

**INVESTMENT ADVISER BROCHURE**

**GPI CAPITAL, L.P.**

**GPI Capital, L.P.  
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**March 27, 2019**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of GPI Capital, L.P. (“GPI LP”). If you have any questions about the contents of this Brochure, please contact us at 646-357-3144. 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 authority.**

GPI LP is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding GPI LP is also available on the SEC’s website at <https://adviserinfo.sec.gov>.

## **MATERIAL CHANGES**

This annual amendment to the Brochure, dated March 27, 2019, contains material changes from the previous Brochure, dated March 30, 2018, to reflect a change in the Firm's Chief Compliance Officer.

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## ADVISORY BUSINESS

GPI Capital, L.P., a Delaware limited partnership and a registered investment adviser, and its affiliated investment advisers provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. GPI LP commenced operations in February 2016.

GPI LP's current clients include GPI Capital Global Partnership Investing Fund I LP, GPI Capital Global Partnership Investing Fund I AIV LP, GPI Global Partnership Investing Fund I-A LP, GPI Capital Guardian LP and GPI Capital Pioneer LP (which, together with any future private investment funds to which GPI LP or its affiliates provide investment advisory services, are referred to herein collectively, as the "**Funds**" and each, a "**Fund**").

The following entities are affiliated with GPI LP:

- GPI Capital Limited (the "**Affiliated Adviser**," and together with any future affiliated advisers of GPI LP, the "**Affiliated Advisers**");
- GPI GP LP; and GPI Guardian GP LP (each, a "**General Partner**," and together with any future Fund general partners affiliated with GPI LP, the "**General Partners**," and the General Partners together with the Affiliated Advisers, GPI LP and their affiliated entities, "**GPI**" or the "**Adviser**").

The Affiliated Adviser is registered under the Advisers Act pursuant to GPI LP's registration under an "umbrella registration" as a relying adviser. The General Partners are special purpose vehicles and not relying advisers, as described in a January 18, 2012 letter from the Office of Investment Adviser Regulation, Division of Investment Management, to the American Bar Association, Business Law Section. The Affiliated Adviser and the General Partners operate as a single advisory business together with GPI LP; as such, this Brochure also describes the business practices of the Affiliated Adviser and the General Partners.

The Funds are private investment funds that primarily seek to purchase non-controlling, minority stakes in a limited number of operating companies, generally referred to herein as "**portfolio companies**." The Adviser's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made in non-public companies and public companies. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of the Adviser may serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

The Adviser's advisory services for each Fund are detailed in the applicable private placement memoranda or other offering documents (each, a "**Memorandum**"), investment management agreements and limited partnership or other operating agreements (each, a "**Partnership Agreement**") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in the Funds participate in the overall investment program for the applicable Fund, but may be excused or excluded from a particular

investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Partnership Agreement. The Funds or the General Partners may enter into side letters or other similar agreements with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the relevant Partnership Agreement with respect to such investors.

Additionally, from time to time, the Adviser may provide (or agree to provide) certain investors or other persons, including the Adviser's personnel and/or certain other persons associated with the Adviser (to the extent not prohibited by the applicable Partnership Agreement), co-investment opportunities (including the opportunity to participate in co-invest vehicles) that will invest in certain portfolio companies alongside a Fund. Such co-investments typically will involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms at the investment level as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from a Fund. Any such purchase from a Fund by a co-investor or co-invest vehicle generally would occur shortly after such Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in the Adviser's sole discretion, the Adviser is authorized to charge interest on the purchase to the co-investor or co-invest vehicle, and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

As of December 31, 2018, GPI LP managed \$764,450,462 in client assets on a discretionary basis and \$0 in client assets on a non-discretionary basis. GPI Capital, LLC, a Delaware limited liability company, acts as the general partner of GPI LP. GPI LP and the Affiliated Adviser are ultimately controlled by William T. Royan.

## **FEES AND COMPENSATION**

In general, the Adviser receives a management fee (a "**Management Fee**") and a carried interest in connection with its advisory services to the Funds. The Adviser receives additional compensation in connection with management and other services performed for portfolio companies of the Funds and such additional compensation offsets in whole or in part the management fees otherwise payable to the Adviser. In addition, the Adviser may receive compensation for management and other services performed in connection with co-investments made in portfolio companies of the Funds. Investors and, in certain circumstances, co-investors in a Fund also bear certain expenses. Please refer to each Fund's governing documents for a more complete description of the expenses permitted to be borne by such Fund.

