



**March 24, 2023**

This brochure provides information about the qualifications and business practices of Gilder Gagnon Howe & Co. LLC ("GGHC" or "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](mailto: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](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.

The Commission Discounts section has been modified to clarify certain commission discounts.

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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## ADVISORY BUSINESS

### 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.

The account type, retirement or non-retirement, determines the account compensation structure. For non-retirement accounts, whether cash or margin, GGHC receives a transaction-based fee (also known as a commission) for each trade. For retirement accounts, GGHC receives an annualized fee, paid monthly in arrears for the services provided to accounts (also called a wrap-fee). 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 their 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 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 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, whereas, non-retirement margin accounts outside of the wrap fee program may, where permitted, use margin and sell short.



## 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. Non-retirement accounts, whether cash or margin, pay commissions for each transaction. 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. 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). As a result, GGHC Money Managers will achieve different results for different clients

GGHC client accounts will see frequent trading activity as GGHC Money Managers search for potential growth opportunities. To the extent permitted by the client's account opening documents and applicable law, a GGHC Money Manager will purchase securities for client accounts on margin, using the client's account as collateral, and the client will pay NFS interest on any margin loan. Only non-retirement margin accounts can purchase securities on margin and engage in short selling. Since GGHC charges commissions on trades for non-retirement accounts (retirement accounts are charged ongoing asset-based fees), increasing the

number of positions or amount of assets at work in an account will increase GGHC's revenue commission income as well.

Borrowing to invest (i.e., margin) can lead to losses greater than the account value if the market suddenly falls. GGHC may have to liquidate securities during an unfavorable time in the market to repay the lender, which can cause losses that 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. In a short sale, GGHC borrows securities on behalf of a client's account. However, short selling is a risky strategy. The price of the stock sold short could increase without limitation, and thus there is no limit to potential losses from a short.

Buying on margin and also 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.

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). The annual turnover in margin accounts generally exceeds 100%. The higher the turnover in a commission-paying account, the greater the adverse impact that commissions will have on investment performance. Please see Fees and Compensation for further details about the costs associated with maintaining a GGHC account.

## Assets Under Management

As of December 31, 2022 GGHC had approximately \$7,488,900,000 of assets under management ("AUM") on a discretionary basis for 9,300 accounts. GGHC does not manage any client assets on a non-discretionary basis. Because the AUM amounts disclosed in this brochure reflect the deduction of outstanding margin loans, they differ from the regulatory assets under management ("RAUM") amounts disclosed in Form ADV Part 1A.



## 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 Expenses" for other expenses associated with margin accounts and "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. The Retirement accounts, which pay a fee are prorated based on the number of days money is in the account during the month.

## FEES AND COMPENSATION

### Description

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. Non-retirement accounts are charged a transaction based fee (also known as a commission) on each trade and will vary depending on the type of security (please see Commission Schedule - Non-Retirement Accounts for details on the commission schedule). Each commission payment will adversely affect the performance of the account. Certain types of trades or accounts qualify for standard discounts, which are described below following the commission schedule.



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 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).

GGHC’s standard commission and wrap fee rate is not negotiable.

## Commission Schedule - Non-Retirement Accounts

### COMMISSIONS ON EQUITY TRADES

For non-retirement accounts, commissions on equity trades are charged at a rate of 1.5% per trade (except for de minimis deviations due to rounding).

Commission-paying accounts should expect to pay 3% - 5% of the value of the account, annualized, but could pay as high as 8% or more. **These rates of compensation are higher than the rates that other investment advisers typically charge their clients. Higher rates decrease investment performance.** Because commissions are charged on each transaction, commissions as a percentage of equity tend to be higher in new and closed accounts and in accounts with large deposits or withdrawals (relative to account size). In addition, market volatility, which impacts GGHC Money Managers’ trading patterns, will increase the rate of commissions as a percentage of equity.

The receipt of commissions by GGHC Money Managers, and by GGHC as a source of revenue, presents a conflict of interest by creating an incentive to trade frequently for client accounts (which increases the costs to clients and decreases investment performance of the account). GGHC addresses this conflict of interest through disclosure, policies and procedures, and reviews of accounts focused on evidence of suitability and excessive activity, as described below in “Review of Accounts”.

### OTHER COMMISSIONS (2% LIMIT)

While GGHC primarily purchases equities for client accounts, we may occasionally purchase options, bonds, and ETFs.

**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**—the commission on bond trades including US Treasury trades, is \$1.00 per \$1,000 face value, with a \$400 maximum.

