



**March 24, 2023**

This ADV Part 2A Appendix 1 (“wrap fee program brochure”) provides qualifications and business practices of Gilder Gagnon Howe & Co. LLC (“GGHC” or “Firm”). If you have questions about the contents of this brochure, please contact us at 212.765.2500, or by email [compliance@gghc.com](mailto:compliance@gghc.com) or visit our website [www.gghc.com](http://www.gghc.com). The information in this brochure has not been approved or verified by the United States Securities Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Gilder Gagnon Howe & Co. LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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



## **MATERIAL CHANGES**

This brochure is dated March 24, 2023 . The following information provides a summary of material changes that have been made to this brochure since the last annual update on February 1, 2022.

There were no material changes to this brochure.

The foregoing is only a summary of the material changes to this brochure and is qualified by reference to the full discussion in the brochure. This summary of material changes does not purport to identify every change to the brochure since it was last published. Clients are encouraged to read the brochure in detail and contact GGHC with any questions.



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## SERVICES, FEES AND COMPENSATION

### Firm Description

Founded in 1968, Gilder Gagnon Howe & Co., LLC ("GGHC") is registered with the Securities and Exchange Commission ("SEC") as an investment adviser and as a broker-dealer.

GGHC operates with the goal of giving investors who possess long-term patience and fortitude an opportunity to create wealth. We seek to grow our clients' capital through active and aggressive trading in securities that have the potential for high returns over the long-term. GGHC focuses on stocks, with a minor emphasis on options and bonds, and occasionally purchases exchange-traded funds ("ETFs"). Investing in securities involves substantial risk, including risk of loss, and our aggressive approach to building wealth is not for everyone. Each client must understand and be willing to tolerate the risks (and volatility) that our strategy entails. GGHC accounts experience frequent, rapid and large swings in performance (upward as well as downward). The volatility experienced occurs especially during periods of economic uncertainty.

As described further in this brochure, GGHC provides ongoing discretionary investment advisory services to our clients for a portion of their respective investable assets that they are willing to put at risk. GGHC manages all investments through separately managed client accounts. For a non-retirement margin account, the investment objective must be aggressive growth with margin. For non-retirement cash and all retirement accounts, the investment objective must be growth.

GGHC retirement accounts pay GGHC an annualized monthly fee for the services provided to accounts (also called wrap-fee). The wrap fee covers investment advisory services, most execution costs (see "Other Expenses"), and other services, such as custody, recordkeeping and reporting (no additional GGHC commissions are paid by retirement accounts for trades executed in these accounts). The wrap fee program is only available to retirement accounts, and GGHC does not provide investment advisory services to retirement accounts outside of the wrap fee program. Therefore, the terms "retirement account" and "wrap fee account" are used interchangeably throughout this brochure.

GGHC is an introducing broker, and National Financial Services ("NFS") serves as clearing broker and custodian on a fully disclosed basis. The client always maintains asset control and can withdraw funds or close his or her account at any time, upon providing notice. However, GGHC has authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the executing broker-dealer to be used.

### Principal Owners

Shaiza Rizavi is a principal owner of GGHC, in addition to being a co-CEO of the Firm (along with co-CEO James Deutsch). No other member of GGHC owns 25% or more of membership interests.

### Types of Advisory Services

GGHC provides ongoing discretionary investment advisory services for a portion of a client's investable assets. GGHC's portfolio managers ("GGHC Money Managers") exercise full discretion through a limited power-of-attorney over the investment of the account, subject to each client's right to impose reasonable restrictions (please see Investment Discretion for a description on client-directed restrictions on GGHC accounts).

GGHC also serves as the portfolio manager to and sponsor of a wrap fee program as described throughout this brochure and in GGHC's wrap fee program brochure. This wrap fee program is only available to retirement accounts. A wrap fee program is a program where a client is charged a specified "bundled" fee, which is generally a percentage of assets under management, for discretionary investment advisory services, most trade execution costs (please see Other Expenses relating to investing in foreign securities) and other services, such as custody, recordkeeping and reporting. IRA accounts pay



additional administrative and custody fees to GGHC's clearing broker, NFS (please see Other Expenses for additional expenses paid by IRA accounts). After paying for the costs covered by the wrap fee, GGHC retains the remaining portion of the wrap fee for its services. Generally, the only differences in how GGHC manages wrap fee accounts as compared to accounts outside the wrap fee program are that wrap fee program accounts are not permitted to buy on margin or sell short, and are required to have growth as their investment objective, whereas the non-retirement accounts outside of the wrap fee program may, where permitted, use margin and sell short, and non-retirement margin accounts have the investment objective of aggressive growth with margin.

