

**Item 1 – Cover Page**  
GC Investment Management LLC (“GCIM”)  
Form ADV, Part 2A (the “Brochure”)

February 14, 2012

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This Brochure provides information about the qualifications and business practices of GCIM. If you have any questions about the contents of this Brochure, please contact us at (340) 772-6500. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state or territorial securities authority.

As of the date hereof, GCIM is filing a Form ADV with the SEC to become a registered investment adviser. You should be aware that registration as an investment adviser does not imply a certain level of skill or training.

Additional information about GCIM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 – Material Changes**

Not Applicable.

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## **IMPORTANT NOTE ABOUT THIS BROCHURE**

***This Brochure is not:***

- ***an offer or agreement to provide advisory services to any person;***
- ***an offer to sell interests (or a solicitation of an offer to purchase interests) in any private fund or other pooled investment vehicle; or***
- ***a complete discussion of the features, risks or conflicts associated with any advisory service, private fund or pooled investment vehicle.***

*As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), GCIM provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in a private fund or pooled investment vehicle advised by GCIM, together with other relevant governing documents, such as an offering or private placement memorandum (“client documents”), prior to, or in connection with, such persons’ investment therein. Additionally, this Brochure is available through the SEC’s website.*

*Although this publicly available Brochure describes investment advisory services and products of GCIM, persons who receive this Brochure (whether or not from GCIM) should be aware that it is designed solely to provide information about GCIM as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant client documents. More complete information about each private fund or other pooled investment vehicle is included in relevant client documents, certain of which may be provided to current and eligible prospective investors only by persons authorized to communicate with investors by or on behalf of GCIM. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant client documents shall govern and control.*

*No offer or solicitation in the private funds or other pooled investment vehicles advised by GCIM will be made before the delivery of client documents to a potential investor. You should read client documents carefully and consult with tax, legal and financial advisors before making a decision with respect to an investment managed by GCIM.*

#### **Item 4 – Advisory Business**

GCIM is a limited liability company that was organized under the laws of the U.S. Virgin Islands in October 2010. The principal beneficial owners of GCIM are persons and entities associated with Lawrence E. Golub and David B. Golub. Lawrence E. Golub is Chief Executive Officer of GCIM and David B. Golub is President of GCIM.

GCIM is an independently operated investment adviser with offices in St. Croix, U.S. Virgin Islands and St. Thomas, U.S. Virgin Islands. Pursuant to a contractual arrangement, GCIM receives nondiscretionary subadviser services, fundraising and back office support from U.S.-based affiliates of Golub Capital. Golub Capital is the trade name of the U.S.-based credit and lending business run by persons and entities associated with Lawrence E. Golub and David B. Golub. Throughout this Brochure, we refer to the actions of GCIM whether such actions are taken by GCIM or they are provided as nondiscretionary subadviser services, fundraising and back office support by Golub Capital and its U.S.-based affiliates.

GCIM provides investment management services as the adviser to pooled investment vehicles and private investment funds (collectively, “clients”). As of the date of this Brochure, GCIM does not provide investment management services to any separately managed accounts.

GCIM provides tailored investment advisory services to its clients in accordance with each account’s investment objectives, strategies, restrictions and guidelines. GCIM does not tailor its advice to the individualized needs of any particular investor. Therefore, each investor must consider whether a client meets such investor’s investment objectives and risk tolerances prior to investing. Information about each client is contained in the relevant client documents, which will be available to current and prospective investors only through GCIM or another authorized party.

Examples of the types of instruments in which GCIM clients may invest include:

- unitranche, senior and mezzanine loans,
- broadly syndicated loans,
- corporate debt securities,
- collateral loan obligations or CLOs,
- securitization liabilities,
- investments in other pooled investment vehicles, and
- public and private equity investments.

As of the date of this brochure, GCIM had 9 employees, and over 130 Golub Capital employees (including more than 50 front office and management professionals) may perform nondiscretionary subadviser services, fundraising and back office support to GCIM. As of December 31, 2011, GCIM managed assets of \$3,521,365,155 (regulatory AUM), all on a

discretionary basis. As of December 31, 2011, GCIM did not manage any client assets on a nondiscretionary basis.

### Golub Capital

Golub Capital is a U.S.-based firm founded in 1994 with principal offices in New York and Chicago. Golub Capital has three primary business units: direct lending, broadly syndicated loans and opportunistic credit. Golub Capital's direct lending unit focuses on investing in unitranche, senior and mezzanine loans. Golub Capital's broadly syndicated loans unit focuses on investing in larger loans that are generally liquid in the secondary market and also manages or subadvises a series of collateralized loan obligations or CLOs. Golub Capital's opportunistic credit unit focuses on investing in fundamental credit opportunities that may arise. Golub Capital affiliates that provide U.S.-based nondiscretionary subadviser services, fundraising and back office support services to GCIM include GC Advisors LLC, Golub Capital Incorporated, Golub Capital LLC and GC Service Company LLC, however, neither Golub Capital nor these affiliates provide services to GCIM other than nondiscretionary subadviser services, fundraising and back office support.

