

# **FIRM BROCHURE**

## ***(PART 2A OF FORM ADV)***

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This brochure provides information about the qualifications and business practices of Global Forest Partners LP. If you have any questions about the contents of this brochure, please contact us at: (603) 298 7001, or by email at: [chris.warrington@gfplp.com](mailto:chris.warrington@gfplp.com) or [info@gfplp.com](mailto:info@gfplp.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 SEC or a state securities authority does not imply a certain level of skill or training.

Additional information about Global Forest Partners LP is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **ITEM 2: MATERIAL CHANGES**

### ***Material Changes since the Last Update***

Since our last annual update:

- the GME II fund has been liquidated and dissolved; and
  - John A. Genest joined GFP as Chief Financial Officer and chief Compliance Officer,
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## **ITEM 4: ADVISORY BUSINESS**

### ***Firm Description***

We are a timber investment management organization. We manage a globally diverse portfolio of timberland assets through closed-end investment funds and a single separate account for institutional and other qualified investors.

We are the successor firm to Resource Investments, Inc. which was founded in 1982. A subsidiary of UBS AG acquired Resource Investments, Inc. in 1995 and operated the firm under the name *UBS Timber Investors*. In 2003, Global Forest Partners LP *was* organized and acquired the timber investment advisory business known as UBS Timber Investors in a management buyout.

### ***Principal Owners***

Peter C. Mertz, the CEO of GFP, indirectly holds more than 25% of GFP. The remaining ownership interests are held directly or indirectly by other employees of, or consultants to, GFP.

### ***Types of Advisory Services***

We advise clients on timberland investments located throughout the world. Within the alternative asset class, timberland can provide investors stable long term rates of return, portfolio diversification and, cash yield from timber harvesting and related activities.

We are actively involved in the selection, acquisition and management of forest property and oversee timber and land sales. Utilizing fundamental research analysis techniques, we also review the quality of the timberland, the inventory of trees, prospects for productive growth and market demand. In our research we seek advice from foresters, including our employees, consultants and local property managers, who are familiar with the specific regions, properties and species being considered.

Our timberfunds also may selectively invest in forestry related projects, including manufacturing, general infrastructure (roads and ports), agricultural land, bioenergy, carbon sequestration and wind energy projects.

### ***Tailored Relationships***

Investors are advised of our investment strategy for a timberfund before they make their investment commitments. In general, the timberfunds contain requirements *for* diversification including: geographic regions by country, species, size of investments relative to the timberfund and number of investments. Investors do not participate in the decision of whether or not to make any particular investment acquisition. In addition,

GFP has tailored investment programs to meet the requirements of its separate account investor.

### ***Wrap Fee Programs***

We do not participate in wrap fee programs.

### ***Assets Under Discretionary and Non-Discretionary Management***

As of December 31, 2014, GFP had assets under discretionary management of \$3,509,275,195 and assets under non-discretionary management of \$476,420,589.

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## **ITEM 5: FEES AND COMPENSATION**

### ***Description***

Our fees vary from fund to fund, but may include the following fees:

- a) Annual Asset Management Fee: This fee generally starts at a maximum of 1.10% per annum and maybe reduced for larger investments. In most cases, the Annual Asset Management Fee is based on the lower of 1) invested capital, adjusted for inflation or ii) the net asset value of the fund *as* determined by the most recent annual appraisal. More recently we also charge investors in timberfunds an asset management fee between 0.50% and 0.65% for committed, but uncalled, capital.
- b) Performance Fee: This fee is based on a percentage (e.g. 15%) of distributions in excess of a specified real rate of return. Generally, no performance fees are paid until clients have received back their invested capital plus a specified rate of return on that invested capital, adjusted for inflation.

Finally, certain timberfunds that were organized prior to 2001 included a one-time fee which was described as a property analysis or investment creation fee. The fee ranged between 0.20% and 1.25% of capital invested. Such one-time fees have not been part of the fee structure of timberfunds organized since 2000.