## Investment Strategy

As stated throughout this brochure, GGHC's overall goal is capital appreciation through growth stock investing, focusing on stocks, with a minor emphasis on options and bonds, and occasionally ETFs. Retirement accounts pay a monthly wrap fee (please see Fees and Compensation for GGHC's commission and fee schedule).

GGHC Money Managers act independently of one another; therefore, GGHC Money Managers will make different investment decisions for their respective accounts, and some GGHC Money Managers will achieve different results for different clients. As a result, GGHC Money Managers may emphasize different strategies or sectors, take different positions in the same security (long or short), use differing levels of leverage (where permitted), and may take more or less concentrated positions in particular securities compared to other GGHC Money Managers. This practice could adversely affect the price of the security in another account. Further, different GGHC Money Managers will achieve different investment results for the respective accounts that they manage.

GGHC Money Managers do not necessarily purchase or sell the same securities for their respective client accounts at the same time or in the same relative position size. Whether an account participates in a particular order depends on criteria such as whether accounts have cash available, account size, whether certain accounts already have an established position in the security and/or is determined using GGHC proprietary ratios (risk ratio, leverage).

GGHC client accounts will see frequent trading activity as GGHC Money Managers search for potential growth opportunities. Frequency of trading or account turnover will vary, depending on factors including the GGHC Money Manager, type of account (margin or cash/retirement), market volatility, and client specific activity (money movements including deposits or withdrawals). Please see Fees and Compensation for further details about the costs associated with maintaining a GGHC account.

## Fees And Compensation

GGHC receives compensation for its investment advisory services, which is specified in the client's investment advisory agreement with GGHC. The compensation structure will vary depending on the type of account and is not subject to negotiation.

GGHC bears the cost of trade execution for domestic securities, which is less than the amount of commissions GGHC charges its clients, and means that GGHC earns a profit on each trade. However, the cost of trade execution for foreign securities is embedded in the price of the stock. Commissions paid by clients include the cost of investment advisory services, custody and brokerage services (Please see Other Expenses for trades executed in foreign markets and Commission Schedule - Non-Retirement Accounts).



Retirement accounts are charged an annualized bundled or “wrap” fee based on the account’s assets under management, valued on a month-end basis and paid monthly in arrears. The wrap fee includes most trade execution costs (please see Other Expenses relating to investing in foreign securities) and other services, such as custody, recordkeeping and reporting. I

GGHC’s wrap fee rate is not negotiable.

## WRAP FEE — RETIREMENT ACCOUNTS

Retirement accounts, including Individual Retirement Accounts (IRAs) or ERISA-type accounts, are charged a 2.5% annualized “wrap” fee paid monthly, in arrears. This fee covers investment advisory services, most execution costs (see “Other Expenses”), and other services, such as custody, recordkeeping and reporting (no additional GGHC commissions are paid by retirement accounts for trades executed in these accounts).

**Please note that generally GGHC fees are higher than fees charged by other advisers.**

Generally, GGHC deducts fees from retirement accounts on the seventh business day of the month, based on the prior month-end value of the account. The value of the assets in the account on which fees are charged includes any cash held in the account. All accounts are charged a fee as long as they are open and funded.

The “wrap” fee calculation is based on trade-date equity holdings, which includes the results of any trade executed, but not yet settled. However, the NFS account statements issued monthly to GGHC accounts show the account value using settlement-date equity holdings, which excludes the effect of previously executed but not yet settled trades, and cannot be used to confirm GGHC’s fee calculation.

Fees are calculated based on the actual number of days in the month relative to the actual number of days in the year. If an account was funded or closed mid-month, the fee charged will be prorated for the number of days the money was in the account.

GGHC at its discretion, will raise funds in the accounts to cover the fee by selling securities. If the full fee amount is not available on the date the account is charged, the account will be debited any available amount on that date. Where an account has a fee not satisfied in full, it will continue to be charged the residual amount as cash is raised from selling securities until the next monthly fee is charged.

