

**Item 1: Cover Page**

**GPB CAPITAL HOLDINGS, LLC**

535 West 24<sup>th</sup> Street  
New York, New York 10011

Tel: (212) 235-2650  
[www.gpb-cap.com](http://www.gpb-cap.com)

**Part 2A of Form ADV  
(the “Brochure”)**

March 30, 2015

This Brochure provides information about the qualifications and business practices of GPB Capital Holdings, LLC. If you have any questions about the contents of this Brochure, or to request a current copy of it free of charge, please contact William Jacoby at (212) 235-2650 or [bjacoby@gpb-cap.com](mailto:bjacoby@gpb-cap.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about GPB Capital Holdings, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

GPB Capital Holdings, LLC (“GPB”) does not consider any of the information contained in this version of the Brochure to represent a material change from the information contained in its most recent previous version dated January 2015. Our current and potential investors are encouraged to read this Brochure, as well as all of the governing documents applicable to their current or prospective investment, in their entirety.

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#### **Item 4: Advisory Business**

GPB is an investment adviser that structures, manages, promotes, sponsors, and through itself and affiliate entities serves as general partner and/or investment manager for various limited partnerships (the “Funds”). GPB was formed in March of 2013 and is owned by David Gentile, its sole member.

GPB has three investment strategy goals for the Funds:

- To cause Funds to acquire controlling interests in income-producing, middle-market North America-based private portfolio companies primarily focused on specified sectors (the “Portfolio Companies”)
- To provide managerial assistance to Portfolio Companies
- To develop the operations of Portfolio Companies to increase their cash flow

GPB is a New York-based, middle-market investment management firm whose principals are experienced financial, management and accounting professionals with over 100 years of collective experience working with privately-held companies and their management teams. GPB looks to achieve increased cash flow and profitability of Portfolio Companies by initially focusing on Funds’ acquisition of Portfolio Companies possessing strong management teams. GPB provides strategic planning and managerial insight, along with an investment vehicle’s capital, which is designed to enable the businesses acquired to attain the next stage of development and profitability.

GPB seeks for Funds to acquire controlling interests in Portfolio Companies, build their value over time, and reward management teams that perform well, while also providing Fund investors (“Investors”) with current income and long-term return potential.

We bring our unique perspective to each phase of the acquisition process. When we identify an acquisition opportunity, we evaluate it based on its individual merit and the potential to add strategic value to the Fund. If we decide it is right for a Fund’s portfolio, we will coordinate the acquisition, conduct due diligence, undertake financial and strategic analysis, and monitor and report on the Portfolio Company on an ongoing basis. We also provide hands-on management at the Portfolio Company’s executive officer level.

Currently, GPB’s clients are only the Funds. Investment advice is tailored as set forth in each Fund’s governing documents, which may include a private placement memorandum, subscription agreement and limited partnership agreement (collective the “Offering Documents”). Since investment advice is provided pursuant to the Fund’s agreed upon investment objective, it is not tailored pursuant to the investment objectives of any individual investors in a Fund (an “Investor”).

As of December 31, 2014, we managed approximately \$77,000,000 in regulatory assets under management on a discretionary basis.

#### **Item 5: Fees and Compensation**

GPB receives management and performance fees as described in the Offering Documents. The management fees are typically based on contributions made to a Fund, and the manner in which they are paid will depend on the structure of a particular Fund. Performance fees paid by Funds usually are 20% of distributions made by a Fund after certain return thresholds are met.

Depending on a Fund’s Offering Document or other governing agreements (the “Governing Agreements”) GPB, in its sole discretion, may agree to a different fee structure for certain Investors, which may include employees of GPB, their relatives and certain other Investors.

Fees may differ between the Funds and each Investor must review the Offering Documents carefully for a list of the actual fees and expenses.

As may be described in an Offering Document, GPB may have the right to assign all or a portion of the fee to properly licensed third parties (where licensing is required) for services rendered by persons in connection with the offering of interests in a Fund (“Interests”).