### **Item 5 – Fees and Compensation**

The following discussion represents the basic compensation arrangements of GCIM. However, fees and other compensation may be negotiable in certain circumstances, and arrangements with any particular client or investor may vary on a case-by-case basis. All investors and clients should review the relevant client documents for complete information on fees and compensation payable to GCIM. Because all clients of GCIM are “qualified purchasers” as defined in the Investment Company Act of 1940 (the “Investment Company Act”), GCIM's fee schedule is omitted.

The fee for investment advisory and management services provided by GCIM to private investment funds is a base management fee that varies based on the fund. In addition, GCIM charges some private investment funds a performance fee, an incentive fee or an incentive allocation based on the performance of the fund. We refer to this performance-based compensation as “performance fees”. Client documents describe the calculation and payment method for the investment advisory and management services provided by GCIM to that client. Management fees may be paid quarterly in advance with a true-up at each quarter end, or quarterly in arrears. Clients have the right to terminate the advisory or investment management agreements in accordance with the terms of such agreements. Upon termination of any account, any prepaid, unearned fees are refunded, and any earned, unpaid fees become due and payable. Fees are deducted from fund assets and paid or otherwise allocated to GCIM in accordance with the terms of the relevant client documents.

GCIM may invest client assets in investment vehicles for which GCIM and/or its affiliates serve as investment adviser, administrator or provide other services and receive a fee for those services. These investment vehicles may be used for leverage, allocation, tax or other reasons. When GCIM invests client assets in other entities advised by GCIM or its affiliates,

GCIM or its affiliates makes certain adjustments such that the total fee borne by the client does not exceed the amount that would have been paid absent such a structure.

### **Deal Fees**

In connection with investments made by certain clients, Golub Capital or its affiliates may receive commitment, structuring, monitoring and/or other transaction fees from portfolio investments in which one or more clients may invest or propose to invest. The potential for Golub Capital and its affiliates to receive such economic benefits may create conflicts of interest as GCIM and its affiliates may have economic incentives to invest in portfolio investments that provide such benefits. To mitigate potential conflicts, such benefits received by Golub Capital and its affiliates in connection with its services related to portfolio companies or transactions are generally partially or fully offset against advisory fees payable by the relevant client to GCIM. In addition, GCIM's allocation policy prevents GCIM from allocating investments based on whether a particular client allows Golub Capital or its affiliates to retain deal fees earned in connection with such client's investments.

### **Other Expenses Associated with Advised Accounts**

Clients of GCIM bear certain other fees, expenses and costs (in addition to the advisory fees payable to GCIM) which are incidental or related to the maintenance of an account or the buying, selling and holding of investments. These fees may include, but are not limited to:

- (1) custodial charges;
- (2) credit support fees;
- (3) brokerage fees;
- (4) shared services fees;
- (5) fees for administrative services provided by third parties and/or affiliated entities;
- (6) commissions and other related transaction costs and expenses, such as deal fees, origination fees, interest expense and deferred sales charges;
- (7) governmental charges, taxes and duties;
- (8) transfer fees, registration fees and other expenses associated with buying, selling or holding investments, such as wire transfer and electronic fund fees;
- (9) insurance costs and expenses related to litigation and indemnification;
- (10) withholding taxes payable and required to be withheld by issuers or their agents;
- (11) fees associated with the offer, sale and purchase of interests in pooled investment vehicles; and
- (12) extraordinary expenses.

For additional information about brokerage and other transaction costs, please refer to the section entitled "Brokerage Practices".

GCIM may invest client assets in shares of pooled investment vehicles, including mutual funds, hedge funds, CLOs and exchange-traded funds. As discussed above, a client may incur additional expenses at the investment vehicle level when such investments are made, such as advisory fees and other operating expenses, in addition to the investment management fees paid

by the client to GCIM. Purchases and sales of investment vehicle shares may occur as secondary market transactions for which commissions and other charges or fees may be assessed.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

As discussed in the section entitled “Fees and Compensation”, GCIM, for certain clients, receives allocations or fees that are based on investment performance. The performance fee may be up to 20% of the appreciation of the fund or account. GCIM’s performance-based arrangements are subject to Section 205(a)(1) of the Advisers Act to the extent applicable. The Advisers Act and rules thereunder, including Rule 205-3, may permit various types of performance fees to be charged to certain types of clients, including qualified clients, private investment funds relying on Section 3(c)(7) of the 1940 Act, non-U.S. persons and business development companies. GCIM takes steps to ensure that performance-based arrangements comply with applicable law.

Performance-based arrangements may create an incentive for GCIM to recommend investments that are more risky or speculative than those that would be recommended under a different fee arrangement. Performance-based arrangements also create an incentive to favor higher paying accounts over lower paying accounts in the allocation of investment opportunities. Additionally, under a performance-based structure, GCIM may benefit when capital gains are recognized and, because it determines when an investment is sold, GCIM controls the timing of the recognition of capital gains. GCIM or its affiliates, or their respective principals or personnel, may also own a portion of funds or accounts that GCIM manages. This may create a similar performance-based incentive to that mentioned above.

Certain client accounts may also pay a fee based on gross assets. In these cases, GCIM benefits when clients incur debt or use leverage, and GCIM controls the amount of debt or leverage used by such clients.

