

# **GUGGENHEIM**

## GLOBAL TRADING

### **FORM ADV PART 2A FIRM BROCHURE**

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**This brochure provides information about the qualifications and business practices of Guggenheim Global Trading, LLC (“GGT”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). Registration with the SEC does not imply a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. If you have any questions about the contents of this brochure, please contact us at (914) 251-8100 or at [ggt-compliance@guggenheimggt.com](mailto:ggt-compliance@guggenheimggt.com).**

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

## **ITEM 2**

### **MATERIAL CHANGES**

GGT's most recent prior update to its Form ADV Part 2A ("Brochure") was made on March 28, 2014. This Brochure has been updated to reflect the management of one or more third-party funds or accounts ("Managed Accounts"). Item 14 has also been updated to reflect the termination of an arrangement with an independent marketer for a private fund.

### ITEM 3

#### TABLE OF CONTENTS

<b>Item 1:</b>	<b>Cover Page .....</b>	<b>1</b>
<b>Item 2:</b>	<b>Material Changes .....</b>	<b>2</b>
<b>Item 3:</b>	<b>Table of Contents.....</b>	<b>3</b>
<b>Item 4:</b>	<b>Advisory Business.....</b>	<b>4</b>
<b>Item 5:</b>	<b>Fees and Compensation .....</b>	<b>5</b>
<b>Item 6:</b>	<b>Performance-Based Fees and Side-By-Side Management.....</b>	<b>7</b>
<b>Item 7:</b>	<b>Types of Clients .....</b>	<b>8</b>
<b>Item 8:</b>	<b>Methods of Analysis, Investment Strategies and Risk of Loss .....</b>	<b>9</b>
<b>Item 9:</b>	<b>Disciplinary Information .....</b>	<b>21</b>
<b>Item 10:</b>	<b>Other Financial Industry Activities and Affiliations.....</b>	<b>22</b>
<b>Item 11:</b>	<b>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>26</b>
<b>Item 12:</b>	<b>Brokerage Practices .....</b>	<b>27</b>
<b>Item 13:</b>	<b>Review of Accounts .....</b>	<b>30</b>
<b>Item 14:</b>	<b>Client Referrals and Other Compensation .....</b>	<b>31</b>
<b>Item 15:</b>	<b>Custody.....</b>	<b>32</b>
<b>Item 16:</b>	<b>Investment Discretion .....</b>	<b>33</b>
<b>Item 17:</b>	<b>Voting Client Securities .....</b>	<b>34</b>
<b>Item 18:</b>	<b>Financial Information .....</b>	<b>35</b>

## ITEM 4

### ADVISORY BUSINESS

GGT, a Delaware limited liability company, was established in 2011. Guggenheim Partners, LLC (“GP”) is the indirect parent of GGT. GP is a wholly-owned subsidiary of Guggenheim Capital, LLC. Guggenheim Capital, LLC is owned in part by Sage Assets, Inc. which, in turn, is wholly-owned by Sammons Equity Alliance, Inc. (“SEA”). SEA is wholly-owned by Consolidated Investment Services, Inc (“CIS”). CIS is wholly-owned by Sammons Enterprises, Inc. (“SEI”). SEI is wholly-owned by Sammons Enterprises, Inc. Employee Stock Ownership Trust to which Greatbanc Trust Company is its Trustee. For additional details regarding the ownership structure of GGT, please see GGT’s Form ADV Part 1A, which is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

GGT provides discretionary investment management services to private pooled investment vehicles that have been organized in the United States and in one or more foreign jurisdictions (each, a “Private Fund” and collectively, the “Private Funds”) and Managed Accounts (together with the Private Funds, the “Clients”). The Private Funds are part of a single master-feeder complex, and each relies on exemptions from the definition of investment company as set forth in the Investment Company Act of 1940, as amended, and shares/interests in such Private Funds are not registered under the Securities Act of 1933, as amended (the “Securities Act”). Managed Accounts may include institutions, pooled vehicles and funds sponsored by third parties, ERISA and government plans, and other large investors.

GGT’s investment professionals are organized into separate investment portfolio teams (each, a “Portfolio Team”), and each Portfolio Team is headed by one or more portfolio managers (each, a “Portfolio Manager”). Guggenheim GGT (Swiss) GmbH, a wholly-owned subsidiary of GGT, serves as a subadviser to GGT with regard to its investment management services for the Clients, and is a “Relying Adviser” of GGT. Unless specifically noted otherwise, the responses to this Brochure includes information about the Relying Adviser. GGT may also allocate a portion of a Private Fund’s portfolio to third-party managers (“Third-Party Managers”) through investments in managed accounts or commingled funds managed by Third-Party Managers.

GGT makes capital allocations to Client investment strategies with a view to constructing a diversified return stream with a goal of achieving superior risk adjusted returns. There can be no assurance that a Client’s investment objectives will be achieved.

Except as provided in the Private Funds’ offering and disclosure documents, Private Fund investors may not impose restrictions on GGT’s ability to invest in certain securities, types of securities, or investment strategies. GGT provides investment management services to Managed Accounts under the terms of investment management agreements, each of which may be tailored to the Managed Account and may include, for the applicable Managed Account, restrictions on GGT’s ability to invest in certain securities, types of securities, or investment strategies.

GGT does not participate in wrap fee programs.

As of June 30, 2014, GGT managed approximately \$601,764,825 in net assets on a discretionary basis. GGT does not manage Client assets on a non-discretionary basis.

## ITEM 5

### FEES AND COMPENSATION

GGT receives management fees (the “Management Fee”) and performance-based allocations or fees (“Profit Allocations”) from the Private Funds as set out in each Private Funds’ offering documents. The Management Fee, Profit Allocations and other expenses of a Private Fund are not generally negotiable, although GGT retains the right to waive or reimburse such amounts, and waive or modify other terms of the Private Funds, in its sole discretion.

The Management Fee is paid to GGT monthly from each Private Fund with respect to each investor generally at a rate of 1/12 of 1.5% of the net asset value of the Private Fund as of the beginning of the month. GGT has agreed to waive or reduce the Management Fee with respect to affiliates of GGT and employees of GGT or of its affiliates who are currently invested in the Fund, with the extent of such waiver or reduction varying periodically.

In addition, GGT (or a related person) generally is entitled to receive a Profit Allocation from each Private Fund with respect to each investor generally equal to 20% of the net realized and unrealized profits of the Private Fund subject to a high water mark. The Profit Allocation will be calculated at the end of each fiscal year or at the time of an investor’s capital withdrawal, transfer or distribution after deducting the Management Fee and other expenses as described in the Private Fund offering documents. The Profit Allocation will be charged in accordance with Section 205 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and the conditions of Rule 205-3 thereunder. To the extent GGT elects to allocate a portion of the Private Funds’ portfolio to be managed and invested by Third-Party Managers in managed accounts or collective investment vehicles, the Private Funds will be subject to additional management fees and/or performance fees payable to such Third-Party Managers and that will be incurred regardless of the performance of a Private Fund.

GGT also receives a Management Fee and Profit Allocation from its Managed Accounts, which are negotiated. Therefore, a Managed Account may have a more favorable Management Fee or Profit Allocation than the Private Funds or other Managed Accounts. The Management Fee with respect to a Managed Account is generally payable quarterly in arrears. The Profit Allocation with respect to a Managed Account is generally calculated and paid annually.

In addition to the foregoing Management Fee and Profit Allocation, the Private Funds bear additional costs as described in the Private Funds’ offering and disclosure documents including, but not limited to, transaction expenses, ongoing operational expenses and extraordinary expenses. Transaction expenses include, but are not limited to, exchange fees, brokerage commissions (including options and futures trades), spreads, mark-ups on securities, swaps and forwards, short dividends, currency hedging costs, confirmations, interest expenses in respect of margin accounts, all transaction-based taxes payable in connection with the investments and trading, repurchase agreements and other indebtedness.