### **Management Fees**

The precise amount of, the manner and calculation of and the manner and timing of payment of the Management Fee for each Fund is established by the Adviser, and is set forth in such Fund's Partnership Agreement, advisory agreements, organizational documents and/or documentation received by each investor prior to investing in such Fund. The Management Fees and other fees are generally subject to waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors. The fee structures of the Funds

may be modified from time to time and Management Fees may differ from one Fund to another, as well as among investors in the same Fund.

The Management Fee is reduced by an amount equal to 100% of all of a Fund's non-affiliated investors' percentage of any closing fees, investment banking fees, placement fees, commitment fees, breakup fees, litigation proceeds from transactions not consummated, monitoring fees, consulting fees, directors' fees and other similar fees (collectively, "**Portfolio Company Fees**"). The offset of such Portfolio Company Fees is applied to the Management Fee for the three month period immediately following the quarterly period of receipt and, if the amount of such Portfolio Company Fees exceeds the Management Fee for such period, each subsequent Management Fee period until all such Portfolio Company Fees have been so applied; provided, that if any such excess Portfolio Company Fees remain unapplied as of the dissolution of the relevant Fund, the Adviser will rebate to any applicable limited partner that has so elected in its subscription agreement or otherwise an amount of the Management Fee equal to the lesser of (1) such limited partner's pro rata share of any such unapplied Portfolio Company Fees and (2) the amount of the Management Fee previously paid by such limited partner. Notwithstanding the foregoing, the Adviser and certain of its related persons, including industry experts and other third-party consultants (generally referred to herein as "**industry experts**"), may receive fees from portfolio companies and other persons for consulting, advisory or similar services at market rates and such fees will not be included in the Management Fee offset described above. In particular, industry experts may receive compensation (including, without limitation, cash, stock options and other in-kind compensation) from certain portfolio companies, none of which, if received, will be treated as Portfolio Company Fees or otherwise result in an offset to or reduction of the Management Fee.

Various costs and expenses reduce Portfolio Company Fees (and therefore such amounts will not reduce the Management Fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the Adviser in connection with any consummated or unconsummated transaction or in connection with generating any such Portfolio Company Fees.

When applicable, the Adviser typically will also be paid fees of the type referred to in the preceding paragraphs from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment and, as a result, a Fund will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors.

To the extent permitted under the relevant Partnership Agreement, the Adviser may waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee will be treated as a deemed capital contribution by the relevant General Partner, which effectively will be invested in the relevant Fund on such General Partner's behalf, and will operate to reduce the amount of capital such General Partner would otherwise be required to contribute to the relevant Fund. The limited partners of a Fund may be required to make a *pro rata* contribution according to their respective commitments to fund any contribution that would otherwise be required of such Fund's General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets

described above, and the amount of such waived or reduced Management Fees may be significant. Due to waived or reduced Management Fees by the Adviser and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will not be fully realized by investors in a Fund, resulting in a net additional benefit to the Adviser.

### **Carried Interest**

The Adviser receives a carried interest with respect to each Fund unless otherwise agreed by the Adviser. The precise amount of, and the manner and calculation of, carried interest is detailed in each Fund's Partnership Agreement. Carried interest is expected to differ from one Fund to another, as well as among investors in the same Fund. The carried interest distributed to the Adviser generally will be subject to a potential giveback obligation at the end of a Fund's life if the Adviser has received excess cumulative distributions.

### **Other Information**

The Adviser may exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including the Adviser and any other person designated by the Adviser. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by the Adviser, or through participation in other Funds which co-invest with a Fund. For example, in instances where a GPI professional or its affiliate invests in a Fund, such professional or its affiliate generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Partnership Agreement, the Adviser may have the right to permit investors, affiliated with the Adviser or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest.

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are generally paid, except as otherwise described in the relevant Partnership Agreement, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of the Adviser and other third parties currently receive, and may in the future receive, a portion of one or more of the Management Fee, carried interest and other compensation received by the Adviser.

