

Form ADV Part 2 Brochure

Garrison Capital Management, LLC

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This brochure provides information about the qualifications and business practices of Garrison Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 713-789-2600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Garrison Capital Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Garrison Capital Management, LLC is 121350.

Garrison Capital Management, LLC is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training.

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

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

Currently, our brochure may be requested by contacting the Chief Compliance Officer, at 713-789-2600 or compliance@garrisoncap.com.

Additional information about Garrison Capital Management, LLC is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Garrison Capital Management, LLC who are registered, or are required to be registered, as investment adviser representatives of Garrison Capital Management, LLC.

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Advisory Business

Garrison Capital Management, LLC is located in Houston, Texas and was founded in 2002 by Monroe Garrison who is a majority owner of the firm.

Garrison Capital Management, LLC ("Garrison Capital", "we" or "the firm") provides investment supervisory services on a discretionary basis to a private investment limited partnership and to separate managed accounts. Investment supervisory services include: (1) establishing each client entity's investment objectives; (2) buying or selling portfolio securities on behalf of each client entity; and (3) periodically reporting to each client entity's investors the applicable client entity's valuations, capital gains or losses, investment income and performance.

Assets Under Management

Our assets under management as of year-end 2010 is \$97,826,477 of which \$92,748,310 are managed on a discretionary basis and \$5,078,166 on a non-discretionary basis.

Fees and Compensation

Garrison Capital Management, LLC managed account fees for investment supervisory services are based on a percentage of the client's assets under management. Fees are charged quarterly in arrears and are based on the value of a client's account as of the last day of each calendar quarter on which the New York Stock Exchange is open for trading. If an investment advisory agreement becomes effective partway through a calendar quarter, fees are prorated for the period from the effective date of the agreement to the close of the calendar quarter. The managed account fees are as follows:

Equities

First	\$ 3,000,000	1% Per Annum
Next	\$ 7,000,000	.75 of 1% Per Annum
Next	\$ 10,000,000	.50 of 1% Per Annum
Next	\$ 20,000,000	.40 of 1% Per Annum
Next	\$ 20,000,000	.35 of 1% Per Annum
Over	\$ 60,000,000	.20 of 1% Per Annum

Fixed Income Securities

First	\$ 5,000,000	.50 of 1% Per Annum
Next	\$ 5,000,000	.40 of 1% Per Annum
Over	\$ 10,000,000	.30 of 1% Per Annum

Municipal Bonds

Total Account

1.5% Per Annum

Accounts of family members will be aggregated for purposes of calculating fees. Under certain circumstances, such as accounts for minor children of clients, fees may be negotiable and therefore fees may vary from client to client.

For a private investment limited partnership Garrison Capital Management, LLC or an affiliate generally charges a quarterly fee (the "Management Fee"), in arrears, at the annual rate of 1.5% of the value of the account. The value of the account on which the Management Fee is based is the client's capital account balance on the last day of the quarter. Garrison Capital Management, LLC or an affiliate may also charge an annual performance allocation in an amount up to 20% of an account's net annual return for its fiscal year (taking into account the payment of the Management Fee). All such performance fee arrangements are intended to comply with Rule 205-3 under the Investment Advisors Act of 1940. Generally fees are not negotiable.

Each Limited Partner is permitted to make withdrawals as of the close of business on the last day of each fiscal quarter, provided that such Limited Partner has held a limited partner interest for at least twelve complete consecutive calendar months prior to such withdrawal; and provided further that the withdrawal meet all other provisions and restrictions as outlined in the partnership's private placement documents. Notice of withdrawal must be provided in writing at least 45 days in advance.

Termination

Either party may terminate upon giving written notice to the other party.

Fee Payment Options

As indicated in our advisory agreement with you, there are two options you may select to pay for our services:

- Direct debiting (preferred): at the end of the first quarter (inception of the relationship) and each quarter thereafter, we will notify your custodian of the amount of the fee due and payable to us through our fee schedule and contract. The custodian does not validate or check our fee, its calculation on the assets on which the fee is based. They will "deduct" the fee from your Account(s) or, if you have more than one account from the account you have designated to pay our advisory fees.
 - Each month, you will receive a statement directly from your custodian showing all transactions, positions and credits / debits into or from your account; the statements after the quarter end will reflect these transactions, including the advisory fee paid by you to us.