Ongoing operational expenses include direct expenses and shared expenses. Direct expenses include, but are not limited to, (i) fees and expenses payable to, and otherwise related to, fund administration, audit, tax preparation, accounting, compliance, custody and bank services, (ii) legal fees (including, but not limited to, fees and expenses arising in connection with the offering and sale of shares/interests in the Private Funds, entering into agreements with service providers and financial counterparties, responding to legal and regulatory inquiries, regulatory filings (including those required under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Advisers Act, the Securities Act or any other

applicable laws) and the establishment of specialized trading structures and vehicles) and (iii) fees for other professional services (including, but not limited to, third-party pricing or valuation services, fees of each Conflicts Advisory Representative (“CAR”), as described below, and fees and expenses related to regulatory filings made in respect of a Private Fund. Shared expenses include, but are not limited to, the cost of acquiring, implementing and maintaining (i) market risk systems and market risk services, (ii) portfolio accounting systems, (iii) order management, portfolio monitoring and trade capture systems, (iv) data center and co-location services and equipment, including those externally hosted, and (v) centralized data repository and reporting and monitoring infrastructure and the related market data and licensing fees in connection therewith. Shared expenses include fees and expenses paid to third-party vendors as well as any internal cost of developing and providing any such services and equipment, including but not limited, to the allocated cost of internally-developed software, equipment acquisition, integration and maintenance costs, and the cost of leasing premises used for any such purpose. Shared expenses also include, with regard to each Portfolio Team as well as each member of GGT’s centralized trade execution team (the “Trading Team”), expenses incurred in support of such Portfolio Team’s, and the Trading Team’s, investment, trading and management of a Private Fund but that are not otherwise paid through soft dollar brokerage commissions, including but not limited to, (i) fees for external legal and professional services, (ii) the cost of travel, lodging and other similar or related expenses, (iii) communications costs, (iv) newswire services costs, (v) as well as the costs of (A) investment research, consulting fees and market data service delivery costs and (B) trade analytics software and services that are not otherwise paid for with “soft dollars.” Shared expenses also include expenses relating to one or more Portfolio Teams (or related Portfolio Managers) that are incurred after the Portfolio Team(s) (or Portfolio Manager(s)) are no longer employed by GGT (or one of its affiliates) that are incurred as a result of agreements entered into with third party vendors prior to the departure of such Portfolio Team(s) (or Portfolio Manager(s)). Shared expenses do not include any research or execution expenses that are paid with soft dollars as described above. As set out in, and subject to, the Private Funds’ offering and disclosure documents, GGT may bear the full amount of the shared expenses up to specified amounts and subject to certain specified conditions.

The Private Funds will pay any extraordinary expenses or costs that they incur (*e.g.*, litigation expenses or damages or any costs associated with any formal or informal inquiry or investigation by regulatory agencies, including those with respect to the Portfolio Teams) and any indemnification obligations which they may owe to GGT or any of its affiliates or other parties.

Managed Accounts bear transaction expenses and may or may not include other expenses similar in nature to the Private Funds, subject to the terms of the applicable investment management agreement.

These expenses are expected to be substantial and there can be no assurance that the Private Funds or Managed Accounts will be able to earn sufficient income to offset these charges. GGT is entitled to reimbursement to the extent it advances expenses otherwise allocable to the Private Funds or Managed Accounts.

Neither GGT nor its Supervised Persons (defined in Item 11) accept compensation for the sale of securities or other investment products. GGT does not act in the capacity of a broker-dealer and, accordingly, GGT does not receive any transaction-based compensation.

## ITEM 6

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

GGT (or a related person) may receive a Profit Allocation from Clients under the terms and conditions described in Item 5.

GGT faces a conflict of interest to the extent that it manages a client account for which it receives a performance-based fee at the same time as it manages one or more other client accounts for which it does not receive a performance-based fee or receives a different level of performance-based fee. GGT has the potential to receive higher compensation from a client account for which it is paid a performance-based fee than for a client account that is not charged a performance-based fee or is charged a lower performance-based fee. GGT may have an incentive to favor a client account or take increased investment risk on behalf of a client account for which it receives a performance-based fee or a larger performance-based fee because it could receive greater compensation from such client account. GGT has implemented policies and procedures to address these conflicts of interest, including policies designed to allocate trades and investment opportunities in a fair and equitable manner. These policies and procedures are described in more detail below under Item 12 “Brokerage Practices.”

## ITEM 7

### TYPES OF CLIENTS

GGT's Clients are the Private Funds and Managed Accounts.

Generally, the minimum initial investment in the Private Funds is \$10,000,000. The Private Funds may accept initial and additional subscriptions for lesser amounts in the sole discretion of the managing member, directors, or manager, as applicable.

GGT has not set a minimum account size for Managed Accounts, but generally seeks account sizes in excess of **\$50,000,000**.



## ITEM 8

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

#### **Investment Strategies**

The investment strategies employed by the Private Funds and Managed Accounts may include, among others, one or more of the following: fundamental long/short equity, equity index arbitrage, convertible arbitrage, statistical arbitrage, quantitative trading, fundamental credit, capital structure arbitrage, global macro, sector or industry specific investment strategies, merger arbitrage, directional trading, credit strategies (including, but not limited to, investing in structured products, bank loans, bank debts and credit default swaps), special situations, distressed companies and distressed investments as well as investing in and trading securities offered and sold in connection with new-issue or secondary offerings and secondary market trading of large blocks. More detailed information with respect to these strategies is included in the Private Fund offering and disclosure documents. GGT makes capital allocations to Client investment strategies with a view to constructing a diversified return stream with a goal of achieving superior risk adjusted returns.

#### **General Risks**

***Potential Loss of Investment.*** GGT's investment strategies involve a high degree of risk. There can be no assurance that a Client's investment objectives will be achieved or that Client investors will not lose substantially all of their investment. The list of risk factors below does not purport to be a complete enumeration or explanation of the risks associated with GGT's investment strategies. More detailed information with respect to the risk factors identified below, as well as additional risks, is included in the Private Fund offering and disclosure documents, as well as any Managed Account disclosure.

PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. NO ASSURANCE CAN BE MADE THAT PROFITS WILL BE ACHIEVED OR THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED.

***Financing Arrangements; Availability of Credit.*** GGT's use of leverage will depend on the availability of credit to finance its Client portfolio. There can be no assurance that a Private Fund or any other Client will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the banks and dealers that provide financing to the Private Funds or any other Client may apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. The imposition of such limitations or restrictions could compel a Client to liquidate all or part of its portfolio at disadvantageous prices. The financing available to the Private Funds or any other Client from banks, dealers and other counterparties is likely to be restricted in disrupted markets.

***Institutional and Counterparty Risk.*** Institutions, such as brokerage firms, futures commission merchants, banks, custodians (including U.S. and non-U.S. sub-custodians) and broker-dealers, generally have custody of the funds, securities or instruments constituting a Client's assets (as well as "soft dollar" commission balances of a Client, if any) and may hold such assets in "street name." Markets in which GGT may effect transactions may include over-the-counter ("OTC") or "interdealer" markets, and may also include unregulated private markets. Some participants in such markets are not subject to the same level of credit evaluation and regulatory oversight as are members of the exchange-based markets. The Private Funds and Managed Accounts are exposed to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the transaction (whether or not such dispute is bona fide) or because of a credit or liquidity problem, thus

causing the Private Funds or Managed Accounts to suffer a loss. Such counterparty risk is accentuated for transactions with longer maturities where events may intervene to prevent settlement, or where GGT has concentrated its transactions with a single or small group of counterparties. There also is the risk that a Private Fund's or Managed Account's counterparties or brokers will be required to restrict or eliminate the amount of credit previously granted to a Client due to their own financial difficulties, resulting in forced liquidation of substantial portions of the Client's portfolio.

***Leverage.*** A Private Fund, and certain Managed Accounts, will generally trade and invest on a leveraged basis, through its borrowings and through leverage that may be embedded in the derivative instruments that it may use in its portfolio. Losses incurred on a Private Fund's or Managed Account's leveraged investments increase in direct proportion to the degree of leverage employed. A Private Fund and Managed Account also incurs interest expense on the borrowings used to leverage its positions. The use of leverage also may result in the forced liquidation of positions (which may otherwise have been profitable) as a result of margin or collateral calls. The use of leverage will magnify the losses and gains of a Private Fund or Managed Account. To the extent the assets of a Private Fund or Managed Account have been leveraged through the borrowing of money, the purchase of securities on margin or otherwise, the interest expense and other costs and premiums incurred in relation thereto may not be recovered. The lender providing the borrowed funds may require that the borrowed amounts be repaid, pursuant to an event of default or otherwise, at a time when a Private Fund or Managed Account has little or no liquidity and such lender will thereafter have certain rights with respect to the collateral.

***Hedging Techniques.*** Hedging techniques involve one or more of the following risks: (i) imperfect correlation between the performance and value of the instrument and the value of a Client's portfolio securities or the objective of a Client; (ii) possible lack of a secondary market for closing out a position in such instrument; (iii) losses resulting from interest rate, spread or other market movements not anticipated by GGT; (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen a Client's position; and (v) default or refusal to perform on the part of the counterparty for the hedge. Use of derivatives and other techniques such as short sales for hedging purposes involves certain additional risks, including (i) imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio; and (ii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a portfolio's assets segregated to cover its derivative or short sale obligations. In addition, by hedging a particular position, any potential gain from an increase in the value of such position may be limited. GGT is not required to hedge and there can be no assurance that hedging transactions will be available or, even if undertaken, will be effective.