In addition to the Management Fee and carried interest payable to the Adviser, each Fund bears certain expenses. As set forth more fully in the relevant Memorandum and/or Partnership Agreement, each Fund bears all fees, costs, expenses, liabilities and obligations relating to such Fund's activities, investments and business to the extent not reimbursed by a portfolio company or applied to reduce Portfolio Company Fees (which reimbursements may be for reasonable travel and any other out-of-pocket expenses incurred in connection with the making, monitoring and/or disposing of an investment in such portfolio company, including follow-on investments and refinancings), including, but not limited to, legal, auditing, consulting, finders', financing, appraisal, third-party valuation, filing, printing, title, accounting, administration, custodian, depository, broker, agent bank or other banks, transfer, registration or other similar fees and expenses; the costs and expenses of any lenders, investment banks and other financing sources,

including interest on and fees and expenses arising out of all borrowings made by such Fund; expenses associated with such Fund's financial statements, tax returns, tax estimates, Schedule K-1s and any other administrative, regulatory or Fund related reporting or filing obligations (including Form PF and any filings or reports contemplated by the Alternative Investment Fund Managers Directive (if relevant) or any similar law, rule or regulation); expenses incurred in connection with transactions not consummated, including any such expenses attributable to co-investors (unless otherwise reimbursed); expenses of the Advisory Committee (as defined below) and annual meetings of the investors and any other meeting with any such investors; insurance (including directors and officers insurance); other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, indemnification, judgments and settlements, if any); placement fees; fees, costs and expenses incurred in connection with any alternative investment vehicles; any organizational expenses (described below); any unreimbursed costs and expenses incurred in connection with any transfer of limited partner interests in such Fund other than ordinary overhead and administrative expenses payable by the Adviser and any expenses incurred in connection with investment contributions; and any taxes, fees or other governmental charges levied against such Fund. In addition, each Fund will reimburse the Adviser and its affiliates for such Fund's and its affiliated entities' organizational and startup expenses (as further set forth in the relevant Partnership Agreement), including legal, reasonable travel and lodging, accounting, filing, printing, capital raising, regulatory compliance (including the initial compliance contemplated by the Alternative Investment Fund Managers Directive (if relevant) or any similar law, rule or regulation related to such Fund, the Adviser and any feeder fund) and other organizational expenses up to an amount specified in the relevant Partnership Agreement. As is typical for private investment funds, each Fund likely will bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

In certain circumstances, one Fund may pay an expense common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds for their share of such expense, without interest. While highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. The Adviser may also advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

The Adviser may permit certain investors to co-invest in portfolio companies alongside one or more Funds. If a co-investment vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds, although, from time to time, the Fund that a co-investment vehicle is investing alongside may bear such costs directly or indirectly. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, all broken deal expenses relating to such unconsummated transaction are likely to be borne entirely by the relevant Fund(s), and not by any prospective co-investors, that were to have participated in such transaction, as in many cases no co-investment vehicle will have been formed. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle may bear its share of such broken deal expenses. The Adviser expects



that, in most instances of unconsummated transactions, no co-investors will have invested in any such vehicle, and accordingly the relevant Fund(s) will bear all such expenses relating to such transactions.

In certain transactions, the Adviser will have discretion over whether to charge transaction fees, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such compensation. The receipt of such compensation may give rise to conflicts of interest between the Funds, on the one hand, and the Adviser on the other hand.

### **Industry Experts**

Additionally, as further described herein and in the Memorandum and/or Partnership Agreement of each Fund, the Adviser intends to retain certain industry experts to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest. Such industry experts generally may provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. These services may also include serving in management or policy-making positions for portfolio companies. Industry experts will receive compensation, including, without limitation, cash, stock options and/or other in-kind compensation), which may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of such industry experts, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Industry experts also generally will be reimbursed for certain travel and other costs in connection with their services. No such compensation will offset the Management Fee. The use of industry experts subjects the Adviser to conflicts of interest, as discussed under “Conflicts of Interest,” below.

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

As described under “Fees and Compensation,” the Adviser receives a carried interest allocation on certain realized profits in each Fund unless otherwise agreed by the Adviser. The Adviser generally does not advise Funds not subject to a carried interest, although it may waive carried interest with respect to certain affiliated partners as described under “Fees and Compensation.”

