

# **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: [jack.genest@gfplp.com](mailto:jack.genest@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 on March 31, 2015, we comprehensively updated our internal procedures and compliance manual resulting in amendments to various sections of this Part 2A to reflect those modifications including, but not limited to, the Code of Ethics, Paper and Forest Products Securities Holding Policy, Investment Queuing Policy and Proxy Voting sections.

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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, 2015, GFP had assets under discretionary management of \$3,234,457,014 and assets under non-discretionary management of \$ 447,909,932.

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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 may be reduced for larger investments. In most cases, the Annual Asset Management Fee is based on the lower of i) 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. In order to reflect the reduced administrative burden relating to investors who participate in multiple GFP timberfunds or otherwise commit large pools of capital GFP has established a management fee reduction policy ("GFP Management Fee Reduction Policy"). Investors who invest more than certain thresholds receive a fee rebate based on the thresholds established by the Fee Reduction Policy. A copy of the GFP Management Fee

Reduction Policy is available to clients upon request without charge from the Chief Compliance Officer (or “CCO”) or his designee.

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 GFP 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. Expenses associated with the acquisition of properties will include legal, financial and forestry due diligence and other expenses associated with the attempt to acquire properties offered through auction, even where the timberfund is not the successful bidder for the property. Ongoing operating expenses include costs associated with establishment of plantations, including the costs of soil preparation seedlings and clones and planting costs, ongoing maintenance, security, and fire protections costs, roading costs, harvesting and haulage costs and management, legal and financial costs associated therewith. The timberfunds also are responsible for directors’ fees for members of the boards of directors of the timberfunds who are not employees of GFP. Further information regarding the fees and expenses charged to the timberfunds is provided in each fund’s Confidential Private Placement Memorandum and other governing documents.

### ***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 7: 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 8: 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 invest in a GFP timberfund is \$10,000,000; although we may reduce this minimum amount on a case-by-case basis.

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## **ITEM 9: 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 matters 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. In addition, in many developing countries, the principles of rule of law are not firmly established and courts and other law enforcement bodies may rule on business disputes in a manner that is not strictly based on the merits of the case before them.

*Currency Risk.* All of our international timberfund's investments are subject to exposure to currency fluctuations that could affect such timberfund's returns. 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. During the term of the investment, the timberfund may experience increasing competition from currently underutilized sources of supply.

*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 timberfund's 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 10: DISCIPLINARY INFORMATION**

We have no legal or disciplinary events to report.

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## **ITEM 11: 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 12: 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 from the CCO Chief Compliance Officer (or “CCO”) or his designee.

The purpose of the GFP Code of Ethics is to set forth certain key guidelines that have been adopted by us as firm policy for the guidance of all personnel and to specify the responsibility of all supervised persons to comply with the spirit and the letter of the federal securities laws and

the rules governing the capital markets. All supervised persons (which includes all GFP employees and certain identified consultants, collectively “Supervised Persons”) will act with competence, dignity and integrity, and in an ethical manner when dealing with the timberfunds, investors, the public, prospects, third-party service providers and fellow supervised persons. Supervised Persons must use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, trading, promoting GFP’s services and engaging in other professional activities.

Supervised Persons are expected to adhere to the highest standards with respect to any potential conflicts of interest with its timberfunds or investors. As a fiduciary, GFP must act in its timberfunds’ or investors’ best interests. Neither GFP nor any Supervised Person should ever benefit at the expense of any timberfund or investor.

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

*Conflicts of Interest:* Conflicts of interest may exist between various individuals and entities, including GFP, its timberfunds, Supervised Persons and current or prospective investors. Any failure to identify or properly address a conflict can have severe negative repercussions for GFP, its Supervised Persons and/or its timberfunds and investors. In some cases the improper handling of a conflict could result in litigation and/or disciplinary action.

GFP’s policies and procedures have been designed to identify and properly disclose, mitigate and/or eliminate applicable conflicts of interest. However, written policies and procedures cannot address every potential conflict, so Supervised Persons must use good judgment in identifying and responding appropriately to actual or apparent conflicts.

Conflicts of interest that involve GFP and/or its Supervised Persons on the one hand, and timberfunds and/or investors on the other hand, will generally be fully disclosed and/or resolved in a way that favors the interests of the timberfunds and/or investors over the interests of GFP and its Supervised Persons. If a Supervised Person believes that a conflict of interest has not been identified or appropriately addressed, that Supervised Person should promptly bring the issue to the CCO’s or his designee’s attention.