- Pay-by-check: At the end of the first quarter (inception of the relationship) and each quarter thereafter, we issue you an invoice for our services and you pay us by check or wire transfer within 15 days of the date of the invoice.

Additional Fees and Expenses

Garrison Capital's fees do not include brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. You may incur certain charges imposed by custodians, brokers, third party investment and other third parties. You may also be charged, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, we do not have or employ any "employee" at all that receives (directly or indirectly) any compensation from the sale of securities or investments that are purchased or sold for your account or to which we provide consulting expertise / services. As a result, we are a "fee only" investment adviser. We do not have any potential conflicts of interest present that relate to any additional (and un-disclosed) compensation from you or your assets that we manage.

Performance-Based Fees and Side-By-Side Management

We have entered into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client. We will structure any performance or incentive fee arrangement in accordance with available exemptions including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, we shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. We have procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Types of Clients

Garrison Capital provides investment management services to individuals, including high net worth individuals, trusts, estates and charitable organizations, corporations or other business entities.

In addition Garrison Capital or an affiliate also provides investment advice to a private investment limited partnership.

Minimum Account Size

The Fund has a minimum initial subscription of \$1,000,000.00, although investments of a lesser amount may be accepted. For the separately managed accounts it is also preferred, but not a strict requirement, that the client have an aggregate of \$1,000,000.00 under management.

Methods of Analysis, Investment Strategies and Risk of Loss

Risk of Loss

All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized (the securities were not sold to “lock in” the profit). As you know, stock markets, bond markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We will do our very best in the management of your assets; however, we cannot guarantee any level of performance or that you will not experience a loss of your account assets. Investing in securities involves risk of loss that clients should be prepared to bear.

Our Investment Strategies

We offer several investment strategies to you and in doing so may invest in a wide range of securities and other financial instruments including:

- Equity securities
- Exchange-listed securities
- Over-the-counter securities
- Securities of foreign issuers (including ADRs, EDRs and GDRs)
- Warrants
- Rights
- Restricted shares
- Local access products
- Options contracts
- Futures
- Corporate debt
- Commercial paper
- Certificates of deposit
- United States government securities
- Municipal securities
- Investment company securities including variable life insurance products
- Variable annuities and mutual funds
- Interests in partnerships investing in real estate, oil and gas interests
- Swaps
- Forward contracts
- Options on futures contracts

- Cap options
- Floor options
- Interest and principal only strips
- Structured notes
- Listed and over the counter derivatives
- Mortgage related and other asset backed securities
- Bank loans
- Collateralized debt obligations
- Collateralized mortgage obligations
- Foreign currency forward agreements
- Repurchase and reverse repurchase agreements
- Private placements

As financial markets and products evolve, we may invest in other instruments or securities, whether currently existing or developed in the future, when consistent with client guidelines, objectives and policies.

Security Analysis

Our security analysis methods include charting and fundamental analysis.

Sources of Information

In conducting security analysis, we utilize a broad spectrum of information, including financial publications, third-party research materials, annual reports, prospectuses, regulatory filings, company press releases, and corporate rating services. Garrison Capital Management, LLC or an affiliate may also use on-line information services such as Morningstar, ValueLine, Reuters, Bloomberg, Ibbotson, or others.

Investment Strategies

We employ a range of investment strategies to implement the advice we give to clients including: long-term purchases, short-term purchases, trading, short sales, margin transactions, and option strategies including writing covered options, uncovered options and spreading strategies.

Disciplinary Information

We do not have any legal, financial or other “disciplinary” item(s) to report to you. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client / Adviser relationship, or to continue a Client / Adviser relationship with us.

This statement applies to our Firm, and every employee.

Other Financial Industry Activities and Affiliations

One of Garrison Capital Management, LLC's clients is Garrison Municipal Partners, LP (the "Fund") a private investment fund formed as a Texas limited partnership, of which Garrison Capital Management, LLC is the sole general partner of the Fund's sole general partner.

Garrison Capital Management, LLC has entered into an agreement with clients to provide accounting and reporting services. Garrison Capital Management, LLC is paid a monthly fixed fee for these services.