The existence of the carried interest of the Adviser could be viewed as an incentive for the Adviser to make riskier or more speculative investments for each Fund than would be the case in the absence of this arrangement. In addition, the manner in which the Adviser’s entitlement to the carried interest is determined may result in a conflict between its interests and the interests of investors in a Fund with respect to the sequence and timing of disposals of such Fund’s investments. The performance of co-investments sponsored by the Adviser is not netted with the performance of any of the Funds’ investments for purposes of calculating the carried interest payable by such Fund or the carried interest or performance fee payable by co-investors with respect to any such co-investment. As such, the Adviser may have conflicts with respect to the pursuit and allocation of investment opportunities.

## **TYPES OF CLIENTS**

The Adviser provides investment advice to the Funds. The Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of the Adviser and members of their families, industry experts or other service providers retained by the Adviser.

Each Fund generally has a minimum investment amount of \$10,000,000 for third-party investors, and Fund interests are generally offered and sold solely to qualified purchasers (or qualified knowledgeable GPI personnel). Such minimum investment amount may be waived by the Adviser, but generally will not be less than \$100,000 (or other amounts as specified by Cayman Islands law).

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

### **General**

GPI is a private investment firm focused primarily on equity and equity-like minority investments in privately-held and publicly-held companies that the Adviser believes are attractively valued but require complex capital structure solutions. The Adviser's investment advisory services consist of sourcing and analyzing potential investments, structuring and negotiating investment transactions, monitoring and managing investments, and achieving dispositions for investments.

The Adviser's investment strategy for the Funds focuses on the acquisition of non-controlling, minority stakes in a limited number of what the Adviser believes are fundamentally attractive, high-growth companies operating clear and well-structured business models. The Adviser seeks to deploy capital on behalf of the Funds where it believes that investment conditions support growth and profitability, primarily focusing on purchasing equity or equity-like securities (i.e. privately-negotiated investments in privately-held companies; privately-negotiated investments in publicly-listed companies; purchases of liquid, publicly-traded equity securities; and highly negotiated, complex structured investments), comprising non-controlling, minority stakes in order to seek long-term capital appreciation. The Funds may invest in equity securities, convertible securities, debt securities, derivative instruments and/or other instruments (including other securities at any level of a portfolio company's capital structure) to achieve their investment objectives. These securities will often be common shares, preferred shares, convertible preferred shares and convertible debt securities.

The Adviser seeks to acquire for the Funds substantial non-controlling stakes in companies that it believes are fundamentally attractive and well-managed, in support of a range of strategic corporate activities that it believes can give rise to attractive risk versus return outcomes. The Adviser seeks to identify and capitalize on opportunities where factors such as complexity,

urgency, scale of capital need and focus on partner quality have the potential to drive attractive and differentiated economic and governance terms for the relevant Fund.

The Adviser seeks to proactively originate investment opportunities through an extensive network of experienced entrepreneurs, management teams, directors, strategic advisors and top-tier consortium investors, while reducing dependence on widely marketed, broker managed opportunities. The Adviser seeks to employ a proactive fundamental screening and research framework in conjunction with an ongoing relationship inception process and management effort to drive proprietary origination of investment opportunities.

The Adviser generally seeks to make primary investments with a target investment size of \$100 million to \$500 million per investment. Such target investment size may include co-investment opportunities, as described in more detail herein. Such primary investments are generally minority investments representing between 2% and 20% of the outstanding equity of the applicable portfolio company. The Funds' investments are expected to be global in scope and diversified across most major sectors with a focus on consumer, financial services, energy, industrials, technology, media and telecommunications ("TMT") and healthcare.

There can be no assurance that the Adviser will achieve the investment objectives of any Fund and a loss of investment is possible.

## **Investment and Operating Strategy**

***Origination of Investment Opportunities.*** The Adviser sources investments through relationships of the Adviser and its related persons, and also through external sources including regional brokerage firms and M&A boutiques. Once a potential investment is identified, the Adviser develops an investment thesis, and performs, itself and/or through third-party advisors and consultants, business, industry, accounting and legal due diligence, as appropriate, and negotiate the relevant transaction agreements. As part of its diligence process, the Adviser generally completes a final deal memo, which is presented to the relevant Fund's investment committee for final approval.