Certain client accounts exclude uninvested cash from the fee calculation. In these cases, GCIM may be incentivized to make investments more quickly than GCIM would be if it were charging a management fee calculated based on the full value of the account, including uninvested cash.

Potential conflicts may arise if GCIM manages accounts that pay performance-based allocations or fees alongside accounts that do not pay based on performance or if GCIM manages accounts that pay performance-based allocations or fees at different rates or subject to certain types of calculation methodologies (*e.g.*, high water mark or hurdle rate). GCIM may have an economic incentive to allocate more favorable investment opportunities to, or otherwise for, an account that pays GCIM a performance-based component or in which GCIM or an affiliate has an ownership or other economic interest.

To address the conflicts of interest associated with the allocation of trading and investment opportunities, GCIM adopted an investment allocation policy and trade allocation procedures that govern the allocation of portfolio transactions and investment opportunities



across multiple advisory accounts. This policy requires GCIM to treat each of its advisory clients in a manner consistent with its fiduciary obligations and prohibits GCIM from favoring any particular advisory account because of the ownership or economic interests of GCIM, its affiliates, officers or employees, in such advisory accounts. GCIM's allocation policy seeks to ensure that GCIM allocates investment opportunities across accounts fairly and equitably over time based upon its policies and procedures.

### **Item 7 – Types of Clients**

GCIM provides investment advisory and management services to several private investment funds and pooled investment vehicles. The terms and conditions of client accounts may vary depending on the type of services provided or the type of client, and these terms and conditions may vary from client to client. Furthermore, certain clients, such as private investment funds, generally impose investment minimums for investors in such funds. These investment minimums may be found in the client documents, and GCIM may reduce or waive such investment minimums. While GCIM does not currently manage separate accounts, it may do so in the future.

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

In managing discretionary client accounts, GCIM utilizes various investment strategies and methods of analysis, as described below. This section also contains a discussion of the primary risks associated with these investment strategies. However, it is not possible to identify all of the risks associated with investing, and the particular risks applicable to each client account will depend on the nature of the account, its investment strategy or strategies and the types of investments held in the account.

While GCIM seeks to manage client accounts so that risks are appropriate to the return potential for the strategy, it is often not possible or desirable to mitigate fully all possible risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential loss.

Clients should be aware that while GCIM does not limit its advice to particular types of investments, mandates may be limited to certain types of investments (*e.g.*, corporate debt securities) and may not be diversified. Clients are responsible for appropriately diversifying their assets to guard against the risk of loss.

### **Methods of Analysis and Investment Strategies**

GCIM invests for its clients primarily in unitranche, senior, second lien and subordinated debt, broadly syndicated loans and corporate debt securities, CLOs and securitization liabilities, pooled investment vehicles and public and private equity investments.

For the majority of its clients, GCIM invests in loans to U.S. middle-market companies. These loans are typically purchased by GCIM-advised clients some time after being structured and originated by domestic entities. GCIM also invests for some clients in broadly syndicated loans. GCIM generally seeks to purchase for its clients carefully selected, well-structured, high-quality performing corporate loans and related investments at discounts to face value and at attractive yields to maturity.

GCIM's goal with both its middle-market strategy and its broadly syndicated loan strategy is to provide clients with attractive returns with less risk than many corporate fixed income alternatives such as junk bonds and certain unsecured investment grade debt.

GCIM primarily makes its investment strategies available through the clients it advises. The client documents for each client describe in more detail the specific investment strategies, guidelines and risks of those clients.

To evaluate potential investments, GCIM uses a combination of analysis, including:

- fundamental analysis of a business's financial statements, health, management, competitive advantages, competitors and markets;
- cyclical analysis of opportunities in a given market based upon fluctuations due to seasonal, financial and economic factors;
- quantitative analysis of the relative risk-return characteristics of investments and a comparison of yields between asset classes and other indicators; and
- the analysis of proprietary and secondary models to evaluate potential investments.

With respect to CLOs, GCIM seeks to capitalize on market inefficiencies and determine where value lies within and across different asset classes. Based upon a combination of bottom-up analysis of the individual investment and GCIM's expectations of future market conditions, GCIM seeks to assess the relative risk and reward for each investment. GCIM seeks to diversify away the risks of a single company or single industry through prudent portfolio diversification. Additionally, GCIM assesses each investment's appropriateness for each client.

### **Investment Risks**

The following considerations and other risks should be carefully evaluated before making an investment. Investing involves the potential for loss and not all risks can be mitigated.

#### *Market for Transactions and Financing*

Identifying and structuring debt and equity investments involves competition between capital providers and market and transaction uncertainty. GCIM may not be able to identify suitable investment opportunities to satisfy its clients' investment objectives.

The financial markets have experienced substantial fluctuations in prices and liquidity for leveraged loans in recent years, but the leveraged loan market has shown signs of considerable improvement. Any further disruption in the credit and other financial markets may have substantial negative effects on general economic conditions, the operating performance and the availability of required capital for companies in which GCIM's clients invest. These conditions may also result in increased default rates and credit downgrades and affect the liquidity and pricing of GCIM clients' investments.