In addition, as described in the Offering Documents, a portion of the proceeds from the sale of Interests may be used to pay brokerage fees and commissions, which may include selling commissions, due diligence, marketing and wholesaling fees (collective “Selling Fees”) to properly licensed third parties. GPB typically reserves the right to pay Selling Fees that are less than or more than may be stated in an Offering Document, however, aggregate Selling Fees will be no more than 11% of the amount of interest subscribed for.

Further, as described in the Offering Documents, the Fund may pay an acquisition fee upon the consummation of any acquisition on behalf of a Fund to qualified third parties (other than persons holding any financial interest in the acquired asset) for making the opportunity available identifying and/or structuring acquisitions for us. The acquisition fee may be the lesser of 1.75% of the enterprise value as defined in the relevant transactional agreements, or 2.75% of the purchase price of the asset.

In addition, the Funds are each responsible for their own operational and organizational expenses, such as audit expense, tax accounting and preparation, K-1 reporting, real estate brokerage, legal fees, compliance fees and other Fund operating expenses.

The Funds will usually not have any personnel or operational capabilities. Instead, all of Funds’ operational capabilities and personnel are usually provided by GPB. Because we provide these resources to multiple clients, our expenses must be allocated among our clients. GPB fairly allocates such expenses among Funds in conformance with its duties to its clients. When allocating expenses, we take into account the stage of the investment vehicle client—whether still raising capital or having concluded its offering. Once the vehicle’s stage is taken into account, we allocate those operational expenses pro-rata among our clients. Allocating a portion of our internal expenses incurred on Funds’ behalf presents a conflict of interest, as discussed below under Item 11.

Potential Investors must review the Offering Documents carefully for a discussion of the actual fees and expenses applicable to their investment.

#### **Item 6: Performance-Based Fees and Side-by-Side Management**

As discussed above, GPB typically receives performance fees from Funds as described in a Fund’s Offering Documents.

#### **Item 7: Types of Clients**

Currently, our only clients are the Funds.

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

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

For a discussion of the investment strategies and methods of analysis employed by GPB on behalf of the Funds, please refer to Item 4 above and the Offering Documents of each Fund.

## B. Risks

Each Fund has its own specific risks, but the following are risks that are generally associated with the types of investments the Funds may make. The list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in a Fund investment. Each Investor and prospective Investor must review the Offering Documents carefully for a comprehensive list of a Fund's risks and conflicts.

### Risks Associated with Portfolio Companies.

Identifying and participating in attractive investment opportunities and assisting in the building of successful enterprises are difficult tasks. There is no assurance that a Fund's investments will be profitable, and there is a substantial risk that a Fund's losses and expenses will exceed its income and gains. There generally will be little or no publicly available information regarding the status and prospects of Portfolio Companies. Many investment decisions by GPB will be dependent upon the ability of its members and agents to obtain relevant information from non-public sources, and GPB often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond a Fund's control. Portfolio Companies may have substantial variations in results from period to period, face intense competition, and experience failures or substantial declines in value at any stage. Portfolio Companies may need substantial additional equity or debt capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms, or may not be available at all. Generally, the investments made by a Fund will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. In most cases, a Fund's investments will be long-term in nature and may require many years from the date of initial investment before disposition.

### General Risks

*General Investment Risks.* GPB's success depends on its ability to implement its acquisition strategy for the Funds. Any factor that would make it more difficult to execute timely acquisitions, such as a significant reduction of liquidity in a particular market, may also be detrimental to profitability. No assurance can be given that GPB's acquisition strategies will be successful under all or any market conditions.

*Portfolio Company Competition Risks.* Portfolio Companies will compete with other companies in their respective businesses. Funds may focus on acquisitions in specific sectors with strong management, earnings, and market share. Those sectors may be rapidly evolving and may become more competitive. As is typical in rapidly evolving industries, demand and market acceptance for new products and services are subject to a high degree of uncertainty. In addition, while many companies in these sectors have grown or have the potential to grow, there is no guarantee of the same in the future.