***Monitoring Portfolio Companies.*** The Adviser seeks to work with each portfolio company, where appropriate, throughout the period of the relevant Fund's investment in such company. Following the closing of a transaction, the Adviser seeks to remain actively involved with, and provide assistance to, the relevant portfolio company through regular communication with senior management and, where applicable, through participation and oversight as members of such portfolio company's board of directors.

***Exit Strategy.*** Prior to making an investment, the Adviser and the senior management team of the relevant portfolio company seek to establish an understanding of the ultimate exit strategy for that investment. After an investment is made, the Adviser seeks to update its analysis and investment thesis based on new information, and generally makes the decision to exit the investment when the Adviser believes a convergence of price and intrinsic value have created an attractive opportunity for exit. Other considerations affecting the Adviser's decision to exit, or to continue to hold, an investment may include risk management, capital market conditions, reputational considerations, legal requirements, availability and cost of various means of

monetization, potential for alternative uses of capital, and expected effects of announcements of major portfolio company-level initiatives.

## **Risks of Investment**

Each Fund and its investors bear the risk of loss that the Adviser's investment strategy entails. The risks involved with the Adviser's investment strategy and an investment in a Fund include, but are not limited to:

***Suitability of Investments.*** An investment in a Fund is not suitable for all investors. An investment is suitable only for sophisticated investors and an investor must have the financial ability to understand and the willingness to accept the extent of its exposure to the risks and, while the Funds will have a potentially shorter term than other private equity funds, lack of liquidity inherent in an investment in a Fund. Investors should consult with their professional advisors to assist them in making their own legal, tax, accounting and financial evaluation of the merits and risks of an investment in a Fund in light of their own circumstances and financial condition.

***No Assurance of Investment Return; There May Not Be Any Near-Term Cash Flow; Loss of Capital.*** There can be no assurance that any Fund will be able to choose, make and realize investments in any particular company or portfolio of companies. There can be no assurance that any Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in such Fund generally and the types of special situations investments to be made by such Fund. Cash flow will be dependent on the nature and composition of the assets acquired by a Fund. Depending on the type of assets acquired and the ability to successfully manage or sell investments, there may not be any near-term cash flow available from a Fund to its partners and there can be no assurance that a Fund will make any distributions to its partners. Partial or complete sales, transfers or other dispositions of investments which may result in a return of capital or the realization of gains, if any, may not occur for a number of years after an investment is made. A Fund's ability to dispose of its investments may be impaired by other market participants seeking to sell similar assets at the same time or be subject to regulatory limitations on re-sale. Participation in a Fund's investment program and an investment in a Fund should only be considered by persons who can afford a loss of their entire investment. There can be no assurance that any projected or targeted returns for any Fund or any of its portfolio investments will be achieved. Prospective investors should bear in mind that targeted performance is not a guarantee, projection or prediction and is not necessarily indicative of future results. Other participants in the industry may disagree with the feasibility of target returns and potential investors should make their own determinations about the prospects for a Fund.

***Limited Operating History.*** The Funds recently commenced operations and therefore, the Funds have limited operating history upon which prospective investors may evaluate their performance. Although the investment professionals of the Adviser have extensive investment experience generally, the Funds and the Adviser are recently formed entities with limited operating history upon which to evaluate a Fund's likely performance. Investors should draw no conclusions from any investment experience described in the relevant Memorandum, if any, nor the performance of any other GPI investment or sponsored vehicles (or GPI itself) or other investments previously managed by any investment professional of the Adviser and should not expect any Fund to achieve similar results. Furthermore, prospective investors should note that there can be no

assurance that any Fund's intended strategy of sourcing proprietary investment opportunities in portfolio companies through relationships of the investment professionals of the Adviser will be successful. In addition, prospective investors should note that the investment professionals directly responsible for the Funds have limited experience investing in special situations investments out of a private equity fund and working together as a group and the investments made by a Fund may differ from previous investments made by the investment professionals directly responsible for a Fund in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure and holding period.