GGHC will perform a review of the fees charged to accounts to ensure fees are charged in accordance with the fee schedule

## DEDUCTION OF FEES

All fees are deducted directly from the accounts. Retirement account fees are deducted each month in arrears and are shown on the monthly account statement provided by NFS.

## FEE DISCOUNTS

GGHC applies the following standard discounts to all accounts that qualify.



## *Employee and Employee-Related Accounts*

Employee retirement accounts do not pay monthly wrap fees. Employee-related (e.g. spouse of employee) retirement accounts receive a 50% discount on fees paid. Receipt of these discounts will have a positive impact on account performance.

## *GGHC Employees' Profit Sharing Plan*

GGHC's Employee Profit Sharing accounts do not pay fees, which will have a positive impact on its account performance. GGHC's Employees' Profit Sharing accounts are considered client accounts for trading purposes and as such receive client average price on trades.

## OTHER EXPENSES

If a client has a long position in a hard-to-borrow security that is loaned out (this occurs in accounts that participate in a fully paid lending program), the client will receive a portion of the additional fee associated with this loan. The rates are determined by Fidelity Capital Markets specific to the hard-to-borrow security based on a third-party average wholesale benchmark rate or other criteria reasonably determined by Fidelity Capital Markets and agreed to by GGHC.

Margin loan interest (not related to a retirement account) and the fees for hard-to-borrow securities are collectively referred to as "securities lending income." **Please note, NFS shares a portion of its securities lending income with GGHC (See "Other Compensation – Payments and Credits from NFS to GGHC" below).**

Every account is different and each client has a different mix of hard-to-borrow short positions and long positions (reminder retirement accounts cannot hold short positions). Securities lending rates change over time; meaning a security can be deemed a hard to borrow position today, but in the future may no longer be deemed a hard to borrow, incurring a fee for borrowing (short) or a credit for lending (long).

NFS deducts from client accounts a transaction fee for sales in equities and options, which is displayed on customers' confirmations as an Activity Assessment Fee. This fee is in addition to the GGHC fee described above.

When NFS acts as custodian and an IRA or Keogh account closes, NFS charges the client a \$125.00 termination fee.

Separately, additional expenses for retirement (fee-based) and non-retirement (commission-paying) accounts are incurred by a client when investing in stocks traded on foreign exchanges. Such investments are typically effected by, and generate revenue for, affiliates of NFS. 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, stamp taxes and currency conversion fees are included in the US dollar denominated price the client pays. Currency exchanges may be effected by Fidelity FOREX, Inc. on a principal basis. Fidelity FOREX, Inc., an affiliate of NFS, may impose a commission or markup on the prevailing interbank market price. The currency exchange rate applicable to any foreign security trade is available upon request. **All transaction charges will adversely affect investment performance.**

## PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

GGHC does not charge any performance-based fees (i.e., fees based on a share of the capital gains or capital appreciation of the assets of an account).



GGHC manages both commission-based accounts and wrap fee accounts using similar strategies. The different compensation structures could incentivize GGHC and its GGHC Money Managers to favor accounts which are likely to generate greater revenue for the Firm and the GGHC Money Manager, and/or to manage accounts differently based on compensation structure rather than the investment objective of the account – for example, by trading more frequently in non-retirement cash accounts than in retirement accounts, even though both categories of accounts have the same investment objective. GGHC addresses these conflicts of interest through its disclosures, review of accounts, and by establishing and maintaining reasonably designed procedures, including as described below in Order Aggregation and Allocation Policy and in Review of Accounts.

## ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

GGHC's wrap fee program is only available to retirement accounts. As further described in the Firm brochure, outside of the wrap fee program, GGHC also provides investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, LLC's, partnerships and investment clubs. Client relationships vary in scope and length of service.

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 Money Managers at their discretion do impose a minimum dollar value for starting or maintaining an account with that GGHC Money Manager. In addition, the minimum dollar requirement to open a margin account is \$5,000. Additionally, there may be restrictions or minimums applicable to client accounts with a non-U.S. legal and/or mailing address. GGHC does not provide investment advisory services in certain jurisdictions, including Nebraska.

## Types of Agreements

The following agreements govern the typical client's relationships with GGHC and with NFS, GGHC's clearing broker which serves as the custodian for client accounts:

### INVESTMENT ADVISORY AGREEMENT

Each client signs an Investment Advisory Agreement and a limited power of attorney granting GGHC discretion to purchase and sell securities and other instruments and obligations for the client's account. The Investment Advisory Agreement provides, in part, 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 found 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.

