

## **Part 2A of Form ADV: *Firm Brochure***

### **GreenWood Resources Capital Management, LLC**

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This brochure provides information about the qualifications and business practices of GreenWood Resources Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (971) 533-7060 or [thomasgrenville@gwrglobal.com](mailto:thomasgrenville@gwrglobal.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the Securities and Exchange Commission does not imply a certain level of skill or training. Additional information about GreenWood Resources Capital Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 Material Changes**

Greenwood Resources Capital Management, LLC Brochure (Part 2A of Form ADV) (the “Brochure,” dated March 31, 2014 has been updated to reflect changes to since the Brochure was last updated on March 1, 2013.

The following material changes have been made since the last annual Brochure amendment:

Item 4 has been updated to more accurately describe GWRCM’s current investment advisory business.

## Item 3 Table of Contents Page

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

## Item 4 Advisory Business

GreenWood Resources Capital Management, LLC (“GWRCM”) was incorporated in 2011 to provide investment advisory services to institutional investors and sophisticated clients that seek to invest in timber assets. GWRCM’s principal place of business is located in Portland, Oregon.

The firm’s registration with the SEC does not imply any particular level of skill or training by our firm or employees or that the SEC has endorsed our respective qualifications to provide investment advisory services. GWRCM is controlled by its parent company and managing member, GWR. GWR is a worldwide leader in the hybridization of fast-growing, high-yield poplar trees and specializes in the management of sustainable, environmentally friendly certified tree farms that help reduce reliance on natural forests and non-renewable energy sources since 1998. Mr. Jeffery L. Nuss is the founder, President and chief executive officer of GWR. GWR is a majority owned subsidiary of Teachers Insurance and Annuity Association of America (“TIAA-CREF”).

GWRCM provides investment management services solely to single institutional investor managed accounts and private investment funds (hereafter “GWRCM Funds” or “the Funds”). Unlike other types of private funds, such as hedge funds, the Funds receive unfunded capital commitments from investors during one or more initial fundraising stages, after which the Funds are generally closed to new investors. The fund manager will then call on investors to make capital infusions (each a “drawdown”), based on their commitments, to support the Fund’s investments once those investments have been identified and fully vetted through an extensive due diligence and negotiation process. Investments made for the Funds are global non-traditional forestry investment opportunities in, manufacturing, processing facilities and short-rotation tree farms. These investments are illiquid securities and holding periods vary from 8 to 20 years.

GWRCM specializes in managing Fund investments in manufacturing, processing facilities (e.g. chipping facilities, sawmills, biomass power, etc.) and related intensively managed tree farms located around the world. Mr. Nuss and several of the senior investment professionals of GWRCM have more than 20 years of tree farm development, management and forestry related investment experience. This specialization enables GWRCM to play a decisive role in company management and operations while maintaining perspectives on valuations, financing parameters and exit liquidity potential. For each Fund, GWRCM performs in depth due diligence regarding investment structures, works closely with operating companies to provide strategic operating and financial advice and identifies multiple exit options prior to an initial investment. GWRCM seeks innovative ways to create higher returns from forestry assets while maintaining their desirable diversification benefits. GWRCM assists sophisticated investors in this endeavor by developing investment strategies and creating specialized investment products to implement these strategies. These investment strategies focus on opportunities neglected by other investment managers, at the moment including emerging markets investments, tree-breeding and tree-growing technology, and development

of resources for biomass energy markets. GWRCM implements these strategies in collaboration with other organizations that complement its skills.

The Funds are not required to register under the Securities Act of 1933 or the Investment Company Act of 1940 in reliance upon certain exemptions available to issuers whose securities are not publicly offered. We manage the Funds on a discretionary basis in accordance with the terms and conditions of each Fund's organizational documents. As of December 31, 2013, GWRCM and its partners had \$665,000,000 in assets under management. GWRCM's assets under management consist of approximately \$200,000,000 of discretionary assets and \$465,000,000 of non-discretionary assets under management.