### ***Fee Billing***

Generally, asset management fees are paid to us quarterly in arrears either by the timberfunds or directly by investors, depending on fund structure. In the event that the board of directors of the timberfund determines that the cash flow is not sufficient to make such payments, then the timberfunds may call additional capital from investors to enable the timberfunds to pay the fee. This has not happened in GFP's (or its predecessor's) history. Performance fees or carried interests, if any, are paid once the

investors have received back their invested capital plus a specified real rate of return on that capital.

### ***Other Fees or Expenses***

Each of the timberfunds pays or reimburses us for all expenses in connection with the organization of the timberfunds. These aggregate organizational expenses are customarily subject to a cap.

Each of the timberfunds is also responsible for their (and their subsidiaries') respective ongoing operating, legal, property closing, accounting and audit expenses. The timberfunds also are responsible for directors' fees for members of the boards of directors of the timberfunds who are not employees of GFP.

### ***Participation or Interest in Client Transaction***

We do not accept compensation, for example, brokerage commissions, for the sale of securities in the timberfunds.

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## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As noted in Item 5 of this brochure, we earn performance-based fees based on a percentage (e.g. 15%) of distributions in excess of a specified rate of return. Generally, no performance fees are earned or paid until clients have received back their invested capital plus a specified real rate of return on that invested capital.

While all of our timberfunds have a performance fee component, the hurdle rate which must be met before we earn a performance-based fee differs from fund to fund. Although there is the potential for GFP to favor one fund over another fund based on the fees that it could earn, we have in place procedures to ensure that each fund is managed in a similar fashion.

Each timberfund has a designated portfolio manager and board of directors (or management committee) which includes a majority of outside directors. In addition, GFP has adopted a Code of Ethics requiring its employees or consultants to conduct themselves in accordance with high ethical standards. GFP's Investment Committee also regularly monitors the timberfund's investments as noted in Item 13 of this brochure.

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## **ITEM 7: TYPES OF CLIENTS**

We provide our services to a number of types of clients, including:

- Private and public pension and profit sharing plans
- Foundations and endowments
- Fund of funds
- Government or political subdivisions
- Municipal plans
- Banks or other thrift institutions
- Corporations or other business entities
- Family offices
- Trusts, estates or charitable organizations
- Individuals, including high net worth individuals

Generally, the minimum dollar amount required to start an account for clients of ours is \$10,000,000; although we may reduce this minimum amount on a case-by-case basis.

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## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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

Most investments by our timberfunds result in the fund owning 100% of an existing forestry estate or business or 100% of land that will be established as a forest through additional investments from the timberfund; although regulatory requirements in certain countries have resulted in some investments being made through joint ventures with in country partners. Consequently our analysis and investment strategies are similar to those associated with private equity, natural resources or real estate rather than investments in publicly traded securities. We gather information regarding site quality, species growth and yield, costs of forest establishment, tending and harvesting, markets for wood products and log prices through independent research and through contracts with industry experts. We use original, proprietary modeling to project the enterprise value of a potential investment over the life of the expected holding period and we establish ranges of potential acquisition prices with due regard to the targeted internal



rates of return for the timberfund. Once a price *has* been agreed upon with the seller, we engage in due diligence to verify land titles, forest area, volume, age and health; compliance with environmental, health and safety, employment security and taxation laws; and market assumptions.

### ***Risk of Loss***

An investment in a timberfund involves a risk of loss which a client should be prepared to bear. Listed below are a summary of the material risks involved in connection with our significant investment strategies. For a more detailed discussion of the material risks, please refer to the confidential memorandum, term sheet or investment considerations that you were provided with when you made your investment.

*Lack of Diversification of Investments.* Although we intend to achieve investment diversification for a timberfund, it is possible that we may identify one or more investments that, at least in the early stages of such timberfund's life, would be substantial in size relative to the total amount of called capital. As a consequence, the aggregate returns realized by a particular timberfund could be materially adversely affected by the unfavorable performance of one of these substantial investments.