**ETFs**—the commissions on ETF trades are charged at a rate of 1.5% per trade (except for de minimis deviations due to rounding). GGHC’s standard commission rates for trades in advisory accounts are higher than the commissions that most broker-dealers would typically charge when executing such trades in a brokerage account. However, GGHC’s commissions include the cost of GGHC’s investment advisory services, in addition to the cost of execution.



## Deduction of Commissions

For non-retirement accounts, commissions or transactional fees are deducted from the account at the time of the trade and are disclosed on the trade confirmation. In addition, the monthly account statement provided by NFS includes an aggregate commission amount, by month and year-to-date.

## Commission Discounts

GGHC applies the following standard 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 a commission paying opening trade, or an opening trade within 90 days of a commission paying closing trade. (Note: discounts are applied on a LIFO—Last In First Out basis, share for share.) 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, for example, day 22 receives an 86.25% discount; day 23 receives an 85% discount.

### NEW COMMISSION PAYING ACCOUNT DISCOUNT

All trades in new non-retirement commission-paying accounts will receive a 50% discount on initial investments. This discount applies to trades done from the first day of trading through the 90th day.

### LARGE OPENING TRADE(S) COMMISSION DISCOUNT

All opening trades for the day<sup>1</sup> receive a 50% discount if the total opening trade value<sup>2</sup> of the day exceeds 25% of the account's start of day market value.

### LARGE CLOSING TRADE(S) COMMISSION DISCOUNT

All closing trades for the day<sup>1</sup> receive a 50% discount if the total closing trade value<sup>2</sup> of the day exceeds 25% of the account's start of day market value.

### EMPLOYEE AND EMPLOYEE-RELATED ACCOUNTS

For commission-paying accounts, employee and "employee-related" accounts are eligible for a standard 50% discount on commissions paid per transaction. "Employee-related" accounts are accounts of GGHC employees' family members, including spouses, parents, siblings, children, certain in-laws, dependents and any accounts over which an employee has beneficial or financial interest. Additionally, employees who are members of GGHC and their spouses do not pay any commission on accounts they manage. 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 commissions or fees, which will have a positive impact on account performance. GGHC's Employees' Profit Sharing accounts are considered client accounts for trading purposes and as such receive client average price on trades.

### INITIAL OFFERING

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

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<sup>1</sup> Trades are assigned to the day they were submitted, not the day they are executed.

<sup>2</sup> Trade value is a value based on the estimated price of orders submitted. This is the same value whether it's opening trade value or closing trade value.





## EXERCISE OPTIONS

GGHC does not charge commissions when exercising options (but commissions are charged when buying or selling options).

## Fee Schedule—Retirement (e.g. ERISA) 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 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).

**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 or cash-equivalent 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

For margin accounts, the client pays NFS interest on any margin loans. The margin rate paid is the overnight bank funding rate (OBFR) + .75%. Interest payments increase the cost associated with maintaining a GGHC account and will adversely impact performance. Additionally, certain securities that a GGHC Money Manager may wish to sell short in a client's margin account may be "hard to borrow". In such cases, NFS charges GGHC clients a variable fee to borrow certain securities (in addition to interest), which can further adversely affect investment performance (the fee charged is dependent on a multitude of factors). Conversely, 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 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. 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). The fees incurred vary from security to security.

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 commissions 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 (or less cost) for the Firm and the GGHC Money Manager, and/or to manage accounts differently based on compensation structure, for example, by trading more frequently in non-retirement cash accounts than in retirement accounts. GGHC addresses these conflicts of interest through its disclosures, commission-related discounts, including its turnaround discount, large opening trade discount and large closing trade discount, 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.

## TYPES OF CLIENTS

GGHC provides investment advisory services to individuals, trusts, estates, charitable organizations,



corporations, LLC's, partnerships, pension and profit sharing plans, and investment clubs.

## 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 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. There also may be restrictions or minimums applicable to client accounts with a non-U.S. legal and/or mailing address.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### 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'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. 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 limited use).

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.

**Transaction Costs:** With respect to accounts that pay commissions, a high portfolio turnover rate increases transaction costs, which will adversely affect investment performance, and also may result in the realization of more short-term capital gains than if there were lower portfolio turnover.

**Margin Risk:** Borrowing to purchase 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 GGHC Money Manager to sell some or all securities in an account without the client's approval. Margin trading may result in losses greater than the account value. Margin accounts also have additional expenses (beyond GGHC Commissions), which includes paying NFS interest on margin loans. Interest payments increase the cost associated with maintaining a GGHC account and will adversely impact performance.