***Limits on Hedging Strategies.*** While certain Portfolio Teams or Third-Party Managers may use "market neutral" or "relative value" hedging or arbitrage strategies, this in no respect should be taken to imply that a Client's investments managed by any such Portfolio Teams or Third-Party Managers are without risk. Substantial losses may be recognized on "hedge" or "arbitrage" positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculative one.

***Currency Exchange Exposure and Currency Hedging.*** Currency hedging transactions are intended to protect the Private Funds and Managed Accounts from currency losses but could also prevent the Private Funds and Managed Accounts from profiting from any currency gains. As it is impossible to predict the future performance of the Private Funds and Managed Accounts, it is likely that the Private Funds and Managed Accounts will always be over- or under-hedged against currency rate exchange risks. Further, there can be no assurance that any such currency hedging transactions will be successful in reducing a Private Fund's or Managed Account's exchange-rate exposure, nor can there be any assurance that such hedging transactions will not themselves result in significant losses. Such currency hedging transactions

will entail expenses and gains or losses (both realized and unrealized), which may be significant. There can be no assurance that fluctuations in exchange rates will not have an adverse effect on the value of a Client's investments. There can be no guarantee that instruments suitable for hedging currency shifts will be available at the time GGT wishes to use them or will be able to be liquidated when GGT wishes to do so.

**Short Sales.** GGT may sell securities short on behalf of a Client. A short sale is effected by selling a security that a Private Fund or Managed Account does not own. In order to make delivery to the buyer of a security sold short, the Private Fund or Managed Account must borrow the security. In so doing, the Private Fund or Managed Account incurs the obligation to replace that security, whatever its price may be, at the time it is required to deliver it to the lender. The Private Fund or Managed Account must also pay to the lender of the security any dividends or interest payable on the security during the borrowing period and may have to pay a premium to borrow the security. This obligation must be collateralized by a deposit of cash or marketable securities with the lender. Short selling is subject to a theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. There can be no assurance that the securities necessary to cover the short position will be available for purchase by a Private Fund or Managed Account at a time or price that is favorable to the Private Fund or Managed Account. In addition, purchasing securities to close out the short position can itself cause the price of the relevant securities to rise further, thereby increasing the loss incurred by a Private Fund or Managed Account. Furthermore, a Private Fund or Managed Account may prematurely be forced to close out a short position if a counterparty from which the Private Fund or Managed Account borrowed securities demands their return, resulting in a loss on what might otherwise have ultimately been a profitable position.

**Turnover.** Certain Portfolio Teams or Third-Party Managers may invest on the basis of short-term market considerations. Their turnover rate is expected to be significant, potentially involving substantial brokerage commissions and fees. High rates of trading activity typically result in correspondingly high transaction costs being borne by a Private Fund or Managed Account, including substantial brokerage commissions, fees, and other transaction costs, which could have an adverse effect on the Private Fund's or Managed Account's performance.

**Tracking Error.** Although a Managed Account's investment strategy may be intended to be substantially similar to the investment strategy followed by a Private Fund, the Managed Account's portfolio holdings may differ, and are in fact likely to differ, from those of a Private Fund based upon, among other things, the Managed Account's investment guidelines and the timing of withdrawals and contributions with respect to a Managed Account or Private Fund. While a Managed Account may seek to generate gross trading returns that approximate performance parity with a Private Fund over time as measured on a time-weighted basis, there is no guarantee that performance parity will be achieved or that any performance disparity will not be significant.

### **Risks Relating to the Investment Strategies**

**Strategy Risk.** GGT will allocate a Private Fund's and Managed Account's capital to various strategies. Any strategy may be less or more successful than anticipated, which could result in the Client suffering significant losses and/or lost investment opportunities. There can be no assurance that GGT's asset allocation methodology to any specific or multiple Portfolio Teams or Third-Party Managers or investment strategies will be successful.

**No Material Limitation on Strategies.** GGT will opportunistically implement whatever strategies it believes from time to time may be best suited to prevailing market conditions and to GGT's investment approach, without material restrictions. Such strategies may involve higher levels of risk than the ones

discussed herein. There can be no assurance that GGT will be successful in applying any strategy to a Client's investing.

***Evolving and New Investment Strategies.*** GGT's investment approach and trading techniques will be continually evolving. GGT may develop or incubate new strategies or approaches and deploy a Private Fund's or Managed Account's capital with the Portfolio Teams in accordance with such new strategies and approaches, regardless of GGT's experience in the type of markets or instruments involved. The strategies and approaches developed by GGT and the Portfolio Teams may not be successful and the resources devoted to the implementation of new approaches or strategies may diminish the effectiveness of GGT's implementation of GGT's established approaches or strategies.

***Revised Regulatory Interpretations Could Make Certain Strategies Obsolete.*** In addition to proposed and actual regulatory and accounting changes, there have recently been certain well-publicized incidents of regulators unexpectedly taking positions that prohibited strategies that had been used in various forms for many years. It is impossible to predict whether future regulatory developments will adversely affect a Client.

***Directional Investments.*** Certain of the positions taken by the Private Funds and certain Managed Accounts will be designed to profit from forecasting absolute price movements in a particular instrument. Predicting future prices is inherently uncertain and the losses incurred, if the market moves against a position, will often not be hedged. The speculative aspect of attempting to predict absolute price movements is generally perceived to exceed that involved in attempting to predict relative price fluctuations.

***Availability of Investment Opportunities.*** There can be no assurance that GGT will be able to find and retain portfolio managers that will be successful or that the portfolio managers will find suitable opportunities consistent with their respective investment approaches. Market conditions may limit the availability of investment opportunities, reduce a Private Fund's or Managed Account's deployment of capital and negatively impact the Private Fund's or Managed Account's returns.

***No Formal Diversification Policies.*** The diversification of a Private Fund's or Managed Account's positions and strategies may not be significant and, even if significant, may not provide meaningful risk control, despite diminishing the Private Fund's or Managed Account's profit potential. A Private Fund or Managed Account may at certain times hold large positions in a relatively limited number of investments and could be subject to significant losses if it holds a relatively large position in a single issuer, industry, market or a particular type of investment that declines in value, and the losses could increase even further if the investments cannot be liquidated without adverse market reaction or are otherwise adversely affected by changes in market conditions or circumstances.

***Special Situations.*** The Private Funds and certain Managed Accounts may invest in securities of issuers in "event-driven" special situations such as issuers involved in (or the target of) acquisition attempts or tender offers or issuers involved in work-outs, liquidations, spin-offs, tender offers, reorganizations, asset sales, changes in control, distributions, bankruptcies and similar transactions. The Private Funds and certain Managed Accounts may also invest in securities of issuers in weak financial condition, experiencing poor operating results, having substantial financial needs or negative net worth or facing special competitive or product obsolescence issues or that are involved in bankruptcy reorganization proceedings, liquidation or other corporate restructuring.

In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less

than the purchase price to a Private Fund or Managed Account of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, a Private Fund or Managed Account may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled issuers in which a Private Fund or Managed Account may invest, there is a potential risk of loss by the Private Fund or Managed Account of its entire investment in such issuers.

**Capital Structure Arbitrage.** A Private Fund's and Managed Account's investment program may include capital structure arbitrage. The success of this strategy will depend on the ability of GGT to identify and exploit the relationships between movements in different securities and instruments within an issuer's capital structure (e.g., bank debt, senior and subordinated debt and preferred and common stock). In the event that the perceived pricing inefficiencies underlying an issuer's securities were to fail to materialize as expected by GGT, a Private Fund or Managed Account could incur a significant loss.

**Merger Arbitrage Investing.** There are significant risks associated with merger arbitrage investing. Due to the inherently speculative nature of this activity, the results may fluctuate from period to period, and are not expected to correlate with the direction of the equity markets. Accordingly, prospective investors should understand that the results of a particular period may not necessarily be indicative of results that may be expected in future periods. Generally, investments are made in the securities of a company engaging in or related to an extraordinary transaction or event after the event has been announced. Because the price offered for securities of a company involved in an announced deal will generally be at a significant premium above the market price prior to the announcement, the failure of a proposed transaction to close is generally followed by a significant decline in the value of the securities as their market price returns to a level comparable to that which existed prior to the announcement of the transaction. Furthermore, the difference between the price paid for securities of a company involved in an announced transaction and the anticipated value to be received for such securities upon consummation of the proposed transaction will often be small. If the proposed transaction appears likely not to be consummated or, in fact, is not consummated or is delayed, the market price of the securities will usually decline sharply, perhaps below the price for which the security was purchased.