#### *Risk of Private Debt and Equity Investments*

Private investments involve a high degree of financial risk. Investments made by GCIM for its clients may not be profitable and substantial losses may occur. Private debt may not be repaid by the issuer, and GCIM may not be able to sell or otherwise liquidate client investments at the optimal time, price or at all. Therefore, GCIM may not realize its clients' rate of return objectives, and there may not be a return of capital to clients. The debt in which GCIM invests may be subordinate to other creditors' claims, which may impair its overall value.

GCIM may also make equity investments in companies on behalf of its clients. Equity investments may be more volatile than debt investments. They may be subject to significant risks such as the risk of further dilution because of additional equity issuances, the risk that the equity investments will have limited minority protections, and the risk that the company in which GCIM clients hold equity interests may not create a liquidity event for such equity interests.

#### *Middle-Market Companies*

GCIM's clients often invest in U.S. middle-market companies. Investments in these companies may involve a significant number of risks. For example, compared to larger companies, middle-market companies may have shorter operating histories, less predictable operating results and more reliance on a small number of products, managers or individual company risks. In addition, middle-market companies often require additional financing to expand or maintain their competitive position and they may have a more difficult time acquiring additional capital than larger companies.

#### *Idiosyncratic Risk*

GCIM seeks to create diversified portfolios that, over time, should prevent against portfolios being overly exposed to idiosyncratic risk. GCIM's underwriting process further seeks to prevent investments with identifiable and significant idiosyncratic risk. However, diligent underwriting and prudent diversification cannot prevent against all idiosyncratic risk. A portfolio may be adversely affected by exposure to multiple uncorrelated idiosyncratic risks.

#### *Debt – Credit and Interest Rate Risks*

Credit risk refers to the likelihood that a borrower will default in the payment of principal and/or interest. Financial strength and solvency of a borrower are the primary factors

influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of a loan, and securities and other debt instruments that are rated by rating agencies may be downgraded.

Interest rate risk refers to the risk of market changes in interest rates. Interest rate changes may affect the value of debt. In general, rising interest rates will negatively impact the price of fixed rate debt, and falling interest rates will have a positive effect on price. Adjustable rate debt also reacts to interest rate changes in a similar manner, although generally to a lesser degree. Interest rate sensitivity is generally larger and less predictable in debt with uncertain payment or prepayment schedules.

#### *Debt –Illiquidity and Volatility*

The debt that GCIM invests in for its clients consists predominantly of loans and notes that are obligations of corporations, partnerships or other entities. This debt often has no, or only a limited, trading market. Although GCIM's clients generally hold much of their debt until maturity, the investment in illiquid debt may restrict the ability to dispose of investments in a timely fashion, for a fair price, or at all. If an underlying issuer of debt experiences a credit event, this illiquidity may make it more difficult for GCIM clients to sell such debt and GCIM may be required to pursue a workout or alternate way out of the position.

#### *Debt – Assignments and Participations*

GCIM also may invest in loans either directly (by purchase from the borrower or by assignment) or indirectly (by way of participation interest). Holders of participation interests are subject to additional risks not applicable to a holder of a direct interest in a loan, such as the additional credit risk of the counterparty, the lack of voting rights and the lack of direct enforcement rights in connection with a loan default.

#### *Investment in Collateralized Loan Obligations*

GCIM's clients may also invest in CLOs. A CLO is typically a bankruptcy-remote securitization entity that owns debt (such as commercial loans) and/or debt-like assets (such as credit default swaps, credit card, auto loan and student loan receivables, bankruptcy claims and investments in other CLOs). Typically, GCIM's clients invest in the unrated or most subordinated tranches of CLOs that own middle-market or broadly syndicated loans. Investors may purchase different tranches of the CLO entity's capital structure, thereby exposing themselves to different risks of principal and interest repayment. Clients invested in CLO securities rely on payments made from the CLOs' underlying asset pools. If proceeds of the underlying asset pools are not large enough to provide payments on the securities that GCIM's clients invest in, GCIM's clients may lose money. In an event of default, the CLO manager may liquidate the CLO, but if the manager does not, payment on CLO securities may be deferred and the client may be unable to exercise additional remedies under the CLO entity documentation. In addition, the value of the underlying collateral in the asset pools may decrease in value. CLO securities may have a limited or no market, and GCIM may not be able to sell such securities at

favorable prices, if at all. The more senior CLO tranches are typically rated by independent ratings agencies. The ratings agencies may not provide accurate ratings of the CLO tranches. The CLO tranches may also suffer rating downgrades, which may cause an event of default or otherwise negatively impact the value of CLO securities.

### *Global Investments*

GCIM may invest client assets in the debt, loans or other investments in issuers located outside the United States. In addition to business uncertainties, political, social and economic uncertainty affecting a country or region may affect these investments. Many financial markets are not as developed or as efficient as those in the United States. As a result, the liquidity for these investments may be lower and price volatility may be higher compared with investments in U.S. issuers. The legal and regulatory environment may also be different, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information for such companies. These investments may also result in losses because of exchange rate fluctuations.