**IMPORTANT ADDITIONAL CONSIDERATIONS:** The information provided herein merely summarizes the detailed information provided in each Fund's offering and organizational documents. Certain Fund are closed and do not admit new investors. Current Fund investors and prospective investors in any new Fund launched by GWRCM or its affiliates should be aware of the substantial risks associated with investment as well as the terms applicable to such investment. This and other detailed information is provided in the appropriate Fund offering and organizational documents.

## **Item 5 Fees and Compensation**

GWRCM and its affiliates and partners receive compensation for services rendered in two forms: investment management fees and performance incentive fees. Clients do not pay other fees for investment advisory services offered by GWRCM, its affiliates, and partners. Fee schedules are negotiated with clients and each contract is different. Annual investment management fees are based either on (a) assets under management, (b) committed capital, or (c) invested capital. Performance incentive fees are paid to GWRCM and its affiliates only if investment fund performance (as measured by invested and distributed capital and unrealized, appraised capital appreciation) is above pre-determined performance hurdle rates. All investment funds managed by GWRCM and its affiliates and partners include both investment management fees and performance incentive fees. GWRCM does not manage investment funds where compensation is limited to either annual investment management fees or performance incentive fees. Investment management fees are set annually and paid in advance on a quarterly basis. Performance fees are either paid on regular intervals or at the sale of a majority of a fund's assets and are paid after the fee is earned. All fees paid to GWRCM and its affiliates for services as general partner (or managing member) are billed to clients for fees incurred. Fees are not deducted from client assets.

### **GENERAL INFORMATION:**

***Investments in Funds:*** If a Fund has a general partner, such general partner is affiliated with GWRCM through ownership and control. We have adopted written policies and procedures designed to ensure that GWRCM does not favor certain investors over others, that investors are provided with appropriate disclosures regarding the conflicts of interest inherent in co-investing and that all investors are treated fairly with respect to co-investment

opportunities. Investors should note, however, that GWRCM's allocation of co-investment opportunities is primarily driven by prior arrangements. For example, GWRCM will generally give priority to limited partners of a Fund that had negotiated side letters requiring that GWRCM provide co-investment opportunities at the time of their original capital commitment to the applicable Fund. In addition, co-investment opportunities may be allocated to third party investors that are part of a consortium for the particular deal as a way for GWRCM to complete a transaction. Finally, although investors are not typically a source of investment opportunities, when applicable, GWRCM will generally give priority with respect to co-investment opportunities to any investor that brought an opportunity to GWRCM's attention. Lock-Up: Except as set forth in the applicable Fund's organizational documents, an investor in any one of the Funds generally may not rescind any part of its capital commitment or otherwise withdraw from any of the Funds. Private equity investing is for those who can afford to have capital locked up for long periods of time and who are able to bear the risk of significant losses. Investors in each Fund should refer to the appropriate Fund's organizational documents for complete information regarding lock-ups and penalties or other consequences for failure to observe capital calls made by the Fund. Other Fees and Expenses: In accordance with the terms of each Fund's offering documents, each Fund was responsible for the Fund's organizational expenses up to a disclosed amount of \$1,500,000. Investors in any new Fund launched by GWRCM should refer to the organizational document for such Fund for information regarding the amount of organizational expenses that will be incurred by the Fund. No Fund will be responsible for or otherwise incur any percentage of the organizational expenses of any other of the Funds.

In addition to fees paid to our firm and affiliates, as appropriate, the operating company may also be responsible for fees for structuring and negotiating transactions (transaction fees) and expenses incurred in the acquisition or sale of tree farm assets or operating companies as well as follow-on and other investments made by the Funds.

GWRCM investment professionals are frequently appointed as directors to operating companies in which GWRCM has a controlling interest. GWRCM investment professionals closely monitor the business activities of the operating companies and frequently provide strategic advice and access to industry resources.