**Convertible Arbitrage Investing.** Convertible arbitrage generally involves acquiring convertible securities and selling short a corresponding amount of the underlying equity security, although this relationship may be reversed. While this investment strategy is considered to be relatively "market neutral," there are many associated risks that can affect the results of this strategy. Such risks include, but are not limited to, the following: (i) dramatically rising interest rates or escalating market volatility may adversely affect the relationship between securities; (ii) convertible securities tend to be significantly less liquid than equity securities and have wider bid/offer spreads, making it more difficult to enter and profitably exit such trades; (iii) convertible arbitrage involves an inherently imperfect and dynamic hedging relationship and must be adjusted from time to time (the failure to make timely or appropriate adjustments may limit profitability or lead to losses); (iv) convertible arbitrage involves selling securities short; (v) a material change in the dividend policy of the underlying common equity may adversely affect the prices of the securities involved; (vi) changes in the issuer's credit rating may adversely affect the prices of the securities involved; and (vii) unexpected merger or other extraordinary transactions affecting the convertible security or common equity may adversely affect the prices of the securities involved.

**Model and Data Risk.** Given the complexity of the quantitative investment strategies employed by many of the Portfolio Teams, GGT must rely heavily on proprietary analytical models and information and data supplied by third-parties ("Models and Data") rather than the judgment or discretion of GGT's investment professionals. Models and Data are used to value investments or potential investments (whether for trading or valuation purposes). Certain of the strategies that GGT may pursue (including statistical arbitrage and other quantitative trading strategies) will require the use of Models and Data that it will

develop over time, as well as valuation models developed by third-parties and made available to GGT. As market dynamics shift over time (for example, due to changed market conditions), a previously highly successful model often becomes outdated or inaccurate, perhaps without GGT recognizing that fact before substantial losses are incurred. These models may, for a variety of reasons, fail to accurately predict relative returns for, risk levels, volatilities of, and correlations among strategies and investments, including because of scarcity of historical data in respect of certain strategies and investments, erroneous underlying assumptions, and estimates in respect of certain data, or other defects in inputs and the models, or because future events may not necessarily follow historical norms. There can be no assurance that GGT will be successful in developing and maintaining effective qualitative and quantitative models it may use, and the necessity of continuously updating these models demonstrates that any of GGT's past successful results from such models may not be representative of a Private Fund's or Managed Account's future performance.

***Relative Value Strategies.*** The success of any relative value investing by a Private Fund or Managed Account (including equity index arbitrage) will be dependent on GGT's ability to exploit relative mispricings among interrelated instruments. Mispricings, even if correctly identified, may not converge within the time frame within which a Private Fund or Managed Account maintains its positions. A Private Fund's or Managed Account's relative value strategies are subject to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence or inaccuracy of its or third-party valuation models. Market disruptions may also force a Private Fund or Managed Account to close out one or more positions. Such disruptions have in the past resulted in substantial losses for investment funds employing relative value strategies. A major component of relative value investing involves spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss may occur. Such positions do, however, entail a substantial risk that the price differential could change unfavorably and, due to the leveraged nature of a Private Fund's or Managed Account's investing, result in increased losses.

***Hybrid and Other Strategies.*** Many of the strategies that GGT may employ combine elements of more than one of the general strategy types described above or may represent a completely different strategy type. GGT's approach may combine a range of different investing techniques, both implementing different strategies in different markets and combining different strategies, in the same or related markets.

***Fundamental Analysis.*** A significant number of Portfolio Teams may rely on fundamental analysis. Fundamental analysis is premised on the assumption that markets are not perfectly efficient, that informational advantages and mispricings do occur and that econometric analysis can identify trading opportunities. Fundamental analysis may incur substantial losses if such economic factors are not correctly analyzed, not all relevant factors are identified and/or market forces cause mispricings to continue despite the traders having correctly identified such mispricings.

***Technical Analysis and Trading Systems.*** A significant number of Portfolio Teams may rely on technical analysis and trading systems. Technical strategies rely on information intrinsic to the market itself, such as prices, price patterns, volume and volatility to determine trades. These strategies can incur major losses when factors exogenous to the markets themselves such as political events, natural catastrophes, acts of war or terrorism dominate the markets. Accordingly, technical trading systems may be unable to respond to markets reacting to fundamental causative events until after the impact of these events has ceased to influence the market, and investment positions dictated by such methods may be incorrect in light of the fundamental factors then affecting the market.

***Complexity of Quantitative Strategies.*** GGT utilizes quantitative investment strategies for a substantial portion of a Private Fund's portfolio, and certain of the Managed Accounts' portfolios. The quantitative investment strategies that the Portfolio Teams apply to a Client's

portfolio are highly complex. In certain cases, the successful application of a particular trading strategy may require relatively sophisticated mathematical calculations and relatively complex computer programs. While GGT intends to carry out such calculations and such programs correctly and to use the quantitative strategies effectively, there can be no assurance that it will prove successful in doing so. Whether or not such calculations or programs are related to a substantial portion of the portfolio, any errors in this regard (“Programming Errors”) will be a cost of a Private Fund or Managed Account and could have a material adverse effect on the Private Fund or Managed Account. In addition, while the applicable Portfolio Team may seek to apply existing calculations, parameters and programs to different markets, strategies, or investments, such application may prove ineffective in such different contexts. Moreover, the effectiveness of such calculations and parameters may diminish over time when applied to any (current or different) market, strategy, or investment. With regard to any of the foregoing, the complexity of many of the strategies applied to the Private Fund or Managed Account may make it difficult or impossible to detect the Programming Errors or the source of any weakness in such strategies before material losses are incurred. Although GGT seeks to hire individuals skilled in each of these functions, and has adopted policies and procedures designed to assist GGT in limiting and identifying Programming Errors, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform “real world” testing of the end product raises the chances that the finished model may contain an error; one or more of such errors could adversely affect a Private Fund’s or Managed Account’s performance and may or may not constitute a trade error under GGT’s policies. In addition, the policies and procedures designed by GGT cannot prevent all Programming Errors and cannot, and are not designed to, prevent losses.

***Overlay Strategy Risks.*** A significant portion of a Client’s portfolio may be allocated to overlay strategies. Overlay strategies seek to establish investment positions related in whole or in part to investment positions held by other Portfolio Teams. Such strategies may take investment positions consistent with or contrary to, as well as leveraging or de-levering, one or more investment positions held in other investment portfolios. Overlay strategies may significantly magnify losses incurred by any such other Portfolio Teams and/or reduce the gains generated by such other Portfolio Teams.

***Arbitrage/Correlation Risk.*** A Private Fund and certain Managed Accounts may engage in index arbitrage and other types of arbitrage. Arbitrage involves the purchase of an asset and the concurrent sale of that asset in a different market, or the sale of a related asset, in order to capture small price discrepancies between markets or related assets. Arbitrage strategies involving related assets carry the risk that the value of the related assets will not track or affect each other in the manner anticipated by GGT.

### **Risks Relating to Instruments Traded**

***Equities.*** The Private Funds and Managed Accounts may invest in equity investments, which will involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Equity prices are directly affected by issuer-specific events, as well as general market conditions.

***Fixed-Income Investments.*** The Private Funds and Managed Accounts may invest in secured or unsecured, investment-grade and sub-investment grade fixed-income securities, including unrated fixed-income securities, of U.S. or non-U.S. issuers, including, without limitation, U.S. dollar-denominated or foreign currency-denominated bonds, notes and debentures issued by both public and private corporations and that are subject to resale pursuant to Rule 144A or other legal restrictions on resale; debt securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities; money-market

securities and commercial paper; and all other types of instruments including exchange-traded funds. Fixed-income securities pay fixed, variable or floating rates of interest. Fixed-income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk). Investments in lower rated or unrated fixed-income securities in which a Private Fund or Managed Account may invest, while generally providing greater opportunity for gain and income than investments in higher rated securities, usually entail greater risk (including the possibility of default of the issuers of such securities). In addition, during times of market stress, there may be a significant decline in the liquidity of fixed-income investments.

***Derivatives in General.*** The Private Funds and certain Managed Accounts may make use of derivative instruments, such as convertible securities, options, futures, forwards and swaps (such as credit default swaps and total return swaps). In addition, a Private Fund and certain Managed Accounts may from time to time utilize both exchange-traded and OTC futures and options as part of its investment strategy and for hedging purposes. Derivatives are financial instruments that derive their value, at least in part, from the performance of an underlying asset, index, or interest rate. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage sometimes embedded in such instruments. A Private Fund's or Managed Account's use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in securities or more traditional investments, depending upon the characteristics of the particular derivative and the Private Fund's or Managed Account's portfolio as a whole.

The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential impact on a Private Fund's or Managed Account's performance.

***Options.*** Trading options is highly speculative and may entail risks that are greater than investing in other securities. Prices of options are generally more volatile than prices of other securities. In addition, to the extent that GGT purchases options that it does not sell or exercise, a Private Fund or Managed Account will suffer the loss of the premium paid in such purchase. To the extent GGT sells uncovered options and must deliver the underlying securities at the option price, a Private Fund or Managed Account has a theoretically unlimited risk of loss if the price of such underlying securities increases. If GGT must buy those underlying securities, a Private Fund or Managed Account risks the loss of the difference between the market price of the underlying securities and the option price. GGT may cause a Private Fund and certain Managed Accounts to buy or sell OTC options — options on securities that are not traded on a securities exchange and are not issued or cleared by an internationally recognized clearing corporation. The risk of nonperformance by the obligor on such an option may be greater, and the ease with which GGT can dispose of such an option may be less, than in the case of an exchange traded option issued by an internationally recognized clearing corporation.