*Political and Economic Risks.* All international timberfunds are subject to various risks incidental to investing in and/or managing businesses abroad, including nationalization, expropriation or confiscatory taxation, political and economic instability and diplomatic developments which could affect investments in those countries. In particular, in many developing countries (and especially in rural areas of such countries) laws and practices affecting title, environmental management and stewardship and even property taxation are not as well formed and may be subject to more dramatic changes than might be the *case* in developed countries. Moreover, in many parts of the world (in developed and developing countries alike), timber properties are the subject of claims by indigenous peoples that might hamper the acquisition, management or sale of certain properties.

*Currency Risk.* All of our international timberfund's investments are subject to exposure to currency fluctuations that could affect such timberfund's returns. While each timberfund will endeavor to manage such risks, volatility in international exchange rates can affect pricing and the profit margin on foreign sales. We cannot provide assurance that such foreign countries will not impose restrictions in the future on the movement of their currencies or U.S. dollars across local borders or the convertibility of such foreign currencies to U.S. dollars. Such restrictions could limit a timberfund's ability to make distributions and could adversely affect our clients' rate of return.

*Environmental Considerations.* The forest products industry is subject to extensive environmental regulation. Additional regulations are likely to become applicable to the operation of our timberfunds' investments resulting in increased costs, reduced operating

flexibility and additional capital expenditures that could adversely affect the operating results. In accordance with industry practice, any GFP-advised timberfund will, through a phased approach, conduct full environmental reviews only where more limited reviews suggest potential problems of the properties and business in which it may invest or purchase. These environmental reviews may not discover all potential environmental problems, which in turn could subject such timberfund to significant liabilities.

*Fire, Wind and other Weather and Pest Damage to Properties.* Timber is subject to a number of natural hazards, including damage by fire, wind, insects and diseases or soil infertility. Severe weather conditions and other natural disasters may also reduce productivity of forest lands and may interfere with the processing and delivery of forest products.

*Access to Water and Regulation of Water Rights.* There has been an increased political and regulatory focus on plantation water usage in recent years. The priority placed on regulating plantation development varies from country to country and in *some* cases involves water licenses, and usage of water taxes. This developing regulatory regime may impact the ability of GFP-advised timberfunds to grow subsequent rotations of trees following harvest.

*Climate Change.* During the life of a timberfund, climate change may result in acute or long-term weather events or patterns that may impact a timberfund's investments, or lead to changes in regulatory regimes (for example, emissions controls and technology mandates), advances in low-carbon technology and renewable energy development and changes in supply and demand for fuel. Such risk factors may have a negative impact on the timberfund and in turn, our clients' return,

*Forest Asset and Biological Risks.* GFP-advised timberfunds generally seek to purchase areas of forested land dispersed over several geographic regions. While the timberfunds will seek to identify and minimize all sources of biological variability in the estimation and projection of forest assets, there can be no assurance that all biological estimation and projection risks will be eliminated.

*Fluctuations in Transportation and Energy Costs.* A timberfund's ability to effectively access export markets may be important to the economic success of certain of its investments. Such access may be adversely affected by shipping and freight rates that are outside our control and can be volatile.

*Lack of Liquidity; Long-Term Investment.* No public market currently exists for the securities held by our clients in a GFP-advised timberfund and none is likely to develop in the future. The securities held by a client in any timberfund will be subject to numerous restrictions on transferability and resale. The *investments* of any timberfund are likely to be illiquid and long-term. Even if the investments are successful, they are unlikely to produce a positive *cash* return to our clients for a period of several years.

*Dependence on Property Managers.* Each timberfund (together with GFP) will be required to locate, hire and manage property managers and other personnel (including independent contractors) for the investments. The success of each timberfund's investments, therefore, will depend in part upon our ability to select, retain, monitor and supervise qualified property managers for its investments and for those property managers to faithfully perform their contractual duties to the timberfunds.

*Competition for Timberland Investments.* Investing in timberlands is a highly competitive enterprise. Identifying attractive timberland investments is difficult and involves a high degree of uncertainty. There can be no assurance that any timberfund will be able to fully invest its committed capital within the commitment period for such timberfund or any extension thereof.