Side Letters: GWRCM or each Fund's general partner, as appropriate, has and may in the future, waive or modify certain terms of investment for certain large or strategic investors, in side letters or otherwise, in its sole discretion, including but not necessarily limited to, co-investment opportunities, increased Fund and operating company transparency and more frequent or varied formats or modes of operating reporting.

We have never entered into side letters in which we or any Fund general partner has waived or lowered a Fund's management fees or carried interest.

Related Party Contracts: Affiliates of GWRCM may enter into contracts for with the Funds for services unrelated to investment management or advice, including contracts for property and irrigation management.

General: Prospective investors should refer to the appropriate offering and organizational documents for additional important information, terms, conditions and risks involved with investing in the Fund(s).

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

As we disclosed in Item 5 of this Brochure, if a Fund has a general partner, such general partner is an affiliate of GWRCM through common ownership and control and will receive carried interest, a form of performance-based profits interest. Such a performance-based profits interest is calculated based on a share of aggregate realized profits on assets of the Fund (subject to achieving a preferred return on invested capital as set forth in the applicable Fund's offering documents). Investors in the Funds, and prospective investors in any new Fund launched by GWRCM, should note that performance-based profits interest, in some contexts, can create an incentive for an adviser such as GWRCM to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. However, the long term nature of private equity/private debt fund investing mitigates such risk because carried interest is calculated based on realized, not unrealized gains, leading GWRCM to focus on fundamentals when making investment and add-on investments for the Funds. In addition, the general partner also puts its own funds at risk.

At this time, we do not offer advisory services to clients who do not pay performance-based compensation, and therefore, we do not have an incentive to favor performance-based fee accounts over non-performance-based fee accounts. However, in theory, we could have an incentive to favor a Fund paying higher aggregate performance-based compensation than one paying less or a Fund in which officers and employees of the firm and general partner may have more of their personal assets invested. Since we endeavor at all times to put the interest of the Funds first as part of our fiduciary duty as a registered investment adviser, we take the following steps to address these conflicts:

1. We disclose to investors and prospective investors the existence of material conflicts of interest, including the potential for our firm and its employees to earn more compensation from some Funds than others.
2. We collect, maintain and document accurate, complete and relevant investor background information to ensure that investment in the subscribed Fund is appropriate for the investor's financial goals, objectives and risk tolerance and that the investor is qualified to invest.
3. Pursuant to the terms of each Funds' limited partnership agreements and/or organizational documents, we will have substantially (though not necessarily entirely) completed the investment phase of one Fund before the launch of a new subsequent Fund with similar investment goals and objectives.

4. With respect to Funds managed in parallel and those other limited situations where an “add-on” or other investment may be appropriate for more than one of the Funds, we have implemented written policies and procedures for fair and consistent allocation of investment opportunities among the Funds and investors, in the case of co-investments, subject to the Funds’ maturity or stage of investment, availability of remaining capital commitments, availability of interests in the underlying operating companies and other appropriate considerations.

5. We periodically compare holdings and performance of Funds with similar strategies to detect any significant performance disparities indicative of possible favorable treatment.

6. With respect to cross-fund investments, where guidelines are not provided in the Funds’ limited partnership agreement, the general partner seeks the consent of the applicable Funds’ investor advisory committees to the transaction.

7. We educate our employees regarding the responsibilities of a fiduciary, including the equitable treatment of all clients, regardless of the fee arrangement.

Performance-based compensation will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940 and/or applicable state regulations.

## **Item 7 Types of Clients**

We provide investment management services to several sophisticated investors, including: pension funds, family offices, high net worth individuals, and endowments. Only sophisticated investors are able to invest in GWRCM managed investment funds as disclosed at Item 4 of this Brochure.

Except as permitted by us or the appropriate Fund’s general partner, in accordance with the appropriate Fund’s organizational documentation, the minimum required capital commitment to the Funds is \$5 million.