Code of Ethics

Garrison Capital has adopted a written Code of Ethics designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act.

This Rule requires Garrison Capital to adopt a Code that sets forth a standard of business conduct and compliance with federal securities laws by all of Garrison Capital's employees. Garrison Capital's Code contains policies and procedures that ensure that all personal securities trading by Garrison Capital's employees are conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. Garrison Capital requires pre-clearance before purchasing an IPO or a new private placement; Garrison Capital requires periodic reporting of employees' personal securities transactions and holdings; and Garrison Capital requires prompt internal report of Code violations.

If requested, Garrison Capital will provide at no cost, a copy of its Code of Ethics.

Participation in Client Transactions

Garrison Capital Management, LLC and its members and employees may invest in securities in which Garrison Capital Management, LLC or an affiliate may have invested client funds. Garrison Capital Management, LLC members and employees may purchase or sell such securities only contemporaneously with or after all clients' purchase or sale of such securities, as the case may be.

Subject to satisfying this policy and applicable laws, officers, directors and employees of Garrison Capital and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Garrison Capital Management, LLC's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Garrison Capital Management, LLC's clients.

Block Trades - Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Garrison Capital Management, LLC's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive

securities at a total average price. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Personal Trading

Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Garrison Capital and its clients.

Brokerage Practices

Garrison Capital Management, LLC generally has complete investment and brokerage discretion. Clients, however, may limit that discretion in writing; for instance, a client may direct that none of its assets be invested in certain types of securities or in securities issued by companies engaged in certain types of business activities.

Garrison Capital Management, LLC selects brokers for its direct securities transactions based on a number of factors, including the following: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the broker's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services and other services considered by Garrison Capital Management, LLC to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying Garrison Capital Management, LLC's other selection criteria. Research services may include both services generated internally by a broker's own research staff and services obtained by the broker from a third party research firm. Research may include reports and analyses concerning specific issuers, industries or sectors; market, financial and economic forecasts and other data; and statistics and pricing services. It may also include hardware, software, databases, and telecommunications services, equipment and facilities (such as quotation equipment and telephone lines) that are used by Garrison Capital Management, LLC for research purposes.

From time to time, Garrison Capital Management, LLC may become a party to "soft dollar" arrangements with various brokerage firms, pursuant to which the cost of certain research and other services and products used by Garrison Capital Management, LLC or its affiliates is paid for with commissions generated by direct securities transactions for client accounts. Garrison Capital Management, LLC may also enter into arrangements with brokers to (i) have "soft dollar" credits rebated to the client accounts or to have commissions recaptured by the client accounts from which the credits or commissions were generated or (ii) use "soft dollars" to pay expenses otherwise payable by client accounts. Either of such uses of "soft dollars" would have the effect of enhancing the returns

associated with such client accounts from the returns that would exist absent such uses. Garrison Capital Management, LLC reserves the right to change its soft dollar practices as provided herein.

Allocation of Investment Opportunities and Orders

We have adopted the following policies and procedures related to the fair allocation of investment opportunities. These policies are designed to help ensure that each client receives fair and equitable treatment in the investment process:

- Transactions in the same security on behalf of more than one client are aggregated to facilitate best execution and to reduce brokerage commissions and/or other costs.
- When orders cannot be aggregated, we employ a trading rotation process that is fair and objective among institutional and private client accounts, managed account sponsors and passively managed accounts.
- Aggregated executions to participating accounts are allocated in a fair, equitable and objective manner and permissible reasons are delineated for deviating from the standard methodology and the related approval requirements.
- IPOs are only allocated to accounts when the issuer meets the investment objectives of participating accounts as well as a review process for allocations.
- Secondary offerings are allocated using our standard methodologies taking into account situations in which securities are allocated by the issuer based on a client's existing holdings.
- Conflicting investment opportunities between short selling and long investing are properly addressed.
- Accounts in which our employees or affiliates have a beneficial interest, or in which Garrison Capital Management, LLC has a conflict of interest, do not receive preferential treatment.

When orders are generated, the decision on which accounts should participate, and in what amount, is based on the type of security or other asset, the present or desired structure of the various portfolios and the nature of the account's goals. Other factors include risk tolerance, tax status, permitted investment techniques and, for fixed-income accounts, the size of the account and settlement and other practical considerations. As a result, we may have different price limits for buying or selling a security in different accounts. Portfolio information systems, portfolio reports and quality control reports permit us to consider these factors as appropriate.