*Forestry Business Competition.* The forestry business is highly competitive. Competitive factors generally include price, species and grade, proximity to wood consuming facilities, ability to meet delivery requirements, availability of substitute products, and supply and demand in the relevant domestic or international market. In addition, during the term of the investment, the timberfund may experience increasing competition from currently underutilized sources of supply and underutilized species of trees.

*The Cyclical Nature of Timberland Values.* Prices for standing timber have been, and in the future can be expected to be, subject to cyclical fluctuations. Accordingly, there can be no assurance that the future market value of timber will be equal to or higher than the value currently prevailing, nor can there be any assurance that the historical long-term investment returns of timberlands can be maintained.

*Long-Term Source of Supply Contracts.* The marketing strategy employed by a timberfund for the sale of timber may include the negotiation of long-term supply contracts guaranteeing customers a stable flow of timber at market prices. Such contracts would require that logs be harvested even when prices are depressed and, in certain circumstances, cause a timberfund to miss certain spot market opportunities possibly resulting in an adverse impact on a timberfunds short-term returns. Conversely, if a timberfund does not enter into long-term supply contracts, there is no assurance that the timberfund will be successful in timing its spot market opportunities.

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## **ITEM 9: DISCIPLINARY INFORMATION**

We have no legal or disciplinary events to report.

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## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### ***Broker-Dealer Registration***

We do not have a registration or an application pending to register as a broker-dealer or a registered representative of a broker-dealer,

### ***Futures, Commodity Pool Operator, Commodity Trading Advisor***

We do not have a registration or an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

### ***Related Person Arrangements***

Neither we nor any of our management persons have any relationship or arrangement that is material to our advisory business or to our clients that we have not otherwise disclosed,

### ***Arrangements With Other Investment Advisers***

We do not recommend or select other investment advisers for our clients nor do we have other business relationships with those advisers that create a material conflict of interest.

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## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### ***Code of Ethics***

We have adopted a Code of Ethics in accordance with Rule 204A-1 of the Investment Advisers Act of 1940. A copy of the GFP Code of Ethics is available to clients upon request without charge. The purpose of the GFP Code of Ethics is to set forth certain key guidelines that have been adopted by us as office policy for the guidance of all personnel and to specify the responsibility of all employees of and consultants to GFP to act in accordance with their fiduciary duty to our clients and to comply with applicable federal and state laws and regulations. The GFP Code of Ethics requires that all employees and consultants conduct themselves in accordance with high ethical standards, which should be premised on the concepts of integrity, honesty and trust, and in full compliance with all applicable federal and state laws and regulations concerning the securities industry.

The following is a summary of certain provisions of the GFP Code of Ethics:

*Confidential Information:* As an investment adviser, we have a fiduciary duty to our clients not to divulge or misuse information obtained in connection with our services as an *adviser*. Therefore, all information, whether of a personal or business nature, that an employee or consultant obtains about a client's affairs in the course of employment or in connection with a consulting agreement with us should be treated as confidential and used only to provide services to or otherwise to the benefit of the client. Such information may sometimes include information about non-clients, and that information should likewise be held in confidence. Even the fact that GFP advises a particular client should ordinarily be treated as confidential.

The GFP Code of Ethics sets forth steps employees and consultants should take to help preserve confidential information.

*Material Non-Public Information:* All employees and consultants of GFP (in any capacity) and all persons - friends, relatives, business associates and others - who receive material non-public information from employees concerning an issuer of securities (whether such issuer is a client or not) are subject to these rules. The GFP Code of Ethics sets forth an extensive list of subject information about which is likely to be considered material inside information. The GFP Code of Ethics also explicitly forbids disclosing material inside information to another person ("tipping") who subsequently uses that information for his or her profit.

In addition, GFP may, from time to time, on an infrequent basis receive material non-public information regarding publicly traded paper and forest products companies.

*Fiduciary Duty and Conflicts of Interest:* GFP and its employees have a fiduciary duty to GFP's clients to act for the benefit of the *clients* and to take action on the clients' behalf before taking action in the interest of any employee or consultant or GFP. GFP and its employees or consultants must act for the clients' benefit and treat the clients fairly. The manner in which any employee or consultant discharges its fiduciary duty and addresses a conflict of interest depends on the circumstances.