### *Leverage*

GCIM may also invest client assets in a manner that would subject clients to the financial risk of leverage. Portfolio investments financed with leverage may have increased exposure to risks including adverse fluctuations in interest rates, downturns in the economy and the inability to refinance debt as it matures. CLOs also may have leverage embedded in their structures, which can affect the risk and return profile of various tranches of such structures. While leverage presents opportunities for increasing clients' total return, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of a client's investment would be magnified to the extent the client's account is leveraged. This may result in a substantial loss to client accounts, which would be greater than if leverage had not been employed in managing the account.

### *Valuation Policy and Risks*

Many of the client assets invested by GCIM are in instruments that are not publicly traded. The fair value of instruments that are not publicly traded may not be easy to determine, and GCIM values these instruments at fair value in good faith. This valuation reflects significant events that affect the value of the instruments.

GCIM fair value methodology is in accordance with the fair value principles established by the Accounting Standards Codification Topic 820. The firm may use the services of one or more independent service providers to review the valuation of its illiquid investments. The factors that GCIM may take into account in determining the fair value of investments generally include, as appropriate,

- a comparison to publicly traded securities, including yield, maturity and measures of credit quality;

- the enterprise value of a portfolio company;
- the nature and realizable value of any collateral;
- the portfolio company's ability to make payments and its earnings and discounted cash flow;
- the markets in which the portfolio company does business; and
- other relevant factors.

The fair value measurement is the price that would be received for an investment on a current sale and assumes that the transaction to sell an asset occurs in the principal market for the asset or, in the absence of a principal market, the most advantageous market for the asset, which may be a hypothetical market, and excludes transaction costs. When an external event such as a purchase transaction, public offering or later equity sale occurs, GCIM will consider the pricing indicated by the external event in determining the fair value of the investment. However, because orderly markets do not and may not ever exist for some investments, GCIM's determinations of the fair value of investments may differ from the values that would have been used had a ready market existed for such investments.

Because such valuations, and particularly valuations of private investments and private companies, require judgment, are inherently uncertain, may fluctuate over short periods and may be based on estimates, GCIM's determinations of fair value may differ materially from the values that would have been used if an active market for these investments existed. If our determinations regarding the fair value of the investments were materially higher than the values that were ultimately realized upon the sale of such investments, the value of the portfolio investments may be affected. Because GCIM's compensation may be based, in part, on valuations of assets and performance, GCIM has an incentive to assign valuations that may be higher than could be, or ultimately are, realized upon sale.

#### *Valuation of CLO Investments*

GCIM's clients invest in securities issued by CLOs and other types of secured financing vehicles. These investments are generally illiquid securities. To value these investments, GCIM typically uses valuation software that contains the relevant details of the collateral underlying the securities (principal amount, interest rates, maturity dates, etc). GCIM then inputs various assumptions to determine the projected cash flows that GCIM's clients will receive from the CLO investment, including assumptions regarding collateral default rate, recovery rate and reinvestment rate. These cash flows are then discounted at an appropriate discount margin as determined by GCIM to calculate the estimated fair market value of the investment. Valuing the tranches of securitization vehicles by looking at their underlying collateral is inherently difficult, and the actual value of the cash flows received over the life of the investment may materially differ from GCIM's valuation of such investment prior to receipt of such cash flows.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of GCIM or the integrity of GCIM's management. GCIM has had no legal or disciplinary events that would be material to your evaluation of GCIM or the integrity of GCIM's management.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Other companies owned directly or indirectly by Lawrence E. Golub and David B. Golub are engaged in the financial services business. For example, GCIM relies upon Golub Capital and its affiliates to provide subadvisory, fundraising and back office support services. If these entities were unable to provide such services to GCIM and GCIM were unable to replicate these services with third parties, GCIM's clients could be adversely affected.

We refer to the companies under common control with GCIM as "relevant parties". These arrangements are described in more detail below and, in some cases, may cause GCIM's or a relevant party's interests to diverge from the best interests of a client.

### **Relevant Investment Advisers and Sponsors of Limited Partnerships**

GCIM is a relevant party of two investment advisers: GC Advisors LLC and GC Synexus Advisors LLC. GC Advisors LLC is a registered investment advisor, and GC Synexus Advisors LLC relies on the registration of GC Advisors LLC.

GCIM has intercompany agreements with certain relevant persons by which such relevant persons provide nondiscretionary subadviser, fundraising and certain back office services to GCIM. GCIM may also perform services, such as portfolio valuation, for investment advisers that are relevant parties.

GCIM is also a relevant party of various entities that serve as general partner to funds advised by GCIM and relevant parties of GCIM.

### **Relevant Pooled Investment Vehicles**

Many of GCIM's clients are pooled investment vehicles. Relevant parties advise various private investment funds and pooled investment vehicles. One such relevant party is the investment adviser to a registered business development company, Golub Capital BDC, Inc. ("Golub BDC")

GCIM, its affiliates, officers and employees may also have certain interests in the business arrangements of GCIM. GCIM, its affiliates, officers and employees may have investments in the investment funds advised by GCIM or its affiliates. GCIM relies on officers and employees of GCIM and its affiliates who serve as officers, directors and/or general partners of certain investment funds and other investment entities to create new clients, which may form similar limited partnerships to those that GCIM currently manages.