### AGREEMENTS BETWEEN THE CLIENT AND NFS

Each client must establish a brokerage account at NFS and deposit cash and/or securities in their account. NFS will maintain custody of the assets in the client's account while those assets are managed by GGHC. GGHC will not accept unsolicited orders from clients for a discretionary managed account. Clients should read their brokerage agreements carefully for complete information about the terms and conditions of their NFS accounts.

In order to participate in IPOs and follow-on offerings clients must establish a Prime Broker Account at NFS. There is a minimum equity requirement of \$105,000.00 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.

Clients who have a non-retirement margin account must sign a margin agreement with NFS to be able to trade on margin. This agreement discusses the risks associated with trading on margin, including borrowing money to use securities as collateral to purchase additional securities and sell securities short. Please see “Other Compensation- Payments and Credits from NFS to GGHC” with regards to NFS sharing revenue with NFS.

In addition, clients who have a non-retirement cash account or retirement account who want to participate in an optional fully paid lending program with NFS, must sign a separate agreement and other ancillary documents. Please see “Other Compensation – Payments and Credits from NFS to GGHC” for information regarding NFS sharing revenue with GGHC.

At any time, a client may terminate GGHC’s Investment Advisory Agreement by providing GGHC with written notice. GGHC may terminate the Investment Advisory Agreement upon delivery of 30 days’ written notice. Unless otherwise mutually agreed to by GGHC and the client, upon termination, we will commence an orderly liquidation of the securities and any other non-cash assets in the account in the normal course of business. The risks associated with such liquidation will be borne exclusively by the client, as will any commissions resulting from the liquidation for non-retirement accounts.

## **PORTFOLIO MANAGER SELECTION AND EVALUATION**

GGHC is the sponsor and only portfolio manager for the wrap fee program. We do not select other non-GGHC portfolio managers. A client selects a GGHC Money Manager as the discretionary portfolio manager for his or her wrap fee program account, and is typically referred to a specific GGHC Money Manager by existing GGHC clients or others with whom GGHC has a business relationship.

Clients have full discretion to choose their GGHC Money Manager. When a client is referred to GGHC, they may be sent information on one or more GGHC Money Managers. The client, not GGHC, selects the person to manage their account.

GGHC performance calculations are based on industry standards. GGHC’s Compliance Department reviews performance information and monitors for compliance. Periodically, GGHC engages a third party to perform a performance review to verify its accuracy.

## **ADVISORY BUSINESS**

Please see *Services, Fees, and Compensation* above for a discussion of GGHC’s advisory business.

## **Methods of Analysis**

GGHC takes a general research-intensive approach in identifying potential investment opportunities, combining various methods of securities analysis as part of the due diligence process. GGHC focuses on stocks, with a minor emphasis on options and bonds, and occasionally purchases ETFs. GGHC’s various methods of securities analysis include fundamental and technical analysis. 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.

Internal research is a critical element to GGHC's investment process and is generally a key component for its investment decisions. No method of securities analysis can guarantee a particular investment result or outcome and the use of investment tools cannot and does not guarantee investment performance. Further the method(s) of analysis tends to vary in both the amount of analyses and the degree with each investment opportunity.

## Investment Strategies

As stated throughout this brochure, GGHC's overall goal is capital appreciation through growth investing, focusing on stocks, with a minor emphasis on options and bonds, and occasionally ETFs. Depending on the client's objective, they can open a margin (considered aggressive growth and is commission-based), cash (considered growth and is commission-based) or retirement (considered growth and is wrap/fee-based) account. GGHC uses the following strategies to implement its overall goal:

- 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), in non-retirement margin accounts only,
- Margin transactions (securities are borrowed against and the borrowed funds are used to purchase more securities), in non-retirement margin accounts only; and
- Option transactions (generally not applicable in retirement accounts).

GGHC's style of investing should not be considered tax efficient as tax consequences are not necessarily a big factor when trading. In limited circumstances, including when a client requests and a Money Manager can accommodate (in total or to a degree), a Money Manager will work to manage the client's tax liabilities associated with the client's account. For example, a GGHC Money Manager can sell certain securities in a client account(s) 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 (which benefit both GGHC and the client) among client accounts in a manner consistent with applicable law and its investment advisory agreements with clients. This is a limited use case scenario and cross trades are not effected in retirement accounts.