Portfolio Companies may have histories of net losses and may continue to have net losses for years after acquisition. There can be no assurance that a Fund will be able to make acquisitions on attractive terms or operate Portfolio Companies profitably. To the extent a Fund consummates an acquisition, it may be affected by numerous risks inherent in the business it acquires. For example, if a financially unstable business or an entity lacking an established record of sales or earnings is purchased, a Fund will be affected by the risks inherent in the business and operations of a financially unstable or a development stage entity. Although GPB will endeavor to evaluate the risks inherent in a particular target business, no Fund can

assure Investors that GPB will properly ascertain or assess all of the significant risk factors or that there will be adequate time to complete due diligence. Furthermore, some of these risks may be outside of a Fund's control and leave it with no ability to control or reduce the chances that those risks will adversely impact a Portfolio Company.

*Litigation Risks.* Funds and their Portfolio Companies will be subject to a variety of litigation risks. Under most circumstances, a Fund will indemnify GPB, its principals, and representatives for any costs they may incur in connection with such disputes. The officers, directors, and representatives of the Portfolio Companies (which will include our personnel or persons affiliated with GPB) will be similarly indemnified by such entities. Beyond direct costs, such disputes may adversely affect a Fund or its Portfolio Companies in a variety of ways, including by distracting GPB and/or the officers, directors, and representatives of such entities and harming relationships between such entities and the Portfolio Companies as well as active or potential investors, other potential sources of capital, and other entities important to the success of the Portfolio Companies. In connection with the disposition of a Portfolio Company, a Fund may be required to make representations about the business and financial affairs of the Portfolio Company typical of those made in connection with the sale of any business, and may be responsible for the content of disclosure documents under applicable securities laws. These arrangements may result in the contingent liabilities, for which a Fund may establish reserves and escrows.

*Failure of a Portfolio Company.* Funds focus acquisitions in a limited number of industries, and it is possible that those segments could suffer more so than other segments. There are no requirements as to concentration or diversification imposed on any Fund with respect to the allocation of assets. No assurance can be given that the failure of one or more Portfolio Companies will not have a material adverse effect on a Fund.

*Lack of Publicly Available Information.* The interests in the Portfolio Companies are typically not offered under registration statements under the Securities Act of 1933 (the "1933 Act"). In addition, Portfolio Companies will typically not be subject to the periodic information and reporting provisions of the Securities Exchange Act of 1934 (the "1934 Act"). Accordingly, publicly-available information about Portfolio Companies may be limited. Funds will be required to rely on the ability of GPB to obtain adequate information to evaluate the potential operational returns from acquiring these companies. If GPB is unable to uncover all material information about Portfolio Companies, it may not make a fully informed acquisition decision, and a Fund may lose some or all of its capital on such acquisitions.

*Risks Related to Acquisitions.* Funds often acquire Portfolio Companies with smaller market capitalizations. Acquisitions of small- and medium-capitalization companies involve significantly greater risks than investments in larger, better-known companies. There is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private investments generally, and the somewhat greater illiquidity of private investments in small- and medium-sized companies could make it difficult for a Fund to react quickly to negative economic or political developments.

*Illiquid Holdings.* Funds intend to invest in private companies for which no (or only a limited) liquid market exists or that are subject to legal or other restrictions on transfer. A Fund may be unable to sell assets when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. Because there will be no readily available market for the equity in Portfolio Companies, those acquisitions will be difficult to value. Determination of fair values for such companies involves judgments that are not susceptible to substantiation by auditing procedures. Values assigned to Portfolio Companies may not accurately reflect values that may be actually realized. Funds will normally intend to own Portfolio Companies on a long-term basis. If a Fund elects to sell a Portfolio Company, it may take a significant period of time to sell the

Portfolio Company due to market conditions, availability of financing, lack of demand, and other conditions.