**Short Selling Risk:** A short sale involves the sale of a security that you do not own with the hope of purchasing the same security at a later date at a lower price. If the GGHC Money Manager buys back a security it has sold short at a higher price, the client will incur a loss on the transaction. Because the loss on a short sale stems from increases in the value of the security sold short, the extent of such loss is theoretically unlimited and may exceed the actual cost of the investment. Short selling only occurs in non-retirement margin accounts and does not occur in either non-retirement cash accounts or retirement accounts.

**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 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).

## 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

### Financial Industry Activities

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.

## Affiliations

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 fee waivers, revenue sharing payments, and credits to GGHC. These arrangements create an incentive for GGHC to select and retain 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. 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

### Code of Ethics

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 on both sides of the transaction. 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.

## BROKERAGE PRACTICES

### Selecting Broker-Dealers for Client Transactions

GGHC has discretionary authority to manage discretionary client accounts, including the authority to decide which brokers or dealers are used for a particular transaction and commissions paid to the broker or dealer (which are paid by GGHC and not the client). GGHC selects brokers or dealers in accordance with the goal of obtaining best execution for its clients (please see Best Execution for further information).

Before working with a brokerage institution and on an on-going basis, GGHC evaluates certain qualifications of these institutions across two main dimensions; (1) professional expertise and competence and; (2) financial stability.

For domestic securities, GGHC pays for the cost of trade execution on behalf of its clients out of the commissions or fees paid to it by clients in accordance with the applicable commission and fee schedules set forth in the Fees and Compensation section above. For transactions in foreign securities, the cost of execution is embedded in the price at which the stock is executed. This cost is absorbed by the client. Retirement accounts do not pay any commissions as the cost of execution is included in the monthly wrap fee (among other services).

GGHC has no client referral arrangements.





## Best Execution

GGHC has discretion to select the broker-dealers and other financial institutions through which to effect transactions for their clients' accounts. GGHC seeks to obtain best execution for each trade. In determining whether an execution represents the best overall result for its clients, GGHC considers several factors, including, but not limited to speed, confidentiality, potential market impact, and execution price. GGHC bears the cost of execution for domestic securities. Therefore, the commission charged by broker-dealers for domestic securities is not a relevant factor for purposes of best execution since the client does not benefit from a lower commission (although GGHC does benefit by retaining the difference between what the client is charged and what GGHC pays to the executing broker).

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 a third-party firm to compile data analyzing GGHC's 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.

## Research

For domestic equities, GGHC pays brokers directly or through a commission-sharing arrangement for research and related services and does not use "soft dollars" to pay for the research related services. Such research falls within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934.

For foreign equities, where the cost of execution is embedded in the transaction price, GGHC obtains research and related services from foreign brokers and dealers without additional payment. Research and brokerage services obtained by GGHC's use of a foreign broker or dealer from transactions in foreign securities benefits GGHC in providing investment advisory services. Accordingly, a client whose transactions generated the research or brokerage service will not necessarily be the

direct or indirect beneficiary of the services provided. GGHC does not seek to allocate soft dollar benefits to client accounts proportional to the soft dollars paid from their account. Research services furnished by foreign brokers include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants.

## Order Aggregation and Allocation Policy

As a fiduciary, GGHC allocates investment opportunities in a fair and equitable manner for all its accounts. Often a GGHC Money Manager makes investment decisions for multiple accounts at the same time. In these circumstances, orders are generally aggregated for trading, and will allocate the execution shares among the participating accounts. Where employee-related accounts participate in the same order as client accounts with more than one execution price, GGHC performs two separate average price calculations of the execution shares. The best executions of the day are averaged priced and applied to the client accounts and the worst execution prices are averaged priced and applied to the employee-related accounts.

When an order is not completed, GGHC Money Managers may select one of two methodologies to allocate the execution shares to the participating accounts. One method is to allocate pro rata to all participating accounts. Another method is to allocate the execution shares to accounts based on the sequence of the accounts on the pre-order allocation until there are no remaining shares to allocate. Employee-related accounts will not be allocated any execution shares until all of the client accounts of the same order are filled.

As described above, GGHC Money Managers will place an order for multiple accounts at the same time and those orders will be aggregated. Further, there are often times where GGHC Money Managers have overlapping orders for the same security (i.e. time of order entry), and will be aggregated for purposes of trade execution. If an



aggregated order is completed with one execution, the executed shares will be allocated across the respective Money Managers accounts. However, frequently overlapping orders that are aggregated require more than one execution. When this occurs, the executed shares will be allocated pro rata among the participating GGHC Money Managers' orders based on the relative size of each Manager's collective order. As stated above, GGHC performs average price calculations of the executed shares for each GGHC Money Manager order. The relative size of the orders could adversely impact the time and execution prices. Due to GGHC's trading practices, in circumstances whereby multiple GGHC Money Managers place orders for the same security on the same trading day, an employee-related account of one Money Manager could receive a better average price than a client account of another GGHC Money Manager.