The GFP Code of Ethics sets forth several common examples of other conflicts of interest.

*Scalping or Front-Running* The GFP Code of Ethics contains policies relating to scalping or front-running.

*Unfair Treatment of Certain Clients vis-a-vis Others:* The GFP Code of Ethics contains policies relating to prohibiting employees or consultants preferring one client over another.

*Investment Queuing Policy:* It is the policy of GFP to allocate investment opportunities among clients so that all clients are treated in a consistent and equitable manner. GFP's Investment Committee has the responsibility for allocating investment

opportunities and evaluates all investments identified for possible acquisition with respect to account suitability. A screening process is used to determine potential suitability for an account using both objective and subjective criteria supplied to GFP by the client (or its consultant) or as provided in the investment criteria for the account. Currently, GFP has only one timberfund that is actively acquiring forestry properties. GFP has agreed with investors in that fund that their fund will have priority over any investment that is suitable for the timberfund.

*Dealing with Clients as Agent and Principal:* The GFP Code of Ethics requires that employees involved in the situation where we are buying or selling securities from a client or where we act as a broker-dealer for a non-client in a transaction with an advisory client disclose to the client in writing the capacity in which we act, its profits (if we act as principal) and our commissions (if we act as agent for another) and obtain the client's consent. These types of transactions must not be entered into without prior consultation with our Chief Compliance Officer.

*Paper and Forest Products Securities Holding Policy:* The GFP Code of Ethics contains a Paper & Forest Products Securities Holding Policy which applies to any publicly-traded security or private placement interests issued by a company whose primary business is in the paper and forest product industry and applies to all companies in the forest products industry, regardless of location and all jurisdictions in which the securities are traded including local exchanges and overseas exchanges.

*Personal Trading Policy:* Each employee must submit an initial holdings report disclosing to the GFP Chief Compliance Officer the identities, amounts, and locations of all securities owned in all accounts in which he or she has a "beneficial ownership interest." In addition, each employee must disclose similar information within thirty (30) days after the end of each calendar year while employed by us. Such reports must be current as of a date not more than 45 days prior to the employee joining GFP (for an initial report) or the date the report is submitted (for the annual report). Each employee must report to the Chief Compliance Officer within 30 days after the end of each calendar quarter all securities transactions in all of the employee's covered accounts during the preceding quarter.

### ***Possible Conflicts of Interest***

GFP is required to devote to each timberfund only such time as it deems necessary to conduct the business in an appropriate manner. Generally, during the commitment period of a timberfund or until a certain percentage (usually 70 to 80%) of the investment commitments have been drawn, GFP will not undertake to act as an investment adviser to a new timberfund, including any separate account, that expects to make forestry investments that are suitable for the first timberfund.

GFP may engage in activities that may conflict with the interests of a particular timberfund such as acting as investment adviser to other significant timberland investments or timberfunds. There can be no assurance that such conflicts will not interfere with the management of a particular timberfund and its investments. Although the investment, management and exit criteria for such other investments are likely to be somewhat different from that of any GFP timberfund, we expect it is possible that certain opportunities may be suitable for both the GFP timberfund and such other investments. If there is a conflict with respect to acquisitions, then GFP has a queuing policy in place that is designed to allocate investment opportunities among its clients so that all clients are treated in a consistent and equitable manner. GFP's Investment Committee is responsible for allocating investment opportunities. A copy of GFP's queuing policy is available to clients upon request without charge.

We will at all times seek to resolve such conflicts in the best interests of all parties; and will seek independent advice for each conflicting party where necessary.

Any GFP timberfund also may have investment opportunities that will impact or be impacted by the investments held by other GFP timberfunds. While such opportunities may provide several benefits to both of the GFP timberfunds, they also can present potential conflicts of interest. We will pursue such investments on behalf of such timberfunds only where such investments are in the best interests of both the timberfunds. Several of our timberfunds are advised by special Shareholder Advisory Committees consisting of client representatives. These Shareholder Advisory Committees are tasked with reviewing transactions that involve a potential conflict of interest between timberfunds or between a timberfund and GFP.