*Risk Inherent in Portfolio Company Acquisitions.* Acquisitions of private companies involve a high degree of risk, including that private companies may have limited financial resources and may require substantial amounts of financing that may not be available. Private companies typically have shorter operating histories, narrower product lines, and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Private companies are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation, or termination of one or more of these persons could have a material adverse impact on a portfolio company and, in turn, on a Fund. Private companies generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion, or maintain their competitive position. Private companies may be particularly susceptible to economic slowdowns or recessions and may be unable to repay their loans or meet other obligations during these periods. Private companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing, and general management, which in some cases cannot be adequately solved. Many risks and uncertainties affect early-stage companies, which often have very limited operating history, profits, or cash flow. There can be no assurance of the success of such enterprises. Their potential must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with new or developing businesses, including technology risks, unproven business models, untested plans, uncertain market acceptance, competition, and lack of revenues and financing.

*Follow-On Funding Requirements.* Following its initial acquisition of a Portfolio Company, a Fund may be required to make additional capital contributions to it. Such additional contributions may be necessary to protect the Fund's interest in the companies that require additional financing to carry out their business plans. There is no assurance that a Fund will make such additional contributions or that it will have the ability to do so. The failure to make additional contributions may impact a Fund's ability to realize a meaningful return and may impact the recovery of its contribution.

*High Expense Ratio.* Fund expenses may be significant and will be payable regardless of the success of any Fund. Funds are typically obligated to pay fees and substantial administrative, travel, accounting, tax and legal expenses regardless of whether the Fund realize revenues. To the extent a Fund utilizes leverage, such use will increase these fees and charges, and the Fund will need to make substantial profits to avoid depletion of assets and provide a return to Investors.

*No Assurance of Profit or Distributions.* There is no assurance that any Fund's acquisitions will be profitable or that any distribution will be made to the Investors. Any return on investment to the Investors will depend on successful acquisitions made by a particular Fund. The value of any such acquisition will depend upon many factors beyond the control of GPB or the Fund. A Fund may not have sufficient cash available to make distributions to the Investors. Funds' expenses may exceed their income, and the Investors could lose the entire amount of their contributed capital.

*Financing for Acquisitions.* Because a Fund may have not yet identified any prospective target business, the Fund may not ascertain the capital requirements for any particular acquisition. If a Fund's assets are insufficient, either because of the size of the acquisition, the depletion of the available proceeds in search of a target business, or other reasons, the Fund will be required to seek additional financing. Such financing may not be available on acceptable terms, if at all. To the extent that additional financing proves to be unavailable when needed to consummate a particular acquisition, a Fund would be compelled to either restructure the transaction or abandon that particular acquisition and seek an alternative target business



candidate. In addition, if a Fund consummates an acquisition, it may require additional financing to fund the operations or growth of the target business. The failure to secure additional financing could have a material adverse effect on the continued development or growth of the Portfolio Companies. GPB and its affiliates are not required to provide any financing in connection with or after a Fund acquisition. If a Portfolio Company is unable to generate sufficient cash flow to meet its obligations, including any debt service obligations for financing, the Portfolio Company may default under its loan obligations, be required to sell assets, obtain additional financing, or alternatively, liquidate, which could have a material adverse effect on a Fund's revenue, asset value, and ability to pay distributions. If a Fund guaranteed any such indebtedness, the Fund could be required to sell assets or obtain additional financing to repay any guaranteed amounts, which could have a material adverse effect on the Fund's revenue, asset value, and ability to pay distributions.

*Regulatory Burdens.* Funds are subject to laws and regulations enacted by national, regional, and local governments. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming, and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on a Fund's business, acquisitions, and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, could have a material adverse effect on a Fund's business and results of operations.