***Reliance on the Adviser and Certain Individuals.*** The success of each Fund will depend on the ability of the Adviser to identify, structure and consummate suitable investments and to dispose of such investments at a profit. The Adviser will rely on the skill and expertise of its investment professionals, those individuals serving as members of the investment committee and others providing investment and other advice and services with respect to such Fund (including other GPI employees). There can be no assurance that any key investment professionals or other persons described in the relevant Memorandum will continue to be associated with or available to the Adviser throughout the life of any Fund. Any such persons may leave GPI to establish or work in businesses that compete with the Funds. The number and composition of the investment professionals of the Adviser may change over time. The loss of the services of one or more of such persons could have an adverse impact on a Fund's ability to realize its investment objectives. Furthermore, those persons that work on matters related to a Fund may also work on other projects for GPI (including other Funds and other accounts) and may at times be limited by the internal compliance policies of GPI, other constraints set forth in the governing agreements of such Fund or such other Funds, and constraints discussed in the relevant Memorandum. In addition, new investment professionals and committee members may be added at any time.

***Broad Investment Mandate.*** A Fund's limited partners must rely upon the ability of the Adviser to identify, structure and implement investments consistent with such Fund's overall investment objectives and policies at such times as it determines. Each Fund will begin operations upon the commencement of such Fund's activities and thereafter make investments in keeping with its investment program. Except as may be set forth in the relevant Partnership Agreement, there are no material limitations on the instruments, markets or countries in which a Fund may invest or the specific investment strategies that may be employed on behalf of a Fund. A Fund may make investments throughout the capital structure such as mezzanine securities, senior secured debt, bank debt, unsecured debt, convertible bonds and preferred and common stock and across asset classes such as real estate, public equity, structured equity, minority private equity, commodities and credit. It is expected that, in light of its investment objectives, a Fund will often make equity, credit and/or debt investments that do not involve control over the underlying entity in which such Fund invests. Additionally, each Fund will be permitted to invest (and may actually invest) in any number of companies operating in a wide range of industries, geographies or activities.

***Unspecified Investments.*** Each Fund will begin operations upon its initial closing, and an investor acquiring any of a Fund's limited partner interests must rely upon the ability of the Adviser to identify, structure and implement investments consistent with such Fund's investment objectives and policies. A Fund may be unable to find a sufficient number of attractive

opportunities to meet its investment objectives. The success of a Fund will depend on the ability of the Adviser to identify suitable investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of portfolio investments. In the event that GPI acquires one or more investments suitable for a Fund prior to such Fund's initial closing, there can be no assurance that such investment(s) will be transferred to such Fund.

***Force Majeure Risk.*** Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, earthquakes, war, terrorism and labor strikes. Some force majeure events may adversely affect a party's ability to perform its obligations until it is able to remedy the force majeure event. In some cases, offtake and other agreements can be terminated if the force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period.

***Outside Events.*** Events outside the control of a portfolio company, such as political action and governmental regulation, demographic changes, economic growth, increasing fuel prices, government macroeconomic policies, tariff and other fee rates, social stability, availability of alternative building materials, competition, natural disasters (such as fire, floods, earthquakes and typhoons), changes in climate, weather, blight, pestilence, changes in demand for products or services, bankruptcy or financial difficulty of a major customer, acts of war or terrorism and other unforeseen circumstances and incidents could significantly reduce the revenues generated or significantly increase the expense of operating such portfolio company.

***Inflation Risk.*** Each Fund's portfolio companies may have revenues linked to some extent to inflation, including, without limitation, by contractual arrangement. Typically, as inflation rises, a portfolio company will earn more revenue, but will incur higher expenses; as inflation declines, a portfolio company may not be able to reduce expenses in line with any resulting reduction in revenue. In addition, inflation on operational expenses may exceed national inflation or the inflation on prices and revenue, which may adversely affect returns to the Funds.

***Highly Competitive Market for Investment Opportunities.*** Each Fund's strategy is based, in part, upon the premise that investments will be available for purchase by such Fund at prices that the Adviser considers favorable. No assurance can be given that investment opportunities can be acquired at favorable prices, since this will depend, in part, upon events and factors outside the control of the Adviser. The Adviser may pursue a wide variety of investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate to accomplish a Fund's investment objective. The activity of identifying, completing and realizing on attractive investment opportunities is highly competitive and involves a high degree of uncertainty.