### ***Participation or Interest in Client Transactions and Personal Trading***

GFP principals, employees or consultants are invested in timberfunds that are managed by GFP. The specific details are set out below,

*G77 6*

Messrs. Cooney and Mertz each purchased shares in U.S. Taxable Global Timber Investors 6 Limited when the shares were acquired by other investors. In aggregate, the shares held by these individuals equal less than 1.0% of the shares issued by this company.

*Sylvanus Partners, L.P.*

Messrs. Cooney and Mertz and certain employees of or consultants to the Registrant or outside directors, being Rafael Ide and Colin McKenzie, each acquired limited partnership interests in Sylvanus Partners, L.P. at the same time the limited partnership interests were acquired by other investors. In addition, Michael McFetridge has acquired limited partnership interests in the partnership. In the aggregate, the limited partnership

interests held by these individuals (or entities controlled by these individuals) equal less than 2.0% of the limited partnership interests issued by Sylvanus Partners, L.P. In turn, Sylvanus Partners, L.P. holds a 3.1% interest in Sylvanus LLC.

#### Timberland Investors 8, LLC

Mr. Mertz and outside director David Critchfield each hold membership interests in Timberland Investors 8, LLC. In the aggregate, the membership interests held by these individuals equal approximately 0.1% of the membership interests issued by Timberland Investors 8, LLC

#### *GTI 7*

Messrs. Cooney and Mertz and certain employees of or consultants to the Registrant or outside *directors* being Joseph Bachman, Conor Boyd, Rafael Ide, Robert Kriscunas, Colin McKenzie, and Russell Olson each acquired shares in GTI 7 Institutional investors Company Limited at the same time the shares were acquired by other investors. In the aggregate, the shares held by these individuals (or entities controlled by these individuals) equal approximately 0.1% of the shares issued in GTI 7 Institutional Investors Company Limited.

#### GTI 8

Messrs. Cooney, Eshbaugh, Mertz, and certain employees of or consultants to the Registrant or outside directors being Joseph Bachman, David Critchfield, Rafael Ide, Robert Kriscunas, Michael McFetridge, Colin McKenzie and Russell Olson each acquired shares in GTI 8 Taxable Investors Company Limited. In aggregate, the shares held by these individuals equal less than 0.4% of the shares issued in GTI 8 Taxable Investors Company Limited.

#### *GTI 9*

Messrs. Cooney and Mertz and certain employees of or consultants to the Registrant or outside directors being Joseph Bachman, Donald Borneman, David Gardner, Robert Kriscunas, Colin McKenzie, Craig Neeser, Philip Stelling, and Christian Warrington each acquired shares GTI 9 Taxable Investors Company Limited,

In aggregate, the shares held by these individuals equal less than 0.9% of the shares issued in GTI 9 Taxable Investors Company Limited.

#### GTI 10

Messrs. Cooney and Mertz and certain employees of or consultants to the Registrant or outside directors being Joseph Bachman, David Gardner, Rafael Ide, Robert Kriscunas, Michael McFetridge, Michael Strzelecki, Christian Warrington and an entity controlled



by Michael Snetzer each acquired shares in GTI 10 Institutional Investors Company Limited.

In aggregate, the shares held by these individuals equal approximately 02% of the shares issued in GTI 10 Institutional Investors Company Limited.

In addition, GFP Investments LP, the sole limited partner of GFP, holds

- a less than 49.4% interest in Sylvanus Partners, L.P.
- a less than 1% interest in GTI 7 Institutional Investors Company Limited
- a less than 1% interest in GTI 8 Taxable Investors Company Limited
- a less than 6.5% interest in GTI 9 Taxable Investors Company Limited
- a 1% interest in GTI 10 Institutional Investors Company Limited

GFP principals, employees or consultants may also invest in other timberfunds managed by GFP in the future. The timberfunds in which GFP principals, employees or consultants may invest alongside GFP clients are governed by the majority vote of investors. The equity interests of principals, employees or consultants are too small to influence voting outcomes (and in some cases these equity interests have no voting rights). Such investments assure *an* alignment of interests with GFP clients, and do not involve granting GFP principals, employees or consultants any favorable rights at the expense of clients.