*Systems Risks.* The Funds depend on GPB to develop and implement appropriate systems for their activities. The ability of GPB's systems to accommodate increasing volume could also constrain the ability to manage the Funds' portfolios. In addition, certain of GPB's operations may interface with or depend on systems operated by third parties, and there may be inadequate means to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures, or interruptions, including those caused by worms, viruses, cyber-attacks and power failures. Any such defect or failure could have a material adverse effect on a Fund. Although GPB endeavors to provide sufficient redundancy and back-up for material information related to the Funds, GPB is not liable for losses caused by systems failures or cyber-attacks.

*Inadequate Capital.* Funds typically intend to acquire Portfolio Companies and operate them. Therefore, the net income, if any, earned from a Fund's acquisitions may not be significant. Funds typically will hold an acquisition for several years, and market and economic conditions and other relevant factors may compel a Fund to hold assets for much longer, which could delay any possible distributions to Investors. If for any reason a Fund's operating reserves are insufficient to fund its expenses or of its Portfolio Companies, such Fund or such Portfolio Companies may seek debt financing, which would accrue interest and would be payable prior to any distributions to equity holders. Such sources or other sources of funding may not be available or may not be available under terms that are acceptable. Any additional financing could ultimately dilute interest in the Funds.

*Leverage.* Funds' acquisitions, directly or indirectly, may be leveraged acquisitions. Utilization of leverage is a speculative technique and involves risks to Investors. While leverage may enhance total returns to Investors, if investment results fail to cover borrowing costs, then returns to the Investors will be lower than if there had been no borrowings. To the extent a Fund utilizes leverage in an acquisition, such acquisition will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy, or deterioration in the condition of such acquisition. In the event of a Fund's dissolution, its lenders and holders of its debt securities would receive a distribution of its available assets before distributions to Investors. Any new Interest may have a preference over existing Interests with respect to distributions and upon dissolution, which could further limit a Fund's ability to make distributions to Investors. Because a Fund's decision to incur debt and issue equity in any future offerings will depend on market conditions and other factors beyond its control, a Fund cannot predict or estimate the amount, timing, or nature of its future offerings or its future debt and equity financings. Further, market conditions

could require a Fund to accept less favorable terms for the issuance of its securities in the future, including issuing Interests at a discount to market value. Accordingly, Investors will bear the risk of future offerings reducing the value of their Interests, diluting their Interests.

### Management Risks

*Due Diligence.* Even if GPB conducts extensive due diligence on a target business, no Fund can assure Investors that this diligence will surface all material issues that may be present inside a particular target business, that it would be possible to uncover all material issues through a customary amount of due diligence, or that factors outside of the target business and outside of our control will not later arise. As a result of these factors, a Fund may be forced to later write-down or write-off assets, restructure our operations, or incur impairment or other charges that could result in the Fund reporting losses. Even if GPB's due diligence successfully identifies certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with preliminary risk analyses. GPB expects that the investigation of each specific target business and the negotiation, drafting, and execution of relevant agreements, disclosure documents, and other instruments will require substantial management time and attention and substantial costs for accountants, attorneys, and others. If a Fund decides not to complete a specific acquisition, the costs incurred up to that point for the proposed transaction likely would not be recoverable. Furthermore, if a Fund reaches an agreement relating to a specific target business, the Fund may fail to consummate the transaction for any number of reasons including those beyond its control. Any such event will result in a loss to the Fund of the related costs incurred, which could materially adversely affect subsequent attempts to locate and acquire another business.