## **Recommendations of Other Investment Advisers**

GCIM or its affiliates may encourage qualified investors having a pre-existing relationship with GCIM or its affiliates to invest in other entities managed by GCIM or its affiliates, or in which GCIM or its affiliates have invested or have an ownership or economic interest. GCIM does not recommend or select third-party investment advisers for its clients unless relevant parties serve as the subadviser.

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

As described in the section entitled “Types of Clients”, GCIM provides investment advisory services to various clients, including private investment funds and pooled investment vehicles. GCIM or its access persons may give advice and take action with respect to any client account it manages, for its own account or for the account of an access person, that may differ from actions taken by GCIM or its access persons on behalf of other accounts. GCIM is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any security that GCIM or its access persons may buy or sell for its or their own account or for the accounts of any other client. GCIM and its access persons may invest in securities held by accounts that GCIM manages, except to the extent such investments violate the Code of Ethics adopted by GCIM or applicable law.

From time to time, access persons of GCIM or relevant parties may invest or otherwise have an interest in securities owned by or recommended to clients of GCIM. Additionally, such persons may invest or otherwise have an interest, directly or indirectly, in Golub BDC or other private investment funds, which may invest in securities held in other accounts advised by GCIM. As these situations may involve potential conflicts of interest, GCIM has implemented policies and procedures relating to personal securities transactions, insider trading and side-by-side management, including the Code of Ethics, which are designed to identify potential conflicts of interest, to prevent or mitigate actual conflicts of interest and to resolve any such conflicts appropriately.

## **Code of Ethics**

GCIM has adopted a Code of Ethics for all supervised persons of the firm describing its standard of business conduct and fiduciary duty to its clients. All supervised persons at GCIM acknowledge the terms of the Code of Ethics at least annually.

Examples of areas that GCIM’s Code of Ethics and/or its compliance manual address include:

- employee conduct;
- conflicts of interest;
- gifts;



- outside business activities;
- confidentiality of information;
- insider trading;
- procedures for personal securities transactions of directors, officers and employees; and
- initial public offerings and private offerings.

GCIM will provide a copy of its Code of Ethics to clients or prospective clients upon request. Our contact information appears on the cover page of this Brochure.

### **Conflicts of Interest – Allocation Policy**

Potential conflicts may arise if GCIM manages accounts that pay performance fees alongside accounts that do not pay performance fees or if GCIM manages accounts that pay performance fees at different rates or subject to certain types of calculation methodologies (*e.g.*, high water marks or hurdle rates). GCIM may have an economic incentive to allocate more favorable investment opportunities to, or otherwise for, an account that pays GCIM a performance fee or in which GCIM or an affiliate has an ownership or other economic interest.

To mitigate the conflicts of interest associated with the allocation of trading and investment opportunities, GCIM adopted an investment allocation policy and trade allocation procedures that govern the allocation of portfolio transactions and investment opportunities across multiple advisory accounts. It is GCIM's policy to allocate investment opportunities (i) for the benefit of its clients; (ii) in a manner that is, over time, fair and equitable to its clients; and (iii) consistent with applicable laws, rules and regulations that may apply to GCIM based on the nature of its clients. GCIM accounts may be allocated a percentage of investments sourced by GC Advisors pursuant to the GC Advisors' allocation policy. The GCIM allocation policy also contains provisions intended to comply with the provisions of the Investment Company Act.

Some of the factors that influence a recommended allocation include:

- (1) legal, contractual, or regulatory restrictions or considerations (*e.g.*, Investment Company Act compliance, indenture requirements, tax).
- (2) relative size, cash availability and liquidity requirements of a client;
- (3) supply or demand for an investment at a given price level; and
- (4) investment policies related to, among other things:
  - risk or investment concentration parameters;
  - credit rating, size or cash flows of the obligor;
  - diversification by obligor, geography or industry;
  - minimum or maximum investment size;
  - portfolio duration targets and/or constraints;
  - fixed or floating rate requirements; or
  - yield requirements.

GCIM will not make investment allocation decisions to:

- (1) unduly favor one account at the expense of another, including any proprietary or personal accounts of GCIM or its officers or employees, over time;
- (2) generate higher fees or greater performance compensation;
- (3) develop or enhance a relationship with a client or prospective client;
- (4) compensate a client for past services or benefits rendered to GCIM or to induce future services or benefits to be rendered to GCIM;
- (5) induce customers of a relevant party's financing operation, if such allocations do not also benefit GCIM; or
- (6) manage or equalize investment performance among different client accounts.

The allocation policy and related procedures also detail a number of other items, including how investments are exited, how deal expenses are allocated and how allocations may be made where capacity exists for an investment in excess of the capacity required to satisfy the recommended allocation.

### **Conflicts of Interest – Differing Investment Positions**

GCIM's clients generally take positions that are directionally similar. For example, if one client of GCIM takes a long position in a particular issuer, it would be atypical for a GCIM client to take a short position in that same issuer.