***Futures/Commodities.*** Trading commodities and commodity interests (*e.g.*, futures contracts on commodities, securities indices or currencies) is highly speculative and may entail risks that are greater than the risks associated with investing in securities. Prices of commodity interests are generally more volatile than prices of securities. Futures trading will have effects on a Private Fund's or Managed Account's portfolio similar to the effects of leverage. A Private Fund or Managed Account may be exposed to market price fluctuations of securities or commodity interests underlying futures (or options on futures), while investing only a small percentage of the value of those underlying securities or commodity interests. If the market moves against a Private Fund's or Managed Account's position or



margin levels are increased, the Private Fund or Managed Account may be called upon to pay substantial additional funds on short notice to maintain its position. If a Private Fund or Managed Account were to fail to make such payments, its position could be liquidated at a loss, and the Fund would be liable for any resulting deficit in its account. GGT's investment activities on behalf of a Private Fund or Managed Account may include non-U.S. markets where the risks of these activities may be greater than trading in futures on U.S. exchanges.

***Forward Contracts.*** The Private Funds and certain Managed Accounts may trade forward contracts in the inter-bank currency market. Such forward contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. Forward currency contracts are, however, subject to regulation under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Reform Act"), a development which may entail increased costs and result in burdensome reporting requirements.

***Over-the-Counter Transactions.*** The Reform Act includes provisions that comprehensively regulate the OTC derivatives markets for the first time. To the extent not mitigated by implementation of the Reform Act, if at all, the risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of a Client's assets, include: (i) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (ii) market risk (adverse movements in the price of a financial asset or commodity); (iii) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights); (iv) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (v) documentation risk (exposure to losses resulting from inadequate documentation); (vi) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (vii) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (viii) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (ix) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

***Swaps and Other Similar Derivatives.*** The Private Funds and certain Managed Accounts may enter into swap and similar derivative transactions involving or relating to interest rates, credit risks, non-U.S. currencies, commodities, securities, investment fund interests, indices, prices or other items. A swap transaction is an individually negotiated, non-standardized agreement between two parties to exchange cash flows (and sometimes principal amounts) measured by different interest rates, commodity prices, exchange rates, indices or prices, with payments generally calculated by reference to a principal ("notional") amount or quantity. Swap contracts and similar derivative contracts are generally subject to the same risks as over-the-counter transactions.

***Credit Default Swaps ("CDS").*** The Private Funds and certain Managed Accounts may transact in credit derivatives contracts — primarily CDS — both for hedging, investment and other purposes. The Private Funds and certain Managed Accounts may also transact in CDS on a basket of reference entities, which might or might not be a part of a synthetic collateralized debt obligation transaction. As a buyer of CDS, a Private Fund or Managed Account will be subject to certain risks in addition to those described under "*Derivatives in General*," above. When investing in CDS, in addition to the risks of the underlying investments, a Private Fund or Managed Account will usually have a contractual relationship only with the counterparty of such CDS and not with the reference obligor of the reference obligation. Consequently, a Private Fund or Managed Account will be subject to the credit risk of the counterparty as well as that of the reference obligor. As a result, concentrations of CDS and other derivatives with any one counterparty subject such securities to an additional degree of risk with respect to defaults by such counterparty as well as by the reference obligor. In circumstances in which a Private Fund or Managed

Account is the credit default swap buyer and does not own the debt securities that are deliverable under a credit default swap, the Private Fund or Managed Account will be exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” As a seller of CDS, a Private Fund or Managed Account will incur leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. However, a Private Fund or Managed Account will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity’s debt obligations. In addition, the credit default swap buyer may have broad discretion to select which of the reference entity’s debt obligations to deliver to a Private Fund or Managed Account following a credit event and will likely choose the obligations with the lowest market value.

***Mezzanine, Convertible, Preferred, Trust Preferred, Hybrid Securities and Other Securities.*** The Private Funds and certain Managed Accounts may invest in mezzanine debt securities, convertible securities, preferred securities, trust preferred securities and hybrid securities. Such securities, to the extent debt securities, in which a Private Fund or Managed Account may invest are generally unrated or below investment grade rated investments that have greater credit and liquidity risk than more highly rated debt obligations. Such securities are typically issued in traditional private placements or in connection with acquisitions and other business combinations and may not have a liquid trading market. Moreover, such securities are generally unsecured and subordinate to other obligations of the obligor and are subject to many of the same risks as those associated with high-yield debt securities.

***International Investing.*** The Private Funds and certain Managed Accounts engage in international investing. Investing outside the United States may involve greater risks than investing in the United States. These risks include: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; and (iii) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation and application of laws. Moreover, non-U.S. companies are generally not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies.

Non-U.S. markets may also have different clearance and settlement procedures, and in certain markets there have been times when settlements have failed to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Transaction costs of buying and selling non-U.S. securities, including brokerage, tax and custody costs, also are generally higher than those involved in U.S. transactions. To the extent that securities are purchased in non-U.S. markets, the Private Fund’s or Managed Account’s custodian typically transfers purchase money funds to its sub-custodian located in the country in which the securities are purchased. Such sub-custodians generally maintain custody of the securities until such time as they are sold, at which point uninvested proceeds will be transferred back to a Client’s account at the custodian. Furthermore, some non-U.S. financial markets have substantially less volume than U.S. markets, and securities of many non-U.S. companies are less liquid and their prices more volatile than securities of comparable U.S. companies.

The economies of individual non-U.S. countries may also differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resources self-sufficiency and balance of payments position.

Indebtedness consisting of obligations of non-U.S. issuers may be subject to various laws enacted in the countries of their issuance for the protection of creditors. These insolvency considerations and the levels of protection provided will differ depending on the country in which each issuer is located or domiciled

and may differ depending on whether the issuer is a non-sovereign or a sovereign entity.

***Trading on Exchanges Outside of the United States.*** The Private Funds and certain Managed Accounts may trade securities or futures interests on exchanges located outside the United States, where the protections provided by U.S. regulations do not apply. Trading on such exchanges is not regulated by the SEC or Commodity Futures Trading Commission and may be subject to more risks than trading on domestic exchanges such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Some non-U.S. commodity exchanges, in contrast to U.S. exchanges, are “principals’ markets” in which performance with respect to a futures interest contract is the responsibility only of the individual member with whom the trader has entered into the contract and not of the exchange or its clearinghouse, if any. In the case of trading on non-U.S. exchanges, a Private Fund or Managed Account will be subject to the risk of the inability of or refusal by its counterparties to perform with respect to their contracts with the Private Fund or Managed Account. A Private Fund or Managed Account also may not have the same access to certain trades as do various other participants in non-U.S. markets. Such trading may require the use of a local, foreign, custodian, with attendant risks.

***Emerging Market Currencies and Securities Involve Substantial Risks.*** The Private Funds and certain Managed Accounts may invest in the securities (or instruments thereto) of less developed countries or countries with new or developing capital markets (“Emerging Markets”) as well as trade the currencies of such countries for hedging or speculative purposes. The value of Emerging Market currencies and securities may be drastically affected by political developments in the country of issuance. In addition, the existing governments in the relevant countries could take actions that could have a negative impact on a Private Fund or Managed Account, including nationalization, expropriation, unpredictable enforcement of legal frameworks, imposition of confiscatory taxation or regulation or imposition of withholding taxes on interest payments.

Some of the countries in which a Private Fund or Managed Account may invest have experienced, are experiencing or will experience political, economic and/or social instability. Many such countries have also experienced dramatic swings in the value of their national currency. There can be no assurance that such instability or such fluctuations will not occur in the future and, if they do occur, that they will not have a substantial adverse effect on the performance of the Private Fund or Managed Account.

The economies of many of the Emerging Market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. Also, many Emerging Market country economies have a high dependence on a small group of markets or even a single market. Emerging Market countries tend to have periods of high inflation and high interest rates as well as substantial volatility in interest rates, which could affect any of a Private Fund’s or Managed Account’s investments in them adversely. The currencies and securities purchased by, and the instruments relating thereto entered into by, a Private Fund or Managed Account may lack a liquid trading market, which may result in the inability of the Private Fund or Managed Account to sell such security or currency or to close out a transaction, thereby forcing the Private Fund or Managed Account to incur potentially unlimited losses.