## Risk of Loss

Investing in securities and other financial instruments involve a degree of risk that can be substantial, including the risk of total loss that each client should be prepared to bear. GGHC's aggressive approach is designed for individuals able to bear the risk of loss (total loss of principal or dramatic losses). While GGHC devotes its best efforts to the management of its clients' accounts, there is no assurance or guarantee that the accounts will not incur dramatic losses. Investments may experience rapid and/or extended periods of loss and there is no guarantee that the investment objective will be achieved. GGHC's growth-style of investing, means that the value of any account and/or any particular stock can experience periods of rapid volatility and could experience periods of underperformance relative to the overall market (not a benchmark).

The following is a summary of the principal risks associated with the investment strategies employed by GGHC.

**Business Continuity Risk:** GGHC has developed a Business Continuity Program (the BC Program) that is designed to minimize the impact of adverse events that affect its ability to carry on normal business operations. Such adverse events include, but



are not limited to, natural disasters, outbreaks of pandemic and epidemic diseases (such as the current COVID-19 pandemic), cybersecurity breaches and attacks, terrorism, acts of governments, any act of declared or undeclared war, power shortages or failures, utility or communication failure or delays, labor disputes, strikes, shortages, supply shortages, and system failures or malfunctions. While GGHC believes the BC Program should allow it to resume normal business operations in a timely manner following an adverse event, there are inherent limitations in such programs, including the possibility that the BC Program does not anticipate all contingencies or procedures or work as intended. Vendors and service providers (such as our clearing broker) may also be affected by adverse events and are subject to the same risks that their respective business continuity plans do not cover all contingencies. In the event the BC Program or similar programs at vendors and service providers do not adequately address all contingencies, client accounts may be negatively affected as there may be an inability to process transactions and value client investments, or cause disruptions to trading in client accounts.

**Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation. A rising inflationary market could impact the type of companies GGHC generally invest in. Specifically, growth stocks tend to underperform when inflation is higher because growth stocks have much of their earnings expectations in the future, and when rates rise, it hurts those expectations. When inflation or interest rates start going up, particularly, more than expected, it reduces the current value of the future stream of earnings.

**SPAC Risk:** Certain companies we invest in are special purpose acquisition companies (“SPACs”), also referred to as “blank check” companies. SPACs are generally formed for the purpose of acquiring one or more businesses, sometimes but not always in a specified market sector. There is a limited basis (if any) on which to evaluate a SPAC’s ability to achieve its business objective or the possible merits and risks of the investment. This is because a SPAC has no operating history when we invest, and the value of its securities is particularly dependent on the ability of its management to identify and complete a profitable combination, which is not guaranteed. A SPAC will not generate any operating revenues until, at the earliest, after the consummation of a transaction, at which point its profitability will depend on the success of the target company. While a SPAC is seeking a transaction target, its stock may be thinly traded. There can be no assurance that a market will develop or that a transaction target will be found. If a SPAC does not complete an acquisition within the period pre-established in its documents, the SPAC’s funds are returned to its shareholders. In certain cases, public shareholders of SPACs are not afforded a meaningful opportunity to vote on a proposed initial business combination, and thus a SPAC may complete a transaction which is not supported by a majority of its public stockholders.

**Market Risk:** The profitability of any investment is affected by general economic conditions (both tangible and intangible), independent of a security’s underlying circumstances, which may affect the level and volatility of interest rates and timing of investor participation.

**Currency or Exchange Rate Risk:** Changes in foreign currency exchange rates are subject to fluctuations in the value of the dollar against the currencies of the investment’s originating country. As such, the value of client accounts which are invested in foreign currencies may rise and fall due to exchange rate fluctuations with respect to the relevant currencies. Devaluation of a currency by a country’s government or banking authority will have a significant impact on the value of any investments denominated in that currency.

**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. These companies carry a higher risk 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:** At times, client accounts may be invested in illiquid, thinly traded securities, which are securities that are not readily marketable, resulting in the inability to dispose of these securities promptly or at an advantageous price. Because of our growth strategy, some companies or investments in which our clients invest may not be well known, may have few shares outstanding, or may be particularly susceptible to political and economic events.