*Conflicts of Interest.* GPB and members of any Fund's investment committee (each an "Investment Committee") will devote such time to the Funds or their Portfolio Companies as each, in its sole discretion, deems necessary. Any members of GPB, a Fund's Investment Committee and their affiliates may invest in, have responsibilities for, render investment advice to, or perform other services, including investment advisory services for personal and family accounts, managed accounts for individuals or entities, including other entities that invest in companies similar to the companies in which a Fund may invest. The activities of such other entities may be similar to or may differ from a Fund's activities, and neither a Fund nor the Investors will have any rights in respect of investments for, and profits or other income earned from, such companies. As a result of the foregoing, GPB, members of a Fund Investment Committee and their affiliates may have conflicts of interest in (i) allocating their time and activity between a Fund or such entities, as the case may be, and other entities; (ii) allocating investments among a Fund or such entities, as the case may be, and other entities; and (iii) effecting transactions between a Fund or such entities, as the case may be, and other entities, including ones in which such entities, their principals, and affiliate(s), may have a greater financial interest. GPB and its affiliates, and members of an Investment Committee and their affiliates, may give advice or take action with respect to such other entities that differs from advice given with respect to a Fund or such entities. To the extent a particular investment is suitable for both a Fund and other clients, their principals, and affiliates, such investments will be allocated between the Fund and the other clients in a manner determined to be fair and equitable under the circumstances to all clients, including the companies. GPB will receive fees for its services to the Funds, and GPB and its affiliates and members of a Fund Investment Committee may receive fees and compensation from Portfolio Companies for services provided by them. These relationships may from time to time create conflicts of interest between GPB, members of an Investment Committee, and/or their affiliates and the Funds. Furthermore, because Funds will normally control Portfolio Companies, a Fund may be deemed a fiduciary with respect to Portfolio Companies and their minority shareholders. In such situation, a Fund's ability to act solely in its own interest with respect to such Portfolio Companies may be limited.

Instances may arise where the interest of GPB (or its members) and/or members of a Fund's Investment Committee may potentially or actually conflict with such Fund's interest and the Investors. For example, GPB or its affiliates may organize other vehicles to invest in companies in the same target sectors a Fund is pursuing, and such other vehicles may co-invest with a Fund on terms GPB determines are equitable and in each such investor's interests. Where a proposed transaction is a related party transaction, GPB may be required to obtain in advance an independent third-party evaluation of the fairness of the transaction to the Fund. In such cases, GPB will engage a firm to perform the evaluation that is nationally recognized with qualified personnel holding such accreditations appropriate to value a specific industry or asset.

GPB typically provides Funds with all of their personnel, systems, back office services and other resources. GPB normally allocates such expenses among its clients, including the Funds, on a pro-rata basis and as further discussed below under Item 11.

GPB does not provide Investors with separate counsel, accountants, or other experts in connection with the formation of any Fund, the preparation of the Governing Agreements, or the offering of the Interests. GPB does not intend to retain separate counsel or other advisers for the Investors in the future. Certain of the attorneys and other professionals and experts who perform services for a Fund and GPB also may perform services for GPB's affiliates.

#### **Item 9: Disciplinary Information**

Not applicable.

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

Affiliates of GPB serve as general partners to the Funds (collectively "Managing Entities"), and as such they may receive incentive allocations from the Funds. In some cases other GPB affiliated special purpose vehicles may be formed for the purpose of receiving all or part of the incentive allocation paid by certain Funds. The Managing Entities will operate under GPB's regulatory umbrella as Relying Advisers, as noted in GPB's Form ADV Part 1.

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

##### **A. Code of Ethics**

GPB has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of GPB's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by our Chief Compliance Officer. GPB will send clients or Investors a copy of its Code upon written request. To receive copy of the Code, please contact Bill Jacoby at 212-235-2650 or [bjacoby@gpb-cap.com](mailto:bjacoby@gpb-cap.com).

GPB has policies and procedures in place to ensure that the interests of its clients are given preference over those of GPB, its affiliates, and its employees. For example, there are policies in place to prevent the misappropriation of material nonpublic information, and such other policies and procedures reasonably designed to comply with federal securities laws.