Many Emerging Market countries suffer from uncertainty and corruption in their legal frameworks. Legislation may be difficult to interpret and laws may be too new to provide any precedential value. Laws regarding foreign investment and private property may be weak or non-existent. Sudden changes in governments may result in policies which are less favorable to investors such as policies designed to expropriate or nationalize “sovereign” assets. Certain emerging market countries in the past have expropriated large amounts of private property, in many cases with little or no compensation, and there

can be no assurance that such expropriation will not occur in the future.

In certain cases, the structures which the Private Fund or Managed Account employs to make trades in Emerging Market currencies and securities may be complex, entail significant counterparty exposure and/or not clearly comply with local law. The Private Fund or Managed Account may invest in Emerging Markets currencies and securities through various swaps and derivatives, although certain Emerging Market countries may limit or otherwise restrict the amount of such investments. Certain Emerging Markets countries are particularly likely to require identifying information about entities and persons who have direct, or even indirect, exposure to the securities of issuers in those countries. This may result in the Private Fund or Managed Account being asked to provide information about Private Fund or Managed Account investors to Emerging Markets regulators or to the brokers who are providing services to the Private Fund or Managed Account in connection with investing activities. Such information may include, but may not be limited to, the identities, addresses and countries of origin of the Members.

***Illiquid Securities.*** The Private Funds and certain Managed Accounts may from time to time invest in restricted, as well as thinly traded, instruments and securities. There may be no trading market for these securities and instruments, and a Private Fund or Managed Account might only be able to liquidate these positions, if at all, at disadvantageous prices. In addition, if a Private Fund or Managed Account makes a short sale of an illiquid security or instrument, it may have difficulty in covering the short sale, resulting in a potentially unlimited loss on that position. Securities in emerging markets are especially susceptible to such risks.

## **ITEM 9**

### **DISCIPLINARY INFORMATION**

GGT is not aware of any legal or disciplinary events that would be material to a client's or prospective client's evaluation of GGT's advisory business or the integrity of GGT's management.

## ITEM 10

### OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

GGT is not registered as, nor does GGT have any application pending to register as, a broker-dealer. Certain of GGT's management persons are registered with the Financial Industry Regulatory Authority ("FINRA") as representatives of Guggenheim Securities, LLC, an affiliated broker-dealer.

Neither GGT nor any of its management persons are registered as, nor do they have any application pending to register as, a commodity trading adviser, commodity pool operator, futures commission merchant, or associated person of the foregoing entities.

GP is the indirect parent of GGT. Certain senior executives of GGT serve as Managing Partners of GP. GP is the parent of other investment advisers and broker-dealers (each a "Guggenheim Entity", and collectively "Guggenheim Entities").

GGT has adopted policies and procedures ("Information Walls") reasonably designed to ensure GGT's independent exercise of voting and investment powers over securities held by its Clients, and limit the extent to which GGT has access to information about advisory services provided by its affiliates. Affiliates of GGT may be advising or may in the future play an advisory role or perform other services for one or more issuers of securities held in the Private Funds or Managed Accounts. Such advisory roles could include, among other things, securities underwriting, lending arrangements, financing transactions, mergers and acquisitions advice and investment advisory and/or investment management services. In such advisory roles, affiliates of GGT may provide advice or services that are contrary to the interests of a client of GGT. If one of GGT's affiliates decides to play such a role, *e.g.*, act as advisor to such a company, and to the extent that Information Walls do not successfully prevent GGT from acquiring information about its affiliate's services, the Private Funds or Managed Accounts may be required or expected to liquidate their position in such company. Such a transaction may cause the Private Funds or Managed Accounts to realize reduced profits or losses. Similarly, if the Private Funds or Managed Accounts maintain a short position in a company for which GGT's affiliate intends to play an advisory role, the Private Funds or Managed Accounts may be forced to cover the short prematurely, which, in turn, may result in reduced profits or losses. If the Private Funds or Managed Accounts are permitted to maintain their position in such instance, GGT's affiliate may take actions or provide advice with respect to the portfolio company that could result in adverse consequences to the Private Funds Managed Accounts and the restriction on the ability to close such position. By reason of the advisory, investment banking, and/or other activities of GGT's affiliates, GGT and its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. GGT will not be free to divulge, or to act upon, any such confidential or material non-public information and, due to these restrictions, it may not be able to initiate a transaction for the Private Funds or Managed Accounts that it otherwise might have initiated. The Private Funds or Managed Accounts may be frozen in an investment position that they otherwise might have liquidated or closed out. While the Information Walls attempt to limit the flow of such information to GGT, there can be no assurance that the receipt of such information by GGT can be prevented in all cases.

GP is a diversified financial services firm. GP and the Guggenheim Entities seek to develop banking and other financial and advisory relationships with numerous domestic and overseas companies and governments on an ongoing basis. Certain Guggenheim Entities may also advise and represent potential buyers and sellers of businesses worldwide. In providing various services to their clients, certain Guggenheim Entities may recommend activities that would compete with or otherwise adversely affect GGT's Clients. Under certain circumstances, actual or potential conflicts arising from the Guggenheim

Entities' relationships may indirectly preclude GGT's Clients from engaging in certain transactions and may constrain the investment flexibility of GGT's Clients. Moreover, to the extent that a Guggenheim Entity provides or arranges financing to a borrower in which a Client has invested, the Guggenheim Entity may have, and in the event of financial distress or insolvency will have, interests substantially divergent from those of GGT's Clients. There can be no assurance that the interests of GGT's Clients will not be subordinated to those of GP or any of the Guggenheim Entities.

GGT, on behalf of its Clients, may participate in syndicate offerings to which certain affiliates of GGT serve as the lead or co-lead underwriter. Such related-party transactions may be deemed to be "principal trades" and involve conflicts of interest between its Clients, on the one hand, and GGT and its affiliates on the other. Such related-party transactions will be subject to the affirmative consent by one or more CARs. In reviewing such transactions, a CAR will consider such factors as: (i) the reasonableness of the pricing of the transaction and (ii) any ancillary benefits or additional compensation to GGT or its affiliates. Except to the extent that GGT is deemed to engage in such "principal transactions", GGT does not have any relationship or arrangement with the Guggenheim Entities that is material to its advisory business or that creates a material conflict of interest with its Clients.

Affiliates of GGT may have distributed and published, and may in the future distribute and publish, research and market commentary from time-to-time on securities, securities markets and other matters that may express opinions or provide recommendations that are inconsistent with the investment view of GGT with regard to investment positions held by its Clients. Any opinions or recommendations expressed by these entities may not be consistent with each other and may be modified from time-to-time without notice. GGT may or may not be aware of such research and commentary, and if GGT is aware of such research and market commentary, GGT may choose not to follow the opinions or recommendations in such research and commentary. From time to time, GGT may acquire and use research and market commentary from certain of its affiliates.

Members of a Portfolio Team, including the related Portfolio Manager(s), may have responsibilities for other functions of GGT, including but not limited to responsibilities for conducting centralized trading or risk management functions. The chief risk officer of GGT is also a Portfolio Manager responsible for certain overlay strategies and is thus responsible for establishing and monitoring investment guidelines for such strategies. Generally speaking, overlay strategies seek to establish investment positions related in whole or in part to investment positions held by other Portfolio Managers. Such strategies may take investment positions consistent with or contrary to, as well as leveraging or de-levering, one or more investment positions held in other investment portfolios. So long as the chief risk officer performs such a role as a Portfolio Manager, there will be no independent risk management oversight over his management of such overlay strategies. In addition, GGT's centralized trade execution team is also responsible for managing certain strategies investing in and trading securities offered and sold in connection with new-issue or secondary offerings and secondary trading of large blocks and the centralized trading team could favor transactions in connection with such investing and trading activities over centralized trade execution activities.

Certain of the administrative, support and professional staff performing services on behalf of the GGT are employees of GP (or other affiliate). These individuals perform various non-trading functions for GGT, including providing legal and technology services. In addition, GP (or other affiliate) provides a variety of administrative and support functions for GGT, including but not limited to managing its office real estate, and providing accounting, information technology, finance and cash management services. If these individuals and services were no longer provided, GGT would have to devote significant time and effort to obtain replacement services from one or more other providers of such services and/or hiring and training personnel to perform such services.

In addition, there may be conflicts of interest relating to the management of GGT as between GGT's management of the Private Funds and Managed Accounts in the best interests of the Client and the Private Funds' non-affiliated investors, on the one hand, and the interests of GP (or other affiliate), on the other. For example, GP's control over GGT includes oversight over guidelines controlling how the Private Funds may invest. Proposed guidelines are provided to GP and are subject to review and comment by GP. Given such oversight by GP, GGT may adopt different guidelines than those that the GGT would have otherwise applied to the Private Funds without such oversight. As a result, the Private Funds' returns and/or risk profile may be materially different than they otherwise would have been in the absence of GP's oversight over such guidelines.