Conflicts of interest may arise between timberfunds and/or investors. Responding appropriately to these types of conflicts can be challenging, and may require robust disclosures if there is any appearance that one or more timberfunds or investors have been unfairly disadvantaged. Supervised Persons should notify the CCO Chief Compliance Officer or his designee promptly if it appears that any actual or apparent conflict of interest between timberfunds and/or investors has not been appropriately addressed.

GFP-advised timberfunds may, from time to time, invest in the same neighboring geographies. GFP is very sensitive to these potential conflicts of interest and has developed policies, procedures and practices on a case-by-case basis including at an operational level to address these potential conflicts. At all times, GFP and every Supervised Person must seek to resolve any conflict of interest in the best interests of the timberfunds that may be potentially affected by such conflict of interest and will seek independent advice for such conflicted party where necessary.

The GFP Code of Ethics sets forth several common examples of other conflicts of interest. In addition, the Compliance Manual sets forth policies and procedures for managing potential conflicts including relating to gifts and entertainment, political and charitable contributions, public positions, outside business activities, investment clubs and prior employment.

*Paper and Forest Products Securities Holding Policy:* The GFP Code of Ethics contains a requirement that the Chief Compliance Officer or his designee will maintain a restricted list of any publicly traded security or private placement interests issued by a company whose primary business is in the paper and forest product industry. This restricted list (“Restricted List”) will include:

- All companies in the forest products industry regardless of the location (i.e. North America, South America, Asia, Europe, Africa and Oceania);
- All types of publicly traded securities, including equity, preferred equity, ADRs, debt, options and futures; and
- All jurisdictions in which the securities are traded, including local exchanges and overseas exchanges.

In addition, the Chief Compliance Officer or his designee may from time to time add other companies to this Restricted List on a temporary basis when transactions are being considered by GFP’s Investment Committee which involves such company and/or its affiliates. The Chief Compliance Officer or his designee will maintain, update and disseminate this Restricted List as required from time to time.

In order to prevent conflicts of interest and to avoid violation of local securities laws, Supervised Persons of GFP are prohibited from purchasing any securities or private placements that are on the Restricted List. To the extent that a Supervised Person of GFP already owns or controls any prohibited security or private placement on the Restricted List at the time of hire or at the time of addition to the Restricted List, the Supervised Person may continue to hold the security, but may not add to their holdings. Under such circumstances, the Supervised Person must obtain the written permission of the Chief Compliance Officer or Chief Executive Officer prior to selling or otherwise disposing of or decreasing the size of their position in the security.

*Reporting:* GFP must collect, and the Chief Compliance Officer or his designee will review, information regarding the personal trading activities and holdings of all Supervised Persons. Supervised Persons must submit quarterly reports regarding securities transactions and newly opened accounts, as well as initial and annual reports regarding all accounts holding any securities.

#### *Unfair Treatment of Certain Clients Vis-à-Vis Others*

The GFP Investment Committee, or any GFP Fund or Asset Manager who advises one or more timberfunds, may be faced with situations in which it is possible to give preference to one timberfund over others. These decision makers must be careful not to give preference to one timberfund over another even if the preferential treatment would benefit GFP or themselves.

The fiduciary duty of GFP, its Investment Committee and its Supervised Persons to a timberfund must govern the actions in each situation. In the absence of express or implied agreements between the parties, usage and custom should be used to determine how GFP, its Investment Committee and its Supervised Persons should discharge his or her duty. Each situation should be examined closely to determine whether the timberfund acting through its shareholder advisory committee or otherwise has consented to the actions favoring another timberfund and whether the resulting relationship is fair and consistent with the securities laws. If both parts of this test have been satisfied, most likely there has been no breach of fiduciary duty. If a question arises about an action that may give rise to a conflict of interest involving preferential treatment of one timberfund over another, the Chief Compliance Officer shall be consulted prior to taking any action.

The primary document which should be consulted in the case of allocation of investment opportunities to timberfunds or separate account clients is the Investment Queuing Policy (set out below).

#### *Investment Queuing Policy*

It is the policy of GFP to allocate investment opportunities among timberfunds so that all timberfunds are treated in a consistent and equitable manner. The GFP Investment Committee has the responsibility for allocating investment opportunities. The Investment Committee will allocate investment opportunities upon the earlier of either (i) capital is required to complete due diligence work such as environmental or engineering studies, or legal review or (ii) a letter of intent is agreed upon with a property seller.

The Investment Committee holds regular meetings to evaluate all investments identified for possible acquisition with respect to timberfund suitability.