**Financial Risk:** Certain companies we invest in may themselves be highly leveraged. Excessive borrowing to finance a business's operations increases the risk that the company will not be profitable, 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.

**Foreign/International Investments Risk:** Foreign investments involve a broad range of political, economic, legal, tax and financial risk in addition to those affecting similar domestic/U.S. companies. Specific additional risks include imposition of new or amended government regulations, changes in diplomatic relations between the U.S. and another country, political and economic instability, the imposition or tightening of exchange controls or other limitations on repatriation of foreign capital or nationalization, and/or increased taxation or confiscation of investors' assets. Further, foreign investments may be subject to fluctuations in the value of the issuer's local currency and may be subject to foreign withholding and other taxes.

**Emerging or Frontier Investments Risk:** Investing in an emerging or frontier market involves additional risks and special considerations not typically associated with investing in other more established economic or securities markets. Emerging or frontier markets differ from other large economies in many respects, including the level of development, growth rate and allocation of resources.

Such risks may include increased risk of nationalization, greater social, economic and political uncertainty (including war), higher dependence on exports, greater volatility, less liquidity and smaller capitalization of securities markets, greater volatility in currency exchange rates, greater risk of inflation, less extensive regulation of securities markets, longer settlement periods for securities transactions and less reliable clearance and custody arrangements, and less developed corporate laws regarding fiduciary duties and internal controls regarding the accuracy of financial reporting.

The value of clients' investments may be adversely affected by uncertainties associated with international political developments. Specifically, changes in political, economic, and social conditions and government policies may have a substantial detrimental impact on our clients' investments (for example, in Asia or sub-Saharan African countries). Further, trading disruptions or trading halts can occur in these markets causing GGHC to close or be forced to close certain positions, which could adversely impact the sale or cover price of the stock.

**Local Intermediary Risk:** A client's transactions may be undertaken through local brokers, or other financial institutions in emerging or frontier markets, and as such, clients may be subject to the risk of default, insolvency or fraud of such organizations. There can be no assurances that any money advanced to such organizations will be repaid or that clients would have any recourse in the event of default.

**Option Risk:** Purchasing put and call options, as well as writing such options, are highly specialized activities which entail greater than ordinary investment risks. The price of an option, which is a function of interest rates, volatility, dividends, the exercise price, stock price and other market factors, may change rapidly over time. Price valuations or market movements may not justify purchasing put options on individual securities, stock indexes and ETFs, or, if purchased the options may expire unexercised, causing the client to lose the premium paid for the option.

**Interest-Rate:** 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.



**Legal and Regulatory Risk:** Legal and regulatory changes could occur which may adversely affect GGHC's ability to execute its investment strategy, and thus the performance of clients' accounts. The SEC, self-regulatory organizations, and exchanges are authorized to intervene, directly and by regulation, in certain markets, and may restrict or prohibit certain market practices currently engaged in (or which may be engaged in). It is impossible to predict what additional interim or permanent government restrictions may be imposed on the market and/or the effect of such restrictions on the strategies. The foregoing list of risk factors does not purport to be a complete explanation of the risks in an investment or GGHC's strategy or any implementation of the strategy (cash, margin, wrap).

## RISKS ASSOCIATED WITH GROWTH INVESTING

GGHC's overall investment strategy carries risks that are unique to this strategy. Investing in growth stocks is based on future expectations, and such stocks are vulnerable to economic (including inflation), market and industry changes and may not realize earning profits in the foreseeable future. Investments in growth stocks tend to be investments in smaller or mid-sized companies which typically trade less frequently than larger companies. Because of this vulnerability and potential liquidity concerns, there may be greater and more frequent changes in their stock price. In down markets, smaller or mid-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 or mid-sized 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 the GGHC Money Manager to sell unsuccessful positions at substantial losses.

Overall, GGHC's growth-style of investing, means that the value of any account and of any particular stock held in the account can experience periods of frequent, rapid and substantial volatility and ultimately periods of significant underperformance relative to the overall market (not a benchmark).

## Voting Client Securities

GGHC does not vote proxies relating to securities held in client accounts, nor does GGHC give advice 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 are 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 NFS in time for it to be handled in a timely manner.

## CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

This section is not applicable as GGHC is the only portfolio adviser.