Each Fund will compete primarily with public and private investment firms, as well as individuals, financial institutions, sovereign wealth funds, private equity and hedge funds and other strategic or institutional investors for investment opportunities. Some competitors may have advantages over a Fund in acquiring investment opportunities, including greater amounts of capital, reduced target financial returns or a broader geographic knowledge base. Competition for appropriate investment opportunities may reduce the number of investment opportunities available to a Fund, limit the ability of a Fund to diversify its investments and adversely affect a Fund's ability to negotiate with counterparties the terms upon which investments can be made. Increased

competition may also result in a Fund having to participate in a number of competitive bidding situations. A Fund may incur significant expenses identifying, investigating and attempting to acquire potential investments which are ultimately not consummated, including expenses relating to due diligence, transportation, extended competitive bidding processes, legal expenses and the fees of other third-party advisors. While the Adviser expects to generate a number of potential investment opportunities for the Funds from a variety of sources, including the relationships of the Adviser as well as those of its investment professionals, other competitors may have similar relationships and may have opportunities to acquire the same investment opportunities. There can be no assurance that any Fund will be presented with investment opportunities from any of the sources described in such Fund's Memorandum or that any Fund will be able to develop suitable investment opportunities (whether from within GPI or from other sources). Moreover, there can be no assurance that any Fund will be able to implement any monetization strategies described in the relevant Memorandum, identify and complete portfolio investments which satisfy its diversification or return objectives, or realize the values of such investments, or that it will be able to invest fully its committed capital. To the extent that a Fund encounters competition for investments, returns to its limited partners may decrease.

***Early Termination of a Fund.*** It is possible that a Fund may be dissolved and terminated prematurely, and as a result, may not be able to accomplish its objectives and may be required to dispose of its investments at a disadvantageous time.

***Illiquid and Long-Term Investments.*** An investment in a Fund requires a long-term commitment. This is particularly true for investors who elect to re-up their commitment for subsequent vintage Funds, in which case a commitment could last for a significant period of time and may be subject to changing economic climates from vintage to vintage. The return of capital and the realization of gains, if any, from a portfolio investment generally will occur only upon the recapitalization, public offering or partial or complete disposition of such portfolio investment and distribution of such proceeds. The recapitalization, public offering, sale or other disposition of a portfolio investment may not occur for a number of years (in some instances three to four years, or longer) after the initial investment is made. A Fund generally will not be able to sell its securities in privately-held companies unless the issuer has made an initial public offering and such sale is registered under applicable securities laws or unless an exemption from such registration requirements is available. In addition, in some cases a Fund may be prohibited by contract from selling certain securities, including publicly-traded securities, for a period of time, and as a result may not be permitted to sell an investment at a time it might otherwise desire to do so. The disposition of such investments may require a lengthy time period or may result in distributions in kind to investors.

***Financial Market and Interest Rate Fluctuations.*** General fluctuations in the market prices of securities and interest rates may affect the Funds' investment opportunities and the value of their investments. Volatility and instability in the securities markets may also increase the risks inherent in the investments.

***Investment in Junior Securities.*** The securities in which the Funds will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect a Fund's investment once made.

**Leverage.** Utilization of leverage by a Fund in its investment strategy will result in fees, expenses and interest costs to such Fund and may generate current income. Using leverage will increase the exposure of an investment to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of such investment. Any investment's use of leverage may, amongst others, have the following consequences to the relevant Fund's partners, including, but not limited to: (i) use of cash flow (including capital contributions) for debt service, distributions, or other purposes; (ii) to the extent that revenues are required to meet principal payments, such partners may be allocated income (and therefore tax liability) in excess of cash distributed; and (iii) in certain circumstances, disposition at a loss or otherwise on unattractive terms may be necessary in order to service debt obligations or meet debt covenants. There can be no assurance of sufficient cash flow to meet debt service obligations. As a result, exposure to foreclosure and other losses may be increased.

In addition, portfolio companies may need to refinance outstanding debt as it matures. There is a risk that such investments may not be able to refinance existing debt or that the terms of any refinancing may not be as favorable as the terms of the existing loan agreements. If prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase. These risks could adversely affect a Fund's financial condition, cash flows and the return on its investments. Although not expected, if a Fund engages in portfolio financings where investments are cross-collateralized or cross-defaulted, multiple investments may be subject to the risk of loss. As a result, a Fund could lose its interests in performing investments in the event such investments are cross-collateralized or cross-defaulted with poorly performing or nonperforming investments. Recourse debt, which each Fund reserves the right to obtain, may subject other assets of a Fund to the risk of loss and the partners' capital commitments to be called or Fund assets to be sold to satisfy such debt. Full or partial recourse debt may also limit the ability of a Fund to effect a debt restructuring at or prior to maturity of the debt.