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## **ITEM 12: BROKERAGE PRACTICES**

### ***Selecting Brokerage Firms***

There are no limits on our authority to select brokers and determine commissions except as may otherwise be agreed with a particular client.

The factors we consider in selection of brokers and dealers with respect to our clients are the best interests of the client taking into account available prices and rates of brokerage commissions and execution capabilities.

### ***Research and Other Soft Dollar Benefits***

We do not receive research and other soft dollar benefits from brokers.

### ***Brokerage for Client Referrals***

We do not consider whether we receive client referrals from a broker in selecting or recommending broker-dealers.

### ***Directed Brokerage***

We do not recommend, request or require that a client direct us to execute transactions through a specified broker-dealer.

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## **ITEM 13: REVIEW OF ACCOUNTS**

### ***Periodic Reviews***

We receive on a periodic basis information *on* forest operations, including all revenue and expense information from our independent contractor forest managers. We also obtain information which is a matter of public record and monitor forestry operations to both ensure contract compliance and to ensure that high standings of forestry management practices are being met. In addition, our investment committee meets twice a month, on average, to monitor timberfund performance, evaluate and approve investments and dispositions, cash distributions from timberfunds, foreign currency strategies and actual timberfund performance versus budgets. The membership of the investment committee includes all members of the board of managers of Global Forest Partners LLC (which is the general partner of GFP) together with additional senior managers of GFP.

### ***Regular Reports***

We provide written quarterly timberfund investment performance reports to investors 45 days after the close of each quarter. Generally, the quarterly reports for each timberfund contain the following information: change in investment value, investment performance, property summary, strategic and operational developments, report on distributions, foreign exchange, subsequent events, value of client's investments, balance sheet, statement of operations, statement of changes in shareholders' equity, statement of cashflows, note to financial statements, investment team and contact information. Annual property appraisals are incorporated into the combined 4th quarter and annual report. We conduct portfolio reviews in-person with investors as frequently *as* the investor's schedule, process and preference requires.

We host an annual investor conference, typically in the first quarter of the year, in which investors have direct access to our investment professionals. At this conference, portfolio managers conduct in-depth fund reviews with investors in each of the funds in which

they are invested. Audits are conducted once per year by internationally recognized independent audit firms. Each timberfund *has* appointed an Audit Committee consisting of two outside directors of the timberfund, The Audit Committee meets at least annually with the timberfunds' auditors to review the annual audit. Audited financial statements are sent to each investor as they are completed and made available by the auditor.

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#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

We do not have any arrangements under which we or a related person compensate another for client referrals. We do not have any arrangements under which we receive any economic benefit, including sales awards or prizes.

We do have certain client servicing arrangements with third parties.

We have agreements in place with The International Woodland Company A/S ("IWC") with respect to Institutional Global Timber Investors 6 Limited ("Institutional"), GTI 7 Institutional Investors Company Limited, GTI S Institutional Investors Company Limited, GTI 9 Institutional Investors Company Limited and GTI 10 Institutional Investors Company Limited.

For Institutional, GTI 8, GTI 9 and GTI 10, IWC is paid an annual asset management fee that is equal to a 10% share of that portion of the asset management fee paid by each of the timberfunds to GFP that is attributable to certain investors with whom IWC has a consulting relationship. For GTI 7, the terms are similar except that the percentage paid to IWC is 23% (and was 35% during the first twelve months following the drawdown date for each investment contribution made by the specified investors). We also have a sub-advisory agreement with UBS Global Asset Management (New York) Inc. ("UBS Global AM") whereby GFP has agreed to provide sub-advisory services to UBS Global AM for managing the UBS SEDCO Sharia Compliant Timber Investors Limited timberfund including paying the fees of Saudi Economic & Development Holding Company. For the purposes of clarification, UM SEDCO Sharia Compliant Timber Investors Limited does not fit the definition of "private fund" as defined in the glossary of terms to the Form ADV.