A screening process is used to determine potential suitability for a timberfund, using both objective and subjective criteria provided in the shareholder or investment agreements applicable to each timberfund. These criteria will include specifications such as transaction size, property type, geographic location, physical characteristics, return hurdles and other relevant factors. More subjective investment criteria and other portfolio considerations are also used in the screening process, including the timberfund's risk profile, the suitability of a property to portfolio diversification objectives, the property's management intensity and exit strategy.

#### *Secondary Sales*

From time to time investors may seek to sell their interest in such timberfund through a private, secondary sale. In many cases, such secondary sales will be proposed to be made to other investors in the same timberfund or to investors in other timberfunds. Regardless of the nature or status of the proposed purchaser, GFP's involvement in the secondary sale shall be limited to approving the sale in accordance with the provisions of the applicable shareholder or investor agreement, and providing certain required factual information on a transparent and equal basis to seller and purchaser. Neither GFP nor any of its Supervised Persons shall advise either the seller or the purchaser with respect to value of the interest being sold.



### *Co-investment Opportunities*

Where appropriate, GFP intends, but is not obligated to, provide co-investment opportunities to certain investors in timberfunds, employees or third parties. These co-investment opportunities may be offered as interests in other companies or other similar entities formed for each investment (a “Co-Investment Entity”). GFP will allocate the available investments among the timberfunds, the Co-Investment Entity or any other third parties as it may, in its sole discretion determine.

### *Cross Transactions*

On occasion, GFP may cross an investment between timberfunds when it specifically deems the practice to be advantageous for each participant. The Investment Committee shall determine whether crossing is advantageous for each timberfund and all cross transactions must be approved by the Investment Committee prior to affecting the trade. GFP may also bring the potential cross transaction to the respective timberfund shareholder advisory committees for review and approval.

If GFP receives approval from the Investment Committee and, if applicable, the timberfund advisory committees, GFP shall cross investment positions at the fair market value. Documentation related to each cross transaction will be maintained and shall include the rationale behind decisions to cross. Approvals issued by the Investment Committee and, if applicable, the timberfund advisory committees and/or timberfund shareholder advisory committees and/or timberfund investors to cross positions between the timberfunds will also be memorialized.

### ***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.

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.

## ***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.

### ***GTI 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 RegistrantGFP 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 RegistrantGFP 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 RegistrantGFP 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 RegistrantGFP or outside directors being Joseph Bachman, Donald Borneman, David Gardner, Robert Kriscunas, Colin McKenzie, Craig Neeser, Phillip Stelling, and Christian Warrington each acquired shares in 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 GFP, 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 0.2% 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 14: BROKERAGE PRACTICES**

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

GFP does not ordinarily deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with GFP's timberfunds' investments. To the limited extent that GFP transacts in public securities it intends to select brokers based upon the broker's ability to provide best execution for the timberfunds.

### ***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 15: REVIEW OF ACCOUNTS**

### ***Periodic Reviews***

We receive on 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 16: 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 8 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, UBS 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 17: CUSTODY**

All client assets are held in custody by unaffiliated banks, however GFP has access to client accounts. Investors will not receive statements from such custodians. Instead, in order to comply with the custody rule, the timberfunds are subject to an annual audit and the audited financial statements are distributed to investors. The audited financial statements will be prepared in accordance with U.S. generally accepted accounting principles and distributed to investors within 120 days following the timberfund's fiscal year end.

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## **ITEM 18: 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 19: VOTING CLIENT SECURITIES**

### ***Proxy Voting***

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, GFP has adopted and implemented written policies and procedures governing the voting of client securities.

The timberlands in which the timberfunds invest do not issue proxies. However, in the event proxies have to be voted, GFP has adopted proxy voting policies and procedures, and shall be responsible for voting proxies on behalf of the timberfunds.

GFP shall vote client proxies in a way that it believes will (i) maximize the economic benefits to its timberfund clients and (ii) promote sound corporate governance by the issuer. GFP's investment professionals are generally responsible for making voting decisions with respect to proxies received.

In exercising its voting discretion, GFP and its employees will seek to avoid any direct or indirect conflict of interest raised by such voting decision. All conflicts of interest will be resolved in the interests of GFP's timberfunds.

Certain investment professionals of GFP serve as board members for the timberfunds' portfolio companies. In situations where GFP votes the proxy for a company in which an employee of GFP serves on the board of directors, GFP has determined that it does not inherently present a conflict of interest as the purpose for serving on the board is to maximize the return on the timberfunds' investment and to ensure that the timberfunds' interests are protected.

A record of all proxy votes cast on behalf of the timberfunds will be maintained and available for review. Investors should contact the CCO for a copy of the proxy voting policy or information with respect to a specific proxy.

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## **ITEM 20: 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 21: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

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