## CLIENT CONTACT WITH PORTFOLIO MANAGERS

Clients receive correspondence directly from the custodian, NFS, which includes confirmations for each trade, account statements mailed at least quarterly, that include all positions held and equity in the period, annual 1099 reports and proxy statements and annual reports from the issuers of securities held, and prospectuses for any newly issued securities purchased for their accounts. In addition, through a password-protected website controlled by NFS and offered to GGHC clients, clients can view their accounts, including equity and activity, on a daily basis. **Clients have the ability to contact and consult with their portfolio manager. There is no restriction in a client's ability to contact and consult with their portfolio managers.**



## ADDITIONAL INFORMATION

### Disciplinary Information

On September 17, 2020, the SEC entered an order against GGHC, following the Firm's offer of settlement. The SEC found that certain reviews of client accounts for potentially excessive trading were not conducted from 2017 through early 2018. The SEC also found that GGHC's chief compliance officer at the time, who was required by GGHC's policies to conduct the reviews, altered documents relating to the reviews, and produced these altered documents to the SEC staff on behalf of the Firm. The SEC found that the Firm willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. Without admitting or denying the findings contained in the Order, GGHC consented to: (a) cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, (b) be censured, and (c) pay a civil monetary penalty in the amount of \$1,700,000.

### Other Financial Industry Activities and Affiliations

Some clients also have non-discretionary brokerage accounts with GGHC held at NFS. Clients typically use this accommodation to invest a portion of their assets more conservatively in securities such as U.S. Treasury securities. Any advice provided to clients in connection with these investments is solely incidental to the brokerage services provided; GGHC is not acting as an investment adviser with respect to these accounts.

GGHC is a registered investment adviser, registered broker-dealer, and member of FINRA. GGHC acts as broker when effecting transactions for its clients, as reflected in each client's written contract with GGHC. The Firm acts only as agent in connection with client transactions, and not as principal. GGHC does not act as a market maker in any security. GGHC is also a registered Portfolio Manager in the jurisdictions of British Columbia, Quebec and Ontario, Canada.

GGHC has a clearing agreement with NFS, the broker-dealer which serves as the clearing broker and custodian for GGHC's clients. In the initial 10-year term of this agreement, NFS has agreed to provide certain waivers, revenue sharing payments, and credits to GGHC. These arrangements create an incentive for GGHC to select NFS as clearing broker, and to effect more transactions and increase margin or leverage, and, therefore, create a conflict of interest between GGHC and its clients. Please refer to Payments and Credits to GGHC from NFS, below, for further description of the arrangement and resulting conflict, and for information about how GGHC addresses this conflict. Based upon the scope of services and pricing offered by NFS, GGHC believes that its selection of NFS was, and remains, in its clients' best interests; GGHC believes that the NFS platform enables GGHC to maintain access to a market-leading clearing agent.

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

In recognition of GGHC's fiduciary duty to its clients, GGHC's Code of Ethics ("Code") establishes a high standard of business conduct that all employees of GGHC must follow. The Code includes provisions relating to the confidentiality of client information, preventing the improper use of material nonpublic information about securities recommendations made or held in client accounts, preventing improper personal trading by GGHC employees, identifying conflicts of interest, and providing a means to resolve or mitigate actual and potential conflicts of interest.

Neither GGHC nor any of its employees may buy securities from or sell securities to clients. GGHC does not hold securities in inventory and does not effect securities transactions on a principal basis with the Firm's clients even on a "riskless" basis.

GGHC employees may buy, sell or hold securities for their own accounts that GGHC has recommended and/or purchased or sold for its clients. GGHC employees may hold an existing investment in a company in their own personal account that GGHC



may buy, sell or hold for its clients. As an example, a GGHC employee may personally invest in a private company and the private company goes public or is purchased by a publicly traded company. These scenarios have the potential to raise the risk of using assets of a client of GGHC to support positions taken by other clients of GGHC or its employees. Such risk is mitigated by the compliance procedures described in this section.

GGHC's Code addresses this conflict and requires that all employees follow the firm's policies and applicable laws. The Code is designed to ensure that the personal securities transactions, activities and interests of GGHC employees will not interfere with the GGHC's fiduciary duty to its clients. The Code requires reporting and preclearing of employee personal securities transactions.

GGHC Compliance regularly monitors employee trading to ensure that clients' interests are protected. Please see Order Aggregation and Allocation Policy for a further description of employee and employee-related managed accounts.

All GGHC employees are also required to comply with applicable securities laws and to report any suspected violation of the Code to the Chief Compliance Officer.