However, pursuant to our allocation policy, it is possible that an account advised by GCIM may take an investment position that may be different from a position taken by another account managed by GCIM or a relevant party. For example, a client account managed by GCIM may hold a senior loan in an issuer while a client account advised by GCIM or a relevant party may hold a mezzanine loan in the same issuer. If an issuer in which different accounts hold different types of investments encounters financial problems, decisions over the terms of any workout will raise conflicts of interest (including, for example, conflicts over proposed waivers and amendments to debt covenants). For example, a senior debt holder may be advantaged by a liquidation of an issuer in which it may be paid in full, whereas a junior debt holder or an equity holder might prefer a reorganization that holds the potential to create more value for such holders. In these situations, positions taken by GCIM may disadvantage one or more accounts.

Where conflicts may occur, in all circumstances, GCIM will act in a manner consistent with its fiduciary duties to its clients, without consideration of GCIM's interests or the interests of a relevant party.

### **Conflicts of Interest – Principal/Cross Trades and Overlapping Ownership**

From time to time, GCIM may invest client assets in investments that are also held by:

- (i) GCIM or its affiliates;
- (ii) other GCIM's advisory accounts;

- (iii) funds or accounts in which GCIM or its affiliates or their respective officers or employees have an ownership or economic interest; or
- (iv) officers or employees of GCIM or its affiliates.

GCIM may also invest, on behalf of its advisory clients, in the same or different instruments of issuers in which:

- (i) GCIM or its affiliates;
- (ii) other GCIM's advisory accounts;
- (iii) funds or accounts in which GCIM, its affiliates or their respective officers or employees have an ownership or economic interest; or
- (iv) officers or employees of GCIM or its affiliates

have an ownership interest as a holder of the debt, equity or other instruments of the issuer. GCIM may also invest, on behalf of its advisory clients, in funds advised by GCIM or its affiliates.

GCIM may have a conflict of interest in connection with these transactions since investments by its advisory clients may benefit GCIM and its affiliates, officers and employees by potentially increasing the value of the investments held in the issuer. Any investment by GCIM on behalf of its advisory clients will be consistent with applicable law, GCIM's fiduciary obligations to act in the best interests of its advisory clients and such clients' investment objectives.

GCIM may permit certain of its officers and employees to invest in private investment funds advised by GCIM or its affiliates and/or share in the returns or fees received by GCIM or its affiliates from such funds. When an officer or employee is responsible for both the portfolio management of the private investment fund and other GCIM advisory accounts, such person may have a conflict of interest in connection with investment decisions since the person may have an incentive to direct the best investment ideas, or to allocate trades, in favor of the fund in which he or she is invested or otherwise entitled to share in the returns or fees.

In addition to the allocation policy, to address these conflicts of interest, GCIM has adopted a policy governing side-by-side management of private investment funds and other advisory accounts. This policy requires GCIM to treat each of its advisory clients in a manner consistent with its fiduciary obligations and prohibits GCIM from favoring any particular advisory account because of the ownership or economic interests of GCIM, its affiliates, officers or employees, in such advisory accounts.

Portfolio managers for GCIM or its affiliates are often responsible for the day-to-day management of multiple accounts, including the accounts of GCIM and its affiliates. The potential for material conflicts of interest exist whenever a portfolio manager has responsibility for the day-to-day management of multiple advisory accounts. As noted above, these conflicts may be greater if a portfolio manager is responsible for managing a proprietary account for GCIM or its affiliates or when GCIM and/or an affiliate has an investment in one or more of

such accounts or an interest in the performance of one or more of such accounts through the receipt of a fee.

Certain conflicts of interest may be disclosed in client documents. Some conflicts of interest are particularly acute, and GCIM may seek client consent for transactions of this nature. Client consent may come directly from the client or its investors, or if permitted by the client documents, by an independent investor representative or adviser, independent directors or an independent conflicts committee.

## **Item 12 – Brokerage Practices**

### **Selection of Broker-Dealers**

GCIM generally has the authority to determine, without obtaining specific client consent, investments to be bought and sold, including the type, amount and price of the investments, the specific brokers used for the trades and the commission rates paid. GCIM is also responsible for the allocation of brokerage commissions. As a general matter, GCIM acquires and disposes of many of its clients' investments in privately negotiated transactions that do not require the use of brokers or the payment of brokerage commissions.

In executing portfolio transactions and selecting brokers or dealers, GCIM uses its best efforts to seek the best overall terms available on behalf of its clients' accounts. In assessing the best overall terms available for any transaction, GCIM considers all factors it deems relevant, including:

- the breadth of the market in the instrument;
- the price of the instrument;
- the financial condition and capability of the broker;
- the reasonableness of the commission or mark-up, both for the specific transaction and on a continuing basis;
- the size of the order;
- difficulty of execution; and
- operational facilities of the broker.

GCIM also determines the reasonableness of commissions and the quality of execution based upon several factors, including:

- access to particular markets or instruments;
- gross compensation paid to the broker-dealer;
- financial strength of the broker-dealer;
- ability to respond to investor or adviser inquiries promptly;
- ability to handle a mix of trades (*e.g.*, block trades and odd lots);
- willingness and the ability of the broker-dealer to execute large or difficult trades for GCIM's clients so as to obtain best executions;

- adequacy of the broker-dealer's back office staff to efficiently handle trading activity, especially in volatile or high volume markets;
- statistics on executions and the frequency of trading errors; and
- overall responsiveness of the broker-dealer (*e.g.*, how well the broker-dealer serves GCIM and its clients).