Senior management and other administrative personnel of GP and its affiliates receive, or may receive, daily performance and risk reports, and other information ("Additional Information") that is generally not provided or available to investors who are not either affiliated Investors or employees of GP. Additional Information may be used for a variety of purposes, including but not limited to the general oversight of GGT, such as risk monitoring of a Private Fund. However, a conflict may arise in the form of an information advantage held by GP and the affiliated investors (so long as they are owned or controlled by GP) at the time of any subscription or withdrawal by any one or more affiliated investors and/or any one or more non-affiliated investors.

The proprietary activities or portfolio strategies of GGT and its affiliates or the activities or strategies used for accounts managed by GGT and its affiliates for other customer accounts could conflict with the transactions and strategies employed by a Client and affect the prices and availability of the instruments in which a Private Fund or Managed Account invests. Issuers of instruments held by a Private Fund or Managed Account may have publicly or privately traded securities in which GGT and its affiliates or their clients are investors. Other trading activities of GGT and its affiliates may be carried out without reference to positions held directly or indirectly by a Private Fund or Managed Account and may have an effect on the value of the positions so held or may result in GGT and its affiliates having an interest in the issuer adverse to that of a Client.

In addition, the portfolio strategies and transactions employed by one Client could conflict with the transactions and strategies employed by another Client and affect the prices and availability of the instruments in which a Client invests. Clients may invest in different parts of the capital structure of an issuer and therefore may have competing interests and contrary incentives which may be adverse under certain circumstances. For example, debt and equity investors in the same or issuer may have competing interests and contrary incentives as such issuer approaches insolvency.

In addition, affiliates of GP and their respective clients may participate in leveraged buy-outs or other private equity transactions or acquisitions of issuers of securities or investments held in a Private Fund or Managed Account (or referenced by derivatives held by a Private Fund or Managed Account) or that a Private Fund or Managed Account may wish to acquire (or to enter into a referencing derivative transaction). The interests arising from such participation may be contrary to the interests of a Client.

While GGT as part of its investment program may allocate a portion of a Private Fund's portfolio to Third-Party Managers through investments in managed accounts or commingled funds managed by Third-Party Managers, GGT does not select or recommend other investment advisers for individual clients. Nor is GGT separately compensated for such allocation activities.

GGT controls the Relying Adviser, which is an investment adviser located in Switzerland. The Relying Adviser is a member of the VQF, an SRO officially recognized by the Swiss FINMA. The Relying Adviser serves as a subadviser to GGT with regard to its investment management services for a Private Fund. The Relying Adviser conducts no other investment advisory activities. The fees and expenses of



the Relying Adviser are paid for by GGT.

## ITEM 11

### CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

GGT has adopted a Code of Ethics and Insider Trading Policy (the “Code”) pursuant to Rule 204A-1 under the Advisers Act. Clients and prospective clients may request a copy of the Code by contacting GGT at the address, e-mail or telephone number listed on the cover page of this Brochure. The Code sets forth procedures and limitations governing the business conduct and personal securities trading of GGT’s principals, officers, directors, employees and other persons designated by the GGT Compliance Department (together “Supervised Persons”). The Code is based on the principle that GGT’s Supervised Persons owe a fiduciary duty to Clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid: (i) serving their own personal interests ahead of Clients; (ii) taking inappropriate advantage of their position with GGT; and (iii) any actual or potential conflicts of interest or any abuse of their position or responsibilities. The Code establishes policies and procedures reasonably designed to (a) prevent fraud and improper personal trading, (b) identify circumstances that may result in an actual or potential conflict of interest or the appearance thereof, and (c) provide a means to resolve such conflicts. The GGT Compliance Department conducts regular training sessions for all Supervised Persons, and all Supervised Persons are required to attest annually to their receipt, understanding and compliance with the Code.

Subject to compliance with the Code’s policies and procedures, GGT’s Supervised Persons may from time to time buy or sell, for their own accounts, the same securities they buy or sell for Clients, and in doing so, may take positions opposite to, or ahead of, those held by a Client or may be competing with a Client for positions in the marketplace. Such trading may result in competition for investment opportunities or create other conflicts of interest on behalf of one or more such persons in respect of their obligations to a Client. The Code requires each Supervised Person of GGT to obtain prior approval for personal transactions in securities covered by the Code, including interests in private pooled investment vehicles. Such personal trading is performed independently of the trading activities on behalf of the Clients, and it is GGT’s policy that the interests of its Clients always be given priority over the interests of GGT and its Supervised Persons.

It is anticipated that the Private Funds and Managed Accounts may enter into transactions in which GGT and/or a related person participates or has a significant economic interest. Such related-party transactions may be “principal trades” and any other transactions involving conflicts of interest between GGT’s Clients, on the one hand, and GGT and any of its affiliates, on the other. Such related-party transactions may be subject to the affirmative consent by one or more CARs of a Private Fund or the affirmative consent of a Managed Account Client. In reviewing such transactions, a CAR will consider such factors as: (i) the reasonableness of the pricing of the transaction and (ii) any ancillary benefits or additional compensation to GGT or its affiliates. Additionally, certain related persons of GGT act as general partner and/or managing member to certain Private Funds. Because such related persons are entitled to a profit allocation, GGT may have an incentive to make riskier or more speculative investments than it otherwise would.

GGT does not engage in trading for its own account (*i.e.*, proprietary trading).

## ITEM 12

### BROKERAGE PRACTICES

#### Best Execution

As set forth above, GGT's clients are the Private Funds and Managed Accounts. Pursuant to investment management agreements that have been executed by and between GGT and its Clients, GGT has full discretionary authority to select broker-dealers. For certain Managed Accounts, financing and availability of credit, as well as prime brokerage arrangements and counterparties to over-the-counter transactions, may be determined by the Managed Account Client. GGT has a formal process to review and approve all counterparties to its Clients.

In selecting a broker-dealer, GGT will seek to obtain best execution and may take into account such relevant factors as (i) overall reputation, (ii) level of service provided, (iii) price, (iv) the broker-dealer's facilities, reliability and financial responsibility, (v) the ability of the broker-dealer to effect securities transactions, particularly with regard to such aspects as timing, order size and execution of orders and (vi) the research and brokerage services provided by such broker-dealer to GGT. GGT has no obligation to seek the lowest possible commission or transaction cost. Accordingly, GGT may enter into soft dollar arrangements as described below. GGT pays bundled commission rates and receives proprietary research from many of its executing and prime brokers. As a result, GGT may pay commissions in excess of what another broker might have charged for the same transactions in recognition of the value of the brokerage and research services provided by the broker and used for the benefit of the Private Fund. In addition, GGT may, subject to its best execution policy, trade with certain brokers primarily in consideration for providing research or brokerage services. In any such case GGT will determine in good faith that the amount of commissions or transaction costs charged is reasonable in relation to the value of the brokerage and research products or services provided by the broker.

#### Soft Dollar Benefits

Section 28(e) of the Exchange Act provides a "safe harbor" to investment managers who use commission dollars generated by their advised accounts to obtain investment research and brokerage services from vendors that provide lawful and appropriate assistance to the manager in the performance of investment decision making responsibilities. Conduct outside of the safe harbor afforded by Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. GGT will accept "soft dollar" services only of the type that it reasonably believes come within the safe harbor of Section 28(e), though its soft dollar arrangements outside the U.S. may not be within the scope of the requirements of Section 28(e).

As noted above, best execution does not necessarily require GGT to solicit competitive bids and does not have an obligation to seek the lowest available commission or transaction cost.

Research services within Section 28(e) may include, but are not limited to: quotation services and market data; economic and market information and analysis; portfolio strategy advice; industry and company comments; technical data; recommendations; general reports; information on industries, groups of securities, individual companies, political developments, legal developments affecting portfolio investments and technical market action; statistical information; accounting and tax law interpretations

(all of which are, or are expected to be provided to GGT pursuant to soft dollar arrangements); credit analysis; risk measurement analysis and performance analysis. Such research services may be provided in the form of meetings arranged with corporate and industry spokespersons, economists, academicians and/or government representatives as well as by various electronic and written means.

Brokerage services within Section 28(e) may include, but are not limited to: services related to the execution, clearing and settlement of securities transactions and functions incidental thereto, e.g., connectivity services between GGT and a broker-dealer and other relevant parties such as custodians; trading software operated by a broker-dealer to route orders; software used to transmit orders and provide trade analytics (all of which are, or are expected to be provided to GGT pursuant to soft dollar arrangements); software that provides trading strategies; trade clearance and settlement; electronic communication of allocation instructions; routing settlement instructions; post-trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

GGT derives substantial direct or indirect benefit from these services, particularly to the extent GGT would otherwise have been required to pay for such services. If as and when GGT manages one or more other funds, the investment information received from brokers may be used by GGT in servicing other accounts, and not all such information may be used by GGT in connection with a particular Client. GGT is not required to allocate such benefits *pro rata* or on any other equitable basis among its accounts.