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#### **ITEM 15: CUSTODY**

To comply with the custody rule, investors in each timberfund receive audited financial statements within 120 days following the timberfund's fiscal year end.

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## **ITEM 16; INVESTMENT DISCRETION**

We have discretionary authority over the purchase and sale decisions for the timberfunds. We have described the diversification requirements for the timberfunds and our special arrangements with separate account investors at Item 4 of this brochure under the sub-heading *Tailored Relationships*.

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## **ITEM 17: VOTING CLIENT SECURITIES**

### ***Proxy Voting***

We have adopted a written proxy voting policy and related procedures which are intended to assure that client securities are voted in the best interests of the client, and which address material conflicts of interest that may arise between us and our clients.

We recognize that voting rights have economic value and that the exercise of such voting rights is a fiduciary duty. We will evaluate issues that may have an impact on the economic value of the investment and will vote on those issues with a view toward maximizing the ultimate economic value of the investment during the time period in which the timberfund advised by us expects to hold the investment. All proxies must be voted prudently, considering the prevailing circumstances, and consistent with the fiduciary standards of the Employee Retirement Income Security Act of 1974, as amended, i.e., solely in the interest of plan participants and their beneficiaries, and for the exclusive purpose of paying benefits and reasonable plan expenses.

### ***In General***

When our view of the issuer's management is favorable, we generally support current management initiatives with exceptions as noted in the items below.

- When our view is that changes to the management structure would probably increase shareholder value, we will not support management in a variety of proposals.
- If management's performance has been questionable, but we do not have constructive advice on voting alternatives, we may abstain.

- Where there is a *clear* conflict between management and shareholder interests, even in those cases where management has been doing a generally good job, we may elect to vote against management.
- In general we oppose proposals which, in our view, act to entrench management.
- In some instances, even though we strongly support management, there are some corporate governance issues that, in spite of management objections, we believe should be subject to shareholder approval.
- If .provided to GFP, any client directives regarding proxy voting will be taken into account for that client's account when voting proxies. As such, in taking into consideration such client guidance, it is possible to record a split vote (GFP would vote both yes and no on the same proposal).
- Unless our objection to management is strenuous, if we believe the auditors to be fair and professional, we support maintaining prior auditors.

### ***Compensation***

In general, we do not believe in micro-managing employee compensation from outside the organization. We will not support compensation plans that are highly dilutive to the shareholders.

- In some instances where company and management's performance has been poor, we object to the issuance of shares for option *purposes* or the re-pricing of options such that management is rewarded for poor performance or that management further entrenches its position.
- If votes regarding executive compensation packages upon termination such as "golden parachute" proxies do not appear to have any economic benefit to current officers, we will vote in favor of shareholder proposals seeking to limit or eliminate such packages.

### ***Governance Provisions***

- Generally we will vote against proposals that favor cumulative voting proposals, introduction of "blank check" preferred stock, poison pill proposals where the pill is improper.
- We will tend to vote for reductions of supermajorities below 80% for confidential vote proposals, and for directives to increase the independence of the board of directors.

### ***Capital Structure and Corporate Restructuring***

Generally we will vote against stock splits, proposals, to entrench management or create dual classes of stock, which serve to insulate company management from shareholder opinion and action.

### ***Social, Environmental and Cultural***

We generally do not typically vote to force a company to *cease* doing business in a particular country nor support the forced divulging of political contributions.

### ***Disclosure Policy***

On request, clients will be provided a report on the results of our proxy votes only for securities held in the timberfund for which they hold an ownership interest. A client will be provided with our intention to vote a particular proxy provided the request is completed through our client advisor. If the proxy is of a controversial nature, our intentions may not be available until just prior to the deadline date. Clients may obtain a copy of our proxy voting policies and procedures upon request.

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## **ITEM 18: FINANCIAL INFORMATION**

We do not solicit prepayment of client fees. Please refer to our fee disclosure at Item 5 of this brochure. GFP does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients.

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## **ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

This is not required as we are a federally registered investment adviser.