When our investment professionals decide to sell a security regardless of tax considerations, both taxable and tax-exempt accounts are eligible for sale simultaneously. In situations where tax gains influence the sale, securities in the tax-exempt accounts may be placed for sale first, as additional time is needed to consider the tax implications for each taxable account. Conversely, when tax losses influence the sale, Garrison Capital Management, LLC may prioritize taxable clients first, as the loss has a specific impact in a given year. In any event, the prioritization process is applied consistently over time.

Broker Analysis

In an effort to achieve best execution, we consider the following factors in selecting brokers:

- Execution capability
- Order size and market depth
- Availability of competing markets
- Trading characteristics of the security
- Availability of accurate information comparing markets
- Quantity and quality of research received from the broker dealer
- Financial responsibility of the broker-dealer
- Confidentiality
- Responsiveness
- Ability and willingness to commit capital
- Availability of accurate information comparing markets
- The technology to process such data
- Other factors that may bear on the overall evaluation of best price and execution

The Principal of the firm is responsible for continuously monitoring and evaluating the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. In addition, we periodically review our transaction costs in light of current market circumstances, available published statistical analysis as well as other relevant information.

Principal vs. Agency Transactions

The Principal of the firm is responsible for determining whether to place a trade on behalf of a client account with a broker on a principal (a/k/a commit capital) or agency basis. This decision, made on a trade-by-trade basis, is based on several factors. For example, trades made on a principal basis could lead to a higher commission rate, and therefore will only be used when we believe that the extra cost is justified by the added liquidity and speed of execution. The additional commission will be correlated to the level of risk taken by the broker on the trade.

The size of an order may also influence a decision to opt for an agency or principal basis. When current market conditions suggest that the size of the order placed may affect the price of the security, an order placement specialist may ask the broker to take a position (when selling) or to sell short (when buying) a security. Accounts may pay a premium for this additional risk assumed by the broker. Trading on a principal basis may also be preferable when engaging in a program trade. When trading in a basket of securities, often in relatively small quantities, we may ask a broker to execute the order “across the board.” Clients benefit from the speed of the execution, as the account would not be subject to risk during an extended execution period.

Research Services/Soft Dollars

In addition to research services, Garrison Capital Management, LLC may be offered other monetary or non-monetary benefits by brokers that it may engage to execute direct securities transactions on behalf of its clients. These benefits may take the form of special execution, clearance and settlement capabilities. They also may take the form of payment of all or a portion of Garrison Capital

Management, LLC's costs and expenses of operation such as quotation services and periodical subscription fees and all other trading related expenses.

When engaging in direct securities transactions, Garrison Capital Management, LLC may pay broker commissions that are higher than another broker might have charged for the same transaction, in recognition of Garrison Capital Management, LLC's assessment of the value of the research and other services provided to Garrison Capital Management, LLC by the broker. However, Garrison Capital Management, LLC must believe that commission costs borne by client accounts are reasonable in relation to the overall services provided. The client account that bears the cost of such a commission for a particular trade will not necessarily be the sole beneficiary of such research. Subject to being satisfied that it is obtaining best execution, Garrison Capital Management, LLC may consider referrals of investors in selecting among brokers that otherwise satisfy Garrison Capital Management, LLC's selection criteria.

Cross Transactions

We may engage in cross trading under limited circumstances (for example, where a new account has specifically authorized us to engage in a cross trade). However, we will only do so when we can ensure that no client receives less favorable terms. Under such circumstances, we will receive no transaction-based compensation from the trade and we will only proceed when we reasonably believe that best execution can be achieved. In certain situations, specific consent for each such transaction may be required from both sides. We do not enter into cross transactions involving one or more ERISA accounts unless written consent of the plan fiduciary is received, and then only in accordance with applicable law and our written policies and procedures regarding cross trading for ERISA plans.