Prospective investors in any new Fund launched by GWRCM should refer to the appropriate Fund offering documents for information regarding that Fund’s minimum required capital commitment and any additional qualifications required for investment.

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

GWRCM believes that the outlook for traditional timberland investment in the United States is troubling. As returns from other investment opportunities – fixed income, public equity, commercial real estate – fell over the past ten years, more capital was allocated to timberland. The result was falling annual returns – by some estimates 300+ basis points over



the past five years. Further, the quality of these returns has deteriorated as investors began to assume rising real timber prices, material cash flow from investments in vacation home developments, and lower capitalization rates upon exit. GWRCM and its partners develop forestry investment strategies that generate higher returns through a focus on unique, underinvested opportunities – investing in developing economies, forestry technology, and emerging biomass energy markets. These strategies include:

- ***Investing in geographies where capital is scarce.*** Traditional investors have focused on forestry assets in the North America, New Zealand, Australia, and northern Europe. GWRCM supports partners to develop investment funds to invest in high quality forestry assets in Latin America, Asia, and Eastern Europe.

- ***Investing in extended rotation plantations for the production of high value products.*** Forestry investment has focused on the development of plantations for the production of logs to supply the pulp and paper industry. GWRCM recognizes that manufacturers increasingly use plantation logs for the production of high value products like solid wood furniture and veneer. GWRCM has developed investment funds that focus on growing larger diameter logs for a mixture of higher value products and low-value residuals.

- ***Investing in limited downstream manufacturing facilities.*** In many regions, high quality plantations fail to capture the full value of produced logs due to the lack of local manufacturing capacity or competitive markets. In these regions, GWRCM considers investing in facilities to process logs into products that can then be sold in competitive markets.

- ***Invest in forest technology.*** Historically, research and development (“R&D”) in the United States was funded by the forest product companies that owned large areas of production forests. The disintegration of the United States forest product industry has led to a major reduction in research and development. GWRCM and its partners develop investment strategies that focus on leveraging existing R&D programs and funding continued research. GWRCM investment funds focus on planting improved planting material (through traditional tree breeding and hybridization) and implementing intensive silviculture (including irrigation and pruning) to increase growth rates and improve product quality.

- ***Developing biomass plantations.*** GWRCM and its partners are developing opportunities to invest in short-rotation plantations dedicated to the production of wood chips for use in combined heat-and-power facilities.

GWRCM, its affiliates, and partners evaluate investment strategies and acquisition opportunities by conducting: financial analysis, research on forest productivity, optimization analysis, and market studies. GWRCM and its partners conduct plantation productivity research by establishing R&D trials, conducting inventories of existing plantations, reviewing published scientific research, and communicating with forest managers and academics. Market pricing research is conducted by interviewing downstream manufacturers, reviewing publicly available and proprietary market data, and trial sales. GWRCM evaluates financial returns by producing discounted cash flow models, obtaining relevant market comparables,

and by comparing returns from acquisition of existing assets to establishment of new plantations. As with other investment classes, investments in forestry assets involves risk and may lead to the loss of invested capital. Forestry risks may differ from other asset classes in that forestry assets are relatively illiquid, may not generate revenues in all years, and, given longer production lead times, have less flexibility to respond to market trends. Investors should be aware of the following risks associated with forestry investments:

- **Country & political risk:** GWRCM has developed investment strategies focused on investing outside the United States. Foreign ownership of forestland and agricultural land is controversial in many countries. It is possible that laws on foreign ownership and use of forest and agriculture land may change, impacting investor tenure rights.
- **Policy & regulatory risk:** Forestry operations are inherently exposed to national and provincial policy risks. Countries with nascent forestry industries may not have long-standing land use and forestry regulations. Countries may change policies or eliminate favorable programs (e.g. tax breaks and subsidies) created to foster investment in the sector. Regulations relating to harvesting, environmental management, community relations, and infrastructure use may change and make forestry ownership less attractive. The long-time frame for most forestry investments exposes investors to greater risk of changes in tax policy and regulation.
- **Physical risk:** Forest plantations face a range of physical risks from both natural and human causes. Fires can be caused by lightning strikes, drought, and human carelessness. Illegal logging can erode economic value, increase fire risk, and alter growing conditions and site quality. Drought, cold spells, wind storms, and flooding events can negatively impact growth rates, tree form, and wood quality. Major pest infestations or widespread disease can reduce growth rates, impact tree form, and cause mortality. Any of these events can lead to economic damages and loss of invested capital. Risk of pest damage increases under monoculture management regimes. Longer rotation strategies will face more years of physical risk prior to harvest than shorter rotation strategies.
- **Operational risk:** Forestry investment strategies that focus on establishing new plantations and operating in countries with limited operational history may not perform as expected and may face unanticipated operational challenges. Planting new species and implementing new silvicultural strategies is risky. Plantations may not grow at rates assumed in financial models and start-up challenges and mistakes may occur. Forestry owners use third-party property managers and contractors to implement silviculture activities. In regions with a under-developed forestry sector, investors may have difficulty identifying professional managers and contractors. Forests located in areas with high population densities are more likely to have encroachment problems and challenging community relations.
- **Market risk:** Markets for forest products are volatile. The internal rate of return for a project will be highly dependent on market prices at the time established plantations mature. Investment strategies that focus on the development of a new market (i.e. use) may have difficulties creating demand for the new product.

- Risk of extended rotation plantations: Extending rotation length to produce higher value products may increase: (a) exposure to physical risks due to the longer time frame to harvest and (b) marketing risk as markets may not be developed for larger diameter, higher value products.

- Risk of biomass plantations: Strategies to establish biomass plantations face a range of unique risks. Biomass demand is driven, in part, by environmental policies aimed to reduce

greenhouse gas emissions and encourage investments in renewable energies. If these policies change, the profitability of biomass plantations may be impacted. Counterparty risk for biomass plantations may be high as plantations are often established in coordination with an energy producer investment in a biomass fuel boiler. Few commercial scale plantation dedicated to biomass production exist. Commercial plantations may not perform at rates achieved in R&D pilot plots. More detailed risks are provided in each Fund's limited partnership agreement and/or other offering documents.

## **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

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

### **Other Advisor Affiliations:**

GWRCM is a TIAA-CREF Company. GWRCM's parent company is Greenwood Resources, Inc.

Prior to 2011, GreenWood Capital Management North America LLC served as the investment manager to GreenWood Tree Farm Fund, LP ("GTFF"). Performance of advisory services to GTFF has been subsequently assigned to GWRCM.

### **Private Fund and General Partner Affiliations:**

GWRCM provides investment advice and management to the following funds and is affiliated with each general partner as applicable: GreenWood Tree Farm Fund, LP Renewable Timber Resources LLC Renewable Timber Europe, LLC Green China Forestry Company Ltd GTFF GP, LLC serves as the general partner for GTFF. GreenWood Capital Management North America, LLC has prior to 2011 served as the investment manager GTFF but performance of advisory services to GTFF has been subsequently assigned to GWRCM.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable state and federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly personal securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code provides for oversight, enforcement and recordkeeping. A copy of our Code of Ethics is available to our advisory clients and prospective clients, including investors and prospective investors in one or more of the Funds, upon request to the Chief Compliance Officer, at the firm's principal office address. It is the expressed policy of our firm that no person employed by us may usurp an investment opportunity which may be appropriate for one or more of the Funds without first presenting the opportunity to our investment team, particularly when there is limited availability for participation in the opportunity. As these situations represent a conflict of interest, we have established the following restrictions in order to ensure its fiduciary responsibilities:

1. No officer or employee of our firm may prefer his or her own interest to that of an advisory client.
2. We maintain a list of all securities holdings for our firm and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by the Chief Compliance Officer.
3. All of our principals and employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to disciplinary action up to and including termination.