GPB, either individually or through affiliate entities, may cause one Fund to sell or purchase assets from another Fund, which may pose a conflict of interest. Although GPB strives to put the interests of its clients first, such inter-Fund and related-party transactions could be viewed as being in the best interest of one Fund versus another Fund. Inter-Fund transactions may occur for a variety of reasons, such as lack of

liquidity, the closing of a Fund, tax, and related issues. In certain cases, GPB may determine that it is also appropriate for more than one Fund to co-invest in a Portfolio Company. Additionally, supervised persons of GPB may be invested in the Funds and therefore have an indirect interest in securities held by the Funds and involved in these Inter-Fund transactions. Accordingly, GPB may have conflicts of interest in determining to which entity a particular business opportunity should be presented to, though GPB will attempt to equitably allocate acquisition opportunities between Funds. If a potential acquisition fits the investment objective of more than one Fund, and each have capital available to invest in the acquisition, GPB will allocate the investment opportunity among the Funds, taking into account all relevant factors, including:

- The amount of capital each participant has available to invest, as compared to the total amount of capital each participant anticipates raising;
- The extent to which the potential Portfolio Company deviates from the participants' investment objectives; and
- The extent to which the potential acquisition would promote the participants' sector, geographic, brand or other diversification goals.

To mitigate any potential conflicts of interest, Funds may use an advisory committee with independent members that normally must approve any transaction between a Fund and an affiliate of the Fund or GPB. Further, GPB's allocation policy provide that when allocating acquisition opportunities among Funds, GPB will:

- Not disadvantage one client over another client;
- Not pursue the transaction unless each client invests on the same terms as all other clients—including the ability of a client to make follow-on investments and exit;
- Ensure that no affiliated person has any ownership interest in the potential acquisition (except as may be contemplated in an Offering Document);
- Not recommend one client invest as a method to increase its fees from that or another client;
- Not pursue such transactions as a method to transfer investment risk from one client to another client;
- Not bring in additional clients into the transaction for the purpose of reducing another client's transactional costs;
- Not favor the Portfolio Company over its clients' interests, even if GPB's personnel serve as officers or directors of such portfolio investment; and
- Ensure that any committee or other approval required for the client is obtained.

To the extent GPB causes a Fund to enter into a transaction with an affiliate, will only do so for purposes of better enabling the Fund to achieve its objectives, and will not enter into such transactions for the purpose of providing any benefit to an affiliate beyond consideration such persons would receive in an arms-length transaction.

A Fund may, from time to time, have the opportunity to retain third parties who have prior business relationships with another Fund or GPB to act as a consultant or in some other capacity. If a Fund retains any such parties, the Fund may experience a conflict between one Fund's interests and its interest in preserving any ongoing business relationship with that party. This conflict may result in a Fund paying more for these services than would otherwise be the case. As may be set forth in a Fund's Offering Documents, an advisory committee may approve any proposed transactions or operations that may contain potential conflicts of interest in compliance with GPB's compliance policies and procedures.

As a result of the foregoing, the members and/or partners and principals and affiliates of the GPB affiliates may have conflicts of interest in allocating their time and activity between the Funds and other clients, in

allocating investments among Funds and other clients, and in effecting transactions for the Funds and other clients, including ones in which a Fund may have a greater financial interest.

Since Funds normally pay for their own directly-incurred expenses, and because GPB also typically will be paid a management fee and be entitled to receive other performance fees from a Fund, allocating internal expenses to a Fund poses a conflict of interest—both between GPB and the particular Fund, as well as among the Funds and any other GPB client to which operational expenses are allocated. GPB mitigates its conflict by ensuring no expenses incurred for its behalf are allocated to any client, and mitigates the conflict among clients by fairly allocating such expenses among clients based upon their size and organizational stage.

#### **B. Investment Recommendations Involving a Material Financial Interest**

See Item 10 above.

#### **C. Purchase of Same Securities Recommended to Clients**

Unless otherwise restricted by a Fund's Governing Agreement or as described in an Offering Document, GPB, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it are typically not prohibited from purchasing or having any direct or indirect interest in the same assets as are purchased for Funds provided such purchase or interest is in accordance with the Code. The personal asset or securities transactions by advisory representatives and employees may raise potential conflicts of interest when they acquire an interest in a portfolio company that is:

- Owned by the Fund, or
- Considered for purchase or sale for the Fund.