A copy of GGHC's Code is available for review by clients and prospective clients upon request. Please contact GGHC's Chief Compliance Officer at [compliance@gghc.com](mailto:compliance@gghc.com).

Subject to the provisions of Rule 206(3)-2 under the Advisers Act, GGHC may arrange "agency cross" transactions between GGHC client accounts, whether of the same or different GGHC Money Manager. Such "agency cross" transactions will only occur if the GGHC Money Manager 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 no commissions are charged. Retirement plan accounts will not participate in cross transactions.

## Review of Accounts

GGHC's Money Managers are responsible for reviewing trade data and accounts on a daily basis to determine whether positions should be maintained. The Firm's supervisors and Compliance group also review orders and new account forms. While account reviews vary amongst the firm's groups, among other things, the reviews focus on evidence of suitability, excessive activity, restricted securities, conflicts between client and employee trades and other compliance-related matters. GGHC employs proprietary technology to monitor positions, risk ratios, leverage ratios and cash available in each account. NFS provides clients' margin levels and reports them to GGHC on a daily basis.

Additional reviews of accounts may be triggered by client request, compliance monitoring, industry factors, statutory and/or regulatory changes and any issues that may have been identified with respect to a client account. GGHC uses independent third parties to conduct regulatory audits of its compliance program, including its reviews of trading activity and accounts.

Clients receive correspondence directly from the custodian, NFS, which includes confirmations for each trade, account statements mailed at least quarterly, that include all positions held and equity in the period, annual 1099 reports and proxy statements and annual reports from the issuers of securities held, and prospectuses for any newly issued securities purchased for their accounts. In addition, through a password-protected website controlled by NFS and offered to GGHC clients, clients can view their accounts, including equity and activity, on a daily basis. There are no restrictions on a client's ability to contact or consult with their GGHC Money Manager. Generally, GGHC Money Managers are available to speak during business hours.





## Client Referrals

GGHC does not compensate any person for endorsements of GGHC's services or client referrals.

## Other Compensation - Payments and Credits from NFS to GGHC

As discussed in the Other Expenses section, NFS facilitates security lending activities (and advances margin in non-retirement margin accounts) in order to support investment strategies and trading for client accounts. In the process, NFS charges GGHC client accounts interest and fees and earns income by investing our clients' collateral. In addition, in margin accounts or cash or retirement accounts that participate in a fully paid lending program, NFS also earns income by lending out certain securities. Under these circumstances, NFS pays the client 75% of a third party benchmark lending rate.

When NFS' profits from these sources exceed certain negotiated thresholds, NFS makes payments to GGHC, which is substantial in certain years. These payments create an incentive for GGHC to select NFS as a clearing broker. These payments also create an incentive for GGHC to increase the number of transactions, and the use of margin and short sales effected on behalf of clients creating a conflict of interest between GGHC and its clients.

### WAIVER OF TRADING TICKETS CHARGES

During the initial 10-year term of the clearing agreement, NFS has agreed to waive ticket charges provided that, in the applicable year, NFS generates revenue from client account activity that exceeds a negotiated threshold. This creates a conflict of interest between GGHC and its clients, as it creates an incentive for GGHC to select NFS as clearing broker, and to effect more transactions, and increase margin or short sales on behalf of its clients. GGHC has addressed this conflict by establishing and maintaining reasonably designed procedures to identify and prevent excessive trading, including the use of margin and short sales.

### ANNUAL TECHNOLOGY CREDIT AND BUSINESS DEVELOPMENT CREDIT

During the initial 10-year term of the clearing agreement, NFS has agreed to issue an annual technology credit to GGHC (\$750,000) to offset technology-related costs. This credit creates an incentive for GGHC to select NFS as its clearing firm. However, based upon the scope of services and pricing offered by NFS, GGHC believes that its selection of NFS was, and remains, in its clients' best interests; GGHC believes that the NFS platform enables GGHC to maintain access to a market-leading clearing agent.

## Financial Information

Pursuant to the SEC instructions, GGHC is not required to include its balance sheet as part of this Brochure. To the best of GGHC's knowledge, the Firm is not subject to any financial condition that is reasonably likely to impair its ability to meet its contractual and fiduciary commitments to clients. GGHC has not been the subject of a bankruptcy proceeding during the past ten years.