securities allocated to employee accounts. This calculation is performed separately for each discretionary broker participating in a multiple broker trade, with the result that client accounts of different brokers may receive different average prices, as may employee accounts of different brokers.

Balancing Interests of Multiple Client Accounts

GGHC endeavors to ensure that all client accounts are treated fairly. Because each GGHC discretionary broker acts independently, different brokers may make different investment decisions for their clients, and the performance of those client accounts will differ. Discretionary brokers will not necessarily purchase or sell the same securities for client accounts at the same time or in the same proportionate amounts for all eligible clients. There may even be times when one discretionary broker buys a security for clients at the same time when another discretionary broker is selling or opening or maintaining a short position in the same security. When a discretionary broker purchases thinly traded securities or oversubscribed public offerings, it may not be feasible to allocate a transaction *pro rata* to all eligible clients. If GGHC is able to prioritize the accounts based on objective criteria (such as cash available, account size, whether certain accounts have already established a position in the security, risk ratios or leverage ratios—GGHC derived formulas), it will do so and fill the highest priority accounts first. Otherwise, GGHC will rotate among the client accounts in a computer generated randomly selected order to be filled first. Therefore, not all clients will necessarily participate in the same investment opportunities or participate on the same basis. In addition to this, there are other factors which may impact account performance, such as: value of assets under management and type of account managed (i.e.: cash or margin).

IPO Allocations

GGHC employs the same methods of allocating IPO shares to customer accounts as it does to regular trade orders. Each Money Manager endeavors to ensure that all client accounts are treated fairly. Because each GGHC discretionary broker acts independently, each will have a unique method of allocating IPO shares to client

accounts. To avoid conflicts GGHC processes IPO trades through customer Prime Broker accounts established at J.P. Morgan Clearing Corp. in lieu of delivering shares to a GGHC account. There is a minimum equity requirement of \$125,000 for the establishment of a Prime Broker account. Prime Broker paperwork is included in the new account documentation sent to all new clients. Account equities are reviewed daily for Prime Broker qualification. If a client has more than one account at GGHC with the same ownership title, the equity values are combined to meet the minimum requirement.

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.

Custody

Account Statements

GGHC clients can receive information about their accounts online, and by mail and telephone. Through GGHC's password protected website, clients can see account activity that is updated daily when the markets are open. Clients receive confirmations of every transaction, and account statements at least quarterly, from J.P. Morgan Clearing Corp.

Performance Reports

GGHC discretionary brokers send their clients a quarterly letter summarizing their activities, and clients may call their discretionary brokers for information during business hours.

Investment Discretion

Discretionary Authority for Trading

GGHC receives discretionary authority to manage securities accounts on behalf of clients by clients' grants of limited powers of attorney. Depending on the investment program agreed upon, option and commodity powers of attorney may also be required. Clients may revoke these powers at any time.

Under the discretionary authority that GGHC receives from clients, it determines, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. In all cases, GGHC exercises discretion in a manner consistent with the stated investment objectives for the particular client account. Investment guidelines and restrictions must be provided to GGHC in writing.

Clients also grant GGHC complete discretion to select the broker-dealers and other financial institutions through which to affect transactions for their accounts and the commission rates paid.

Generally, GGHC's clients are unable to restrict or prohibit transactions or direct transactions for execution through specific brokers and dealers. GGHC will accept restrictions on accounts in certain circumstances, such as employment restrictions and affiliation restrictions.

Voting Client Securities

Proxy Votes

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 retirement plan clients, proxy statements and related materials will be forwarded

to a plan fiduciary named in the plan's investment advisory agreement for voting. In the case of proxies of foreign issuers, it may not always be possible or practical for clients to exercise voting rights. For example, a foreign issuer's proxy statement may not be received by J.P. Morgan Clearing Corp in time for it to be handled in a timely manner.

Financial Information

Financial Condition

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.