GGT expects to enter into formal soft dollar arrangements with broker dealers where GGT pays for and receives research products or execution related services from third parties in exchange for brokerage commissions. GGT is not obligated to allocate either a stated dollar or stated percentage of any brokerage to any broker for any minimum time period, whether under a formal arrangement or otherwise, and will review its brokerage relationships from time to time.

#### Brokerage for Investor and Client Referrals

Broker-dealers (including prime brokers) may assist the Private Funds in raising additional capital from investors and may assist GGT in securing managed account investors. Representatives of GGT may speak at conferences and programs sponsored by such broker-dealers (“capital introduction events”) for investors who may be interested in investing in hedge funds or managed account structures. Neither GGT nor the Private Funds separately compensate any broker-dealer for the provision of capital introduction services or for any investments that might ultimately be made by prospective investors attending such capital introduction events.

GGT may have an incentive to use a broker-dealer based in part on its interest in receiving client and investor referrals rather than on the Private Funds’ interest in receiving the most favorable execution. However, GGT will primarily select a broker-dealer based on best execution standards and its fiduciary duties to Clients. GGT does not commit to allocate a either a stated dollar or stated percentage of Client brokerage to any broker-dealer.

#### Directed Brokerage

GGT does not have any directed brokerage arrangements.

### Trade Aggregation and Allocation

Aggregation describes the practice of combining orders on behalf of numerous client accounts. GGT may aggregate orders for multiple Client accounts. The allocation between or among the participating client accounts will be determined at the time the order is entered. Partial fills of such trade orders will be allocated according to the respective percentages that were determined at the time the order was entered, unless it is not practicable to do so based on the nature of the security or other investment being purchased or sold. In the case of aggregated orders, the prices received by all of the participating client accounts will be the same prices received by each of the other participating Client accounts. Depending upon the nature of the security or other investment, GGT may use an acquisition vehicle to hold title to the investment on behalf of the participating client account in order to allow more than one client to participate in such investment, which might not otherwise be practicable.

GGT will seek to allocate orders and investments opportunities among clients in a manner that GGT believes is in the best interests of all Clients. Although such allocations may be pro rata as to the participating Clients, they will not necessarily be so where the GGT's allocation policies (*e.g.*, differing objectives or other considerations) dictate a different result.

In cases where a limited amount of an instrument is available for purchase, the allocation of such instrument, as between the participating Clients, may necessarily reduce the amount available for purchase by a Client. There can be no assurance that a particular order or investment opportunity will be allocated in a particular manner.

If conflicts arise in the allocation of investment opportunities among Clients of the GGT Management Entities and clients of other affiliates of GP, GGT on the one hand and other affiliates of GP on the other will seek to resolve such conflicts fairly. The foregoing policy does not require that each opportunity be made available to all accounts, leaving significant discretion to GGT and other affiliates of GP. For example, there may be accounts with different objectives, so that the same transaction would not necessarily be made available to all accounts. Because of the Information Walls, GGT will have little or no knowledge of investments made by clients of other affiliates of GP, and therefore it is unlikely that allocations will be made among Clients of GGT on the one hand and clients of other affiliates of GP on the other hand.

### Trade Errors

The Private Funds and Managed Accounts generally will bear the cost of any clerical errors, systems errors or mistakes by GGT with respect to its placing or executing trades for the Private Funds and Managed Accounts ("Trade Errors"), as such errors are considered by GGT to be a cost of doing business. However, based on the standard of care and exculpation of liability and indemnification provisions of the investment management agreement of each Private Fund and Managed Account, GGT will be obligated to reimburse a Client for any Trade Error resulting from GGT's breach of such standard of care. GGT, subject to its fiduciary obligations, will determine whether or not any loss resulting from a Trade Error is required to be reimbursed in accordance with such liability and exculpation provisions. Any positive Trade Errors will generally be for the benefit of a Client.

The GGT Compliance Department will be responsible for approving corrective actions, as appropriate, and for evaluating whether additional procedures may be necessary to prevent the recurrence of similar Trade Errors. The GGT Compliance Department maintains, as part of GGT's books and records, documentation related to Trade Errors, as well as any corrective actions and preventative measures taken. Under no circumstance will GGT utilize soft dollar arrangements as a means for resolving a Trade Error.

## ITEM 13

### REVIEW OF ACCOUNTS

The risk exposures of the Clients will be reviewed and monitored on an ongoing basis by GGT's Chief Risk Officer. Generally, these reviews will utilize a variety of analytical techniques and systems which monitor exposure and risk factor sensitivities. Additionally, GGT's Chief Compliance Officer will conduct an ongoing review of trading activity of the Private Funds and Managed Accounts to monitor compliance with internal policies and procedures, and regulatory limitations, as applicable. Finally, GGT's Operations Department, under the supervision of the Director of Operations, will monitor transactions with respect to the accuracy of third party reporting through its daily counterparty reconciliation process.

The Private Funds (or the administrator on its behalf) distributes to each Private Fund investor monthly unaudited account statements and, within one hundred twenty (120) calendar days after the close of each fiscal year (or as soon as reasonably practicable thereafter), an annual report containing audited financial statements (including a statement of income and statement of financial condition) of the Private Funds for the fiscal year then ended, prepared in accordance with United States generally accepted accounting principles ("GAAP") and accompanied by a report of the certified public accounting firm that audited such financial statements.

Managed Account Clients receive periodic reporting as set out in the applicable investment management agreement.

## ITEM 14

### CLIENT REFERRALS AND OTHER COMPENSATION

GGT does not receive any economic benefit from anyone who is not a Client in consideration for GGT's provision of advisory services to Clients.

No selling commissions are presently intended to be paid by the Private Funds in connection with the sale of shares/interests. However, GGT may pay selling commissions ("Selling Commissions") to a person retained to place shares/interests (a "Placement Agent") out of the Management Fee that GGT receives. Such Placement Agent may be an affiliate of GGT. If applicable, arrangements with Placement Agents will comply with Rule 206(4)-3 under the Advisers Act.

Certain senior members of GGT (the "RR Employees") hold securities licenses with an affiliate that is a registered broker-dealer, Guggenheim Securities, LLC ("GS"). The RR Employees may act as registered representatives of GS in connection with the offering and sale of interests in one or more Private Funds. GGT may pay compensation to GS in connection with the use of the RR Employees as registered representatives of GS in such capacity.

## **ITEM 15**

### **CUSTODY**

GGT will be deemed to have custody of Private Fund assets due to the fact that GGT, or a related person, serves as managing member, manager, or general partner (or in a similar capacity) of the Private Funds.

As discussed in Item 13, Private Fund investors will receive, within one hundred twenty (120) calendar days after the close of each fiscal year (or as soon as reasonably practicable thereafter), an annual report containing audited financial statements of the Private Funds for the fiscal year then ended prepared in accordance with GAAP by an accounting firm registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Private Fund investors should review these financial statements and the information set out in them carefully.

GGT is generally not deemed to have custody of Managed Account assets.



## **ITEM 16**

### **INVESTMENT DISCRETION**

GGT has discretionary authority over each Client portfolio pursuant to an investment management agreement executed by and between GGT and each Client. GGT's discretionary authority is generally subject only to restrictions and parameters as set forth in each of the Private Fund's offering and disclosure documents or a Managed Account's investment management agreement, as well as applicable legal and regulatory restrictions.

## ITEM 17

### VOTING CLIENT SECURITIES

GGT, through its investment management agreements with its Clients, is authorized to exercise voting authority over Client securities. In order to minimize potential conflicts of interest among GGT and its Clients, and to ensure that all U.S. proxy votes are properly and timely placed, GGT has engaged Institutional Shareholder Services (“ISS”), a third party vendor, to review and vote proxies on behalf of Clients. In accordance with Advisers Act Rule 206(4)-6, GGT generally subscribes to the pre-determined proxy voting guidelines adopted by ISS (“ISS Guidelines”). Notwithstanding the ISS Guidelines, GGT reserves the right to direct ISS to vote a Client proxy in a manner that is contrary to the ISS Guidelines, but determined by GGT to be in the best interest of Clients. Private Fund investors cannot direct GGT to vote in a particular manner. A Managed Account Client may direct GGT to vote in a particular manner, as provided in its respective investment management agreement.

GGT’s proxy voting policies and procedures may be changed from time to time. A copy of the GGT Proxy Voting Policy and the ISS Guidelines, and information on how GGT voted specific proxies, will be available to Clients upon request. Please contact GGT at the address or telephone number listed on the cover page of this Brochure.

## **ITEM 18**

### **FINANCIAL INFORMATION**

GGT does not require the prepayment of fees six months or more in advance. Consequently, GGT is not required to include a balance sheet for its most recent fiscal year.