GPB has adopted the following policies and procedures that are intended to address these conflicts of interest:

- Require our advisory representatives and employees to act in the client's best interest.
- Require our advisory representatives to disclose any direct or indirect interest in a portfolio company considered for purchase in one or more affiliate Funds.
- Require our advisory representatives and employees to follow GPB's procedures.

### **Item 12: Brokerage Practices**

The Funds do not acquire securities for which execution services need be provided by a broker-dealer. In the event a Fund were to acquire such securities, we would select the broker-dealer consistent with our duty to achieve best execution for the Funds.

### **Item 13: Review of Accounts**

The management and monitoring of the Funds is done by our personnel and Investment Committees we establish for Funds according to their Governing Agreements. David Gentile and his fellow Investment Committee members are also responsible for ensuring that any significant change in a Fund's investment strategy or in the concentration of a Fund's assets is appropriate for the respective client.

We may perform ad hoc reviews on an as-needed basis if there have been material changes in a Fund's investment objectives or a material change in how GPB formulates investment advice.

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

Not applicable.

#### **Item 15: Custody**

Rule 206(4)-2 promulgated under the Investment Advisers Act (the “Custody Rule”) (and certain related rules and regulations under the Investment Advisers Act) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful). An investment adviser is deemed to have custody if it or its affiliate serves as a general partner to a limited partnership client of GPB.

GPB is required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which it has custody with a “qualified custodian.” Qualified custodians include banks, broker-dealers, FCM and certain foreign financial institutions.

Rule 206(4)-2 generally imposes on advisers with custody of clients’ funds or securities certain requirements concerning reports to such clients (including underlying investors in certain circumstances) and surprise examinations relating to such clients’ funds or securities. However, GPB need not comply with such requirements with respect to pooled investment vehicles if the pooled investment vehicle: (i) is audited at least annually by an independent public accountant, and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to the client, or, in certain circumstances, all limited partners, members or other beneficial owners, within 120 days (180 days in the case of a fund of fund adviser) of its fiscal year end. GPB intends to rely upon this exception and therefore will be exempt from the Rule 206(4)-2 reporting and examination requirements.

#### **Item 16: Investment Discretion**

GPB, either individually or through its affiliates, normally acts as general partner for the Funds. As such, it will normally have full discretionary authority to act on behalf of the Funds in all aspects, subject to the Fund’s objectives and guidelines in its Offering Documents and any restrictions in a Governing Agreement. GPB does not tailor Funds’ investment strategies for any investor. Funds generally have very limited restrictions on the types or number of investments strategies it may pursue or the kind or range of products in which it may invest. Investors should review the Offering Documents of each Fund to understand the breadth of investments a Fund may hold and extent of the Fund’s ability to hold assets which may not have been specifically identified in the Offering Documents.

#### **Item 17: Voting Client Securities**

Unless provided otherwise in an Offering Documents or Governing Agreement, GPB will have voting power with respect to a Fund’s securities, but is it unlikely that a Fund would hold any security for which proxies would be solicited. In keeping with its fiduciary duties, GPB has adopted a Proxy Voting Policy, which sets forth policies and procedures designed to ensure that GPB would vote any client’s securities in the best interests of the client. When making proxy voting decisions, GPB may seek advice or assistance from third-party consultants, such as proxy voting services or legal counsel.

Investors may contact Bill Jacoby at 212-235-2650 or [bjacoby@gpb-cap.com](mailto:bjacoby@gpb-cap.com) to find out how we have voted any proxies or to obtain our Proxy Voting Policy.

**Item 18: Financial Information**

GPB is not required to provide a balance sheet in response to this Item since it does not require nor solicit prepayment of fees six months or more in advance.

GPB is not aware of any financial condition that is likely to impair its ability to meet its contractual commitments to its clients.

GPB has never been the subject of a bankruptcy petition.