Trading Aggregation Practices

When we trade the same security in more than one client account, we generally attempt to batch or "bunch" the trades in order to create a "block transaction." Generally, buying and selling in blocks helps create trading efficiencies, prompt attention and desired price execution. We will place all or substantially all transactions to purchase or sell common stocks with the client's "directed" broker, when applicable. (See the discussion below entitled, "**Directed Brokerage**") Whenever possible, we will attempt to batch or aggregate trades for clients who use the same directed brokers in order to create a "block transaction."

The commission amount and per share commission rate will differ between our clients with directed brokerage relationships due to the dollar value and the size (number of shares) of the trade for each account, and the total relationship between the client and their broker. Because each client may differ in portfolio size, investment objective, equity exposure and the extent of the relationship with their broker, we do not negotiate commission discounts on the block transaction itself.

Directed Brokerage

We may place all or a portion of the transactions with a broker with whom the client has a special advisory or consulting relationship. Such transactions are placed with a broker who may have provided

manager selection services, performance measurement services, asset allocation services, or a variety of other consulting or monitoring assistance, all with the specific knowledge and full approval of the client.

We do not maintain agreements with referring brokers regarding our internal allocation of brokerage transactions. However, all or a sizable portion of a particular clients' brokerage transaction business may be directed to a particular broker if the client has directed, agreed or stipulated us to do so. Commissions are not intended to compensate brokers for client referrals.

With regard to client directed brokerage, we are required to disclose that we may be unable to negotiate commissions, block or batch client orders or otherwise achieve the benefits described above, including best execution, if you limit our brokerage discretion. Directed brokerage commission rates may be higher than the rates we might pay for transactions in non-directed accounts. Also, clients that restrict our brokerage discretion may be disadvantaged in obtaining allocations of new issues of securities that we purchase or recommend for purchase in other clients' accounts. It is our policy that such accounts not participate in allocations of new issues of securities obtained through brokers and dealers other than those designated by the client. As a general rule, we encourage each client to compare the possible costs or disadvantages of directed brokerage against the value of the custodial or other services provided by the broker to the client in exchange for the directed broker designation.

Other Fees in Connection with Trading

In our efforts to achieve best execution of portfolio transactions, we may trade securities for client accounts by utilizing electronic marketplaces or trading platforms. Some of these electronic systems may impose additional service fees or commissions. We may pay these fees directly to the provider of the service or these fees may be included in the execution price of a security. Our intention is that we will only use such systems and incur such fees if we believe that doing so helps us to achieve the best execution of the applicable transaction, taking into account all relevant factors under the circumstances. For example, we will consider the speed of the transaction, the price of the security, our ability to block the transaction and other factors discussed in this Brokerage Practices section in connection with trading of stocks and bonds.

Review of Accounts

Monroe Garrison, President of the firm, reviews all accounts. Because Mr. Garrison receives daily updates from each client's custodian regarding pricing and valuation of the securities in the account, Mr. Garrison is able to review each account on a continuous basis. In reviewing accounts, Mr. Garrison examines the client's investment objectives. More detailed review of an account may be triggered by a number of factors, including changes in market conditions, changes in client's financial situation, breaking news events, changes in tax laws, or periodic rebalancing of the account.

Gregory Mount, Chief Financial Officer and Chief Compliance Officer, reviews daily the cash and quantity of securities in the accounts and reconciles amounts to each client's custodian.

Garrison Capital Management, LLC or an affiliate provides quarterly reports to each client. These reports include a description of each security purchased or sold, its cost, and its current market value. More frequent reports are available upon the client's request. Clients also have on-line access to view their accounts at any time. Investors in the Fund's will receive audited financial statements within 120 days of the firm's fiscal year-end. In addition to the quarterly report received from Garrison Capital, all clients receive separate monthly and/or quarterly statements from their portfolio custodian detailing all cash and asset transactions and activity as well as the asset balances for each security as of the report date.

Client Referrals and Other Compensation

Garrison Capital does not compensate for client referrals.

Custody

Garrison Capital has custody of various clients' funds and securities. Auditors perform an annual unannounced examination of these holdings.

Garrison Capital does not provide custodial services to its clients. Client assets are held with banks or registered broker-dealers that are "qualified custodians". Clients will receive statements from the qualified custodians at least quarterly. Garrison Capital urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Investment Discretion

Garrison Capital Management, LLC generally has complete investment and brokerage discretion. Clients, however, may limit that discretion in writing; for instance, a client may direct that none of its assets be invested in certain types of securities or in securities issued by companies engaged in certain types of business activities.