GCIM generally seeks reasonably competitive trade execution costs, but will not always pay the lowest spread or commission available. GCIM may also select a broker based upon services provided to GCIM. In return for such services, GCIM may pay a higher commission than other brokers would charge if GCIM determines in good faith that such commission is reasonable in relation to the services provided. GCIM has an incentive to select a broker based on such services instead of selecting a broker to receive the most favorable execution for the client.

GCIM does not currently participate in any soft dollar relationships with other firms for research or any other service.

### **Aggregation and Allocation of Orders**

GCIM may combine broker orders on behalf of an account with orders for other accounts for which it or its principals have trading authority, or in which it or its principals have an economic interest. When it does, GCIM will allocate the investments or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. GCIM believes combining orders in this way will be advantageous to all participants over time. However, the average price could be less advantageous to an account than if an account had been the only account effecting the transaction or had completed its transaction before the other participants. Because of GCIM's interest in some of the accounts, there may be circumstances in which an account's transactions may not, under certain laws and regulations, be combined with those of some of GCIM's and its affiliates' other clients, and an account may obtain less advantageous execution than such other clients. For an additional discussion of GCIM's allocation policy, please refer to the section entitled "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading".

### **Item 13 – Review of Accounts**

GCIM reviews client accounts on an ongoing basis. These reviews range from supervision of purchases and sales by our Chief Executive Officer, President and our underwriting group to ongoing reviews of client positions by our portfolio valuation group. In addition, investment professionals, our treasury group and the Chief Compliance Officer periodically monitor the adherence of each client's account to such client's investment mandate.

Written reports are provided to clients as provided for in the relevant client documents. Certain client documents require quarterly and annual financial statements to be distributed to

such client's investors. With respect to collateralized loan obligations, the independent trustees of the CLO vehicles generally prepare written reports.

#### **Item 14 – Client Referrals and Other Compensation**

GCIM and its affiliates may enter into written agreements with affiliated and third party solicitors or placement agents to refer potential clients or investors to GCIM as permitted by applicable laws. GCIM and its affiliates may occasionally enter into solicitation or placement agent agreements, by which third parties receive fees based on providing client or investor referrals. Under these arrangements, the third party receives fees in part based on the size of the investment made by the referred client or investor. Typically, these arrangements last for a period of time, but fees may be paid to the solicitor or placement agent for a trailing period following termination of the arrangement. In addition, certain counterparties have established platforms to allow their clients and customers to invest in our funds through feeder funds, and these counterparties may receive compensation in connection with such feeder funds.

#### **Item 15 – Custody**

Due to certain arrangements, GCIM may be deemed to have “custody”, within the meaning of Rule 206(4)-2 under the Advisers Act, of one or more of the private funds or pooled investment vehicles that it advises. To comply with this Rule, GCIM provides each investor in such a private fund or pooled investment vehicle with audited financial statements within 120 days following the fund's or vehicle's fiscal year end. If you have invested in such a fund or vehicle, and have not received timely audited financial statements, please contact us. Our contact information appears on the front page of this Brochure.

#### **Item 16 – Investment Discretion**

GCIM usually receives and exercises discretionary authority to manage investments on behalf of clients. Such authority is generally conferred through the client documents, and in all cases, GCIM will exercise such discretion in a manner consistent with the stated investment objectives for the particular client account.

When making investments, GCIM observes the investment policies, limitations and restrictions of the clients it advises. All investments, regardless of type, must receive approval of an investment committee. This process ensures that investments are compliant with the various legal, tax, and other investment policies, limitations and restrictions in effect for each client making an investment.

#### **Item 17 – Voting Client Securities**

GCIM votes proxies relating to its clients' portfolio investments in what it perceives to be the best interest of its clients. GCIM reviews on a case-by-case basis each proposal submitted to a vote to determine its effect on the portfolio investments that its clients hold. In most cases, GCIM will vote in favor of proposals that GCIM believes are likely to increase the value of the portfolio investments that its clients hold. Although GCIM will generally vote against proposals that may have a negative effect on its clients' portfolio investments, GCIM may vote for such a proposal if it has compelling long-term reasons for such vote. GCIM may decline to vote a proxy if it believes that doing so is in the best interest of clients or that the cost of exercising such a vote outweighs the potential benefit to client accounts.

To ensure that GCIM's vote is not the product of a conflict of interest, GCIM requires that:

- (1) anyone involved in the decision-making process disclose to its Chief Compliance Officer any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and
- (2) employees involved in the decision-making process or vote administration are prohibited from revealing how GCIM intends to vote on a proposal in order to reduce any attempted influence from interested parties.

Where conflicts of interest may be present, GCIM may disclose such conflicts to its clients and may request guidance from its clients on how to vote such proxies. Generally, clients cannot direct GCIM to cast a proxy vote in a particular way.

GCIM will provide a record of how it cast any proxy votes and a copy of its proxy voting policies to clients upon request. Our contact information appears on the cover page of this Brochure.

## **Item 18 – Financial Information**

Not applicable.