The Investment Advisers Act of 1940 makes it unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, to knowingly sell any security to, or purchase any security from, a client without disclosing to the client in writing the capacity in which the adviser is acting and obtaining the client's consent to the transaction. This rule may apply to certain transactions involving accounts in which investment advisers have interests, such as private fund investments by the firm's owners, principals, or employees. The SEC has indicated that when an investment adviser and/or its controlling persons own more than 25% of a fund's outstanding securities, it would be effectively treated as a principal transaction if such an account were to engage in a trade with another client account or fund. Such levels of participation in any one of the Funds by our owners, principals or employees is limited by the terms of each Fund's partnership agreements and/or offering documents though side-by-side investments are typically allowed. Without obtaining the consent of the

investor advisory committee established for each Fund, neither GWRCM nor any general partner or other affiliated person shall engage in a principal trade with any of the Funds, that is a purchase from or sell of securities to a Fund from a proprietary or person account other than through side-by-side investments as provided for in the respective limited partnership agreement.

## **Item 12 Brokerage Practices**

GWRCM does not have any soft-dollar arrangements and does not receive any soft-dollar benefits. Due to the nature of types of securities the Funds invests in, it does not typically utilize the services of broker dealers or custodians to effect transactions in these securities. The Funds solely invest in real assets (e.g. tree farms, chipping facilities, sawmills, etc.) and related personal property that are not publically traded on a stock exchange.

## **Item 13 Review of Accounts**

GWRCM monitors each Fund's holding on an ongoing basis. As part of the terms of investment, GWRCM has also arranged for the Funds' to have one or more representatives serving on the Investment Committee of the operating companies related to the investments. Each Fund's investor advisory committee will approve all operating investments and dispositions and will be actively involved in analyzing each investment and reviewing those investments on an on-going basis.

Each Fund's investor advisory committee meets no less than quarterly to review ongoing monitoring activities and to evaluate potential new investments and add-on acquisitions. Each Fund's investor advisory committee also meet once per year to review and approve annual carrying values of the Funds' respective investments.

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

GWRCM or it parent may utilize the service of placement agents to pay non-related persons for referring potential clients to the firm or to a Fund that GWRCM advises. In the event GWRCM uses the services of a solicitor, it will be done in accordance with applicable SEC rules, which require full disclosure of the arrangement and a written client acknowledgement.

## **Item 15 Custody**

Because we act as investment adviser to the Funds and are affiliated with each Fund's general partner through common ownership and control, we are deemed to have custody of client assets under current applicable regulatory interpretations. As an adviser with custody, we seek to have each of the Funds audited on an annual basis by an independent public accountant that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). We seek to send, directly or through a third party, the audited financials to each Fund investor within 120 days of the applicable Fund's fiscal year end.

## **Item 16 Investment Discretion**

As investment adviser to the Funds, in some cases GWRCM is granted the discretionary authority in the relevant organizational documents and/or advisory agreements to determine which securities and the amounts of securities that are to be bought or sold on behalf of the Funds. For those Funds for which we do not have discretionary authority, our role is to provide due diligence and investment recommendations to our client for their final decision on which securities and amounts of securities that are to be bought or sold on behalf of the Funds.

## **Item 17 Voting Client Securities**

Due to the nature of the investments made in the Funds GWRCM does not vote proxies. The Funds invest in real assets and private company securities related to those real assets, and as such the Funds do not typically have voting authority with regard to corporate governance matters of these private companies. However management or affiliates may sit on the boards of these companies and will vote in the best interests of the Funds.

## **Item 18 Financial Information**

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered, therefore, we are not required to include a financial statement with this brochure. GWRCM has not been the subject of a bankruptcy petition at any time during the past ten years.