Garrison Capital Management, LLC selects brokers for its direct securities transactions based on a number of factors, including the following: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the broker's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services and other services considered by Garrison Capital Management, LLC to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying Garrison Capital Management, LLC's other

selection criteria. Research services may include both services generated internally by a broker's own research staff and services obtained by the broker from a third party research firm. Research may include reports and analyses concerning specific issuers, industries or sectors; market, financial and economic forecasts and other data; and statistics and pricing services. It may also include hardware, software, databases, and telecommunications services, equipment and facilities (such as quotation equipment and telephone lines) that are used by Garrison Capital Management, LLC for research purposes.

From time to time, Garrison Capital Management, LLC may become a party to "soft dollar" arrangements with various brokerage firms, pursuant to which the cost of certain research and other services and products used by Garrison Capital Management, LLC or its affiliates is paid for with commissions generated by direct securities transactions for client accounts. Garrison Capital Management, LLC may also enter into arrangements with brokers to (i) have "soft dollar" credits rebated to the client accounts or to have commissions recaptured by the client accounts from which the credits or commissions were generated or (ii) use "soft dollars" to pay expenses otherwise payable by client accounts. Either of such uses of "soft dollars" would have the effect of enhancing the returns associated with such client accounts from the returns that would exist absent such uses. Garrison Capital Management, LLC reserves the right to change its soft dollar practices as provided herein.

Discretionary Management

We have discretionary authority to make determinations regarding the securities that are to be bought and sold, the quantities of such securities, broker dealer to be used and commission rates paid, for most clients. Such authority is provided in our contract with each client. In many cases, this discretion is subject to mutually agreed upon investment guidelines relative to the client's portfolio. Client investment guidelines may or may not limit the scope of potential investments. As a result, clients can impose restrictions on investing in certain securities or types of securities.

Wrap Account Management

We do not participate in the management of wrap account programs.

Proxy Voting Policies

Garrison Capital Management, LLC, votes proxies for the securities held in client's accounts for which we have a fiduciary obligation to vote. Proxies are voted in a manner that the Investment Manager believes reasonably furthers the best interests of the client and is consistent with the Investment Philosophy as set forth in the relevant investment management documents.

Determination of Vote

The Investment Manager determines how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. The Investment Manager votes in a manner that the Investment Manager believes reasonably furthers the best interests of the Client and is consistent with the Investment Philosophy as set forth in the relevant investment management documents.

The major proxy-related issues generally fall within five categories: corporate governance, takeover defenses, compensation plans, capital structure, and social responsibility. The Investment Manager will cast votes for these matters on a case-by-case basis. The Investment Manager will generally vote in favor of matters which follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders and/or present compensation plans that are commensurate with enhanced manager performance and market practices.

Resolution of any Conflicts of Interest

If a proxy vote creates a material conflict between the interests of the Investment Manager and a Client the Investment Manager will resolve the conflict before voting the proxies. The Investment Manager will either disclose the conflict to the Client and obtain a consent or take other steps designed to ensure that a decision to vote the proxy was based on the Investment Manager's determination of the Client's best interest and was not the product of the conflict.

Clients may obtain, free of charge, a full copy of the policies and procedures and/or a record of proxy votes. Any questions or requests should be directed to the Chief Compliance Officer at: 1800 Augusta Dr., Suite 135, Houston, TX 77057; Telephone: (713) 789-2600; Facsimile: (713) 789-2621

Financial Information

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

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, therefore have no material additional financial disclosures to make.

Business Continuity Plan

We have a Business Continuity Plan that addresses how the Firm will respond to events that may disrupt its business. If the main telephone line is inactive, the emergency number is 713-789-2600 (this number will forward to the appropriate contact). If the emergency line is down, please contact your custodian. We will resume operations as quickly as possible (preferably within twenty-four hours) depending on the severity of the business disruption. Our Business Continuity Plan covers data backup and recovery,

mission critical systems financial and operational assessments, alternative communications, alternate business locations, regulatory reporting and the assurance of prompt access to funds and securities for our customers. Additional details regarding the firm's Business Continuity Plan are available upon request.

Privacy Notice To Customers

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