A GGHC Money Manager may decide to place a limit price on their order. Where there is an overlapping order with another GGHC Money Manager with a market order, the limit order and market order will be aggregated until the limit price is reached. When the limit is reached, the Money Manager with the limit order will no longer share in the executions.

## SYNDICATE ALLOCATION

GGHC employs the same methods of allocating IPO, follow-on and block offerings to accounts as it does to regular trade orders. GGHC processes IPO, follow-on and syndicate block offering trades through customer Prime Broker accounts established at NFS in lieu of delivering shares to a GGHC account. Please see Types of Agreements for further details on the requirements for opening a Prime Broker account.

## CASH SWEEP PROGRAM

GGHC offers clients a Cash Sweep Program option through an affiliate of NFS. The Cash Sweep Program enables cash in clients' accounts to be invested in money market funds. GGHC retirement accounts are automatically enrolled in the Cash Sweep Program. GGHC non-retirement commission paying accounts (margin, cash) must opt-in to the Cash Sweep Program. If an account does not opt-in to the Cash Sweep Program, the uninvested cash balance will remain as a free credit balance in your account, and is eligible to receive interest

on such balances. Generally, the interest rate is higher in the cash sweep program than what is offered in the free credit balance. The money market funds in the Cash Sweep Program are chosen by GGHC and sponsored by an affiliate of NFS, Fidelity Investments. The money market funds charge management fees, and may also charge distribution fees and shareholder servicing fees, among other miscellaneous expenses. These fees go to Fidelity Investments and are not paid to GGHC. NFS is a subsidiary of Fidelity Investments.

## 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 for client referrals.

## **OTHER COMPENSATION - PAYMENTS AND CREDITS FROM NFS TO GGHC**

As discussed in the Other Expenses section, NFS advances margin and facilitates security lending activities 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 and retain 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 use 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.

## **CUSTODY**

GGHC does not maintain physical custody of clients' assets. All GGHC client accounts are introduced to NFS, a qualified custodian, on a fully disclosed basis. However, GGHC is deemed to have custody of client assets as a result of its authorization to deduct its commissions or advisory fees, as applicable, directly from clients' accounts. GGHC is also deemed to have custody in situations where an employee is authorized to withdraw assets from the client's account in their capacity as a trustee or executor of a GGHC account.

As described in Review of Accounts above, all clients receive correspondence directly from their custodian, NFS, which includes confirmations for each transaction, account statements at least quarterly, annual 1099 reports and proxy statements and annual reports from the issuers of securities held in, and prospectuses for any newly issued securities purchased for, their accounts.

GGHC encourages clients to carefully review the custodian statements they receive to ensure that they reflect appropriate activity in the account.

## **INVESTMENT DISCRETION**

GGHC advisory accounts are managed on a discretionary basis. Each client must sign a limited power of attorney via the Firm's investment advisory agreement providing the GGHC Money Manager with authorization to invest, reinvest and manage securities accounts on behalf of clients in accordance with the stated investment objectives for the particular client account and subject to each client's right to impose reasonable restrictions.



Investment restrictions must be provided to GGHC in writing. GGHC may decide not to accommodate investment restrictions deemed unduly burdensome or materially incompatible with GGHC's investment approach. Under its discretionary authority as the Client's agent and attorney-in-fact, GGHC, specifically the GGHC Money Manager authorized on the account, determines the securities and amount of securities to buy or sell. Discussions between the Account Holder(s) and GGHC regarding investments will be limited to general investment strategies only and will involve no consultation regarding specific transactions either prior to or following specific trades.

This authority includes the ability to transact in securities in foreign markets (for example, Euro, Asian, or sub-Saharan African markets), which may require the disclosure of personal client information (clients must agree to the disclosure of personal information) as well as securities in industry sectors (e.g. gas, oil, etc.).

Clients also grant GGHC discretion to select the broker-dealers and other financial institutions through which to effect transactions for their accounts and the commission rates paid (please see Brokerage Practices for further details). 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. If a client is restricted from transactions in a specific security or industry due to an affiliation with a company, the account will be blocked from all transactions in that security or industry. However, GGHC may decide not to accommodate investment restrictions deemed unduly burdensome or materially incompatible with GGHC's investment approach. Client-directed investment restrictions could cause the performance of the account with restrictions to deviate from the performance of other similarly managed accounts.

## 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.

## 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.

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