A Fund's assets, including any investments made by such Fund and any capital held by such Fund, may be available to satisfy all liabilities and other obligations of such Fund. If a Fund defaults on secured indebtedness, the lender may foreclose and such Fund could lose its entire investment in the security for such loan. If a Fund itself becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to such Fund's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability. Borrowings may be secured by assignment of the obligations of a Fund's limited partners to make capital contributions to such Fund and a security interest in investments. This may limit a Fund's partners' ability to use their interests in such Fund as collateral for other indebtedness.

In addition, the inability of a Fund to repay borrowings under a credit facility secured by the capital commitments of its limited partners could enable the lender to take action against a limited partner to the extent of its then remaining capital commitment in such Fund. The use of leverage by a Fund also may create "unrelated business taxable income."

**Non-U.S. Investments.** Each Fund may invest a portion of its assets outside of the United States. Non-U.S. securities involve certain risks not typically associated with investing in U.S. securities, including risks relating to: (i) currency exchange matters, including fluctuations in the exchange rate between the U.S. Dollar and the various foreign currencies in which a Fund's foreign



investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation or other changes in law; (iv) differences between U.S. and foreign market contract terms (e.g., foreign contracts do not typically include many of the closing conditions that are commonly found in U.S. contracts); (v) the possible imposition of non-U.S. taxes (including withholding taxes) on income and gains recognized with respect to such securities; (vi) the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or its limited partners with respect to such Fund's income, and possible non-U.S. tax return filing requirements for a Fund and/or its limited partners; and (vii) less developed corporate laws regarding fiduciary duties and the protection of limited partners. Additionally, certain countries in which the Funds may invest have in the past, and may, in the future, experience political and social instability that could adversely affect the Funds' investments in such countries. Such instability could result from, among other things, popular unrest associated with demands for improved political, economic and social conditions and popular unrest in opposition to government policies that facilitate direct foreign investment. Governments of certain countries have exercised and continue to exercise substantial influence over many aspects of the private sector. The Funds generally do not intend to obtain political risk insurance. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the return from investment. Exchange control regulations, expropriations, confiscatory taxation, nationalization, restrictions on repatriation of capital, denunciation of foreign debt, political, economic or social instability, or other economic or political developments could adversely affect the assets of a Fund held in a particular country.

***Deployment of Capital; Impact on Investment Returns.*** Each Fund may from time to time maintain cash at the fund-level pending deployment into investments, which may at times be significant. Such cash may be held in various accounts of the relevant Fund or such vehicles or may be invested in money market accounts or other similar temporary investments. While the duration of such holding period is expected to be relatively short, in the event a Fund is unable to find suitable investments, such cash positions may be maintained at the fund-level or such vehicles for longer periods which would be dilutive to overall investment returns. It is not anticipated that the temporary investment of such cash into money market accounts or other similar temporary investments pending deployment into investments will generate significant interest, and investors should understand that such low interest payments on the temporarily invested cash may adversely affect overall fund returns.

***Limited Number of Investments; Lack of Diversity.*** Each Fund is only subject to limited diversification terms and may participate in a limited number of investments. Other than as described in the relevant Memorandum and Partnership Agreement, investors have no assurance regarding the degree of diversification of a Fund's investments by issuer, security, geographic region, or capital structure. To the extent a Fund concentrates investments in a particular issuer, security, geographic region, or capital structure, its investments will become more susceptible to

fluctuations in value resulting from adverse economic or business conditions with respect thereto. As a consequence, the aggregate return of a Fund may be adversely affected by the unfavorable performance of one or a small number of investments or unfavorable developments in one or a small number of geographic regions.

***Public Company Holdings.*** Each Fund's investment portfolio is expected to contain securities and debt issued by publicly held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately-held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including partners of such Fund's General Partner, and increased costs associated with each of the aforementioned risks.

***Investments in Less Established Companies; Risk of Fraud in Investee Companies.*** The Funds may invest in less established companies, or companies which have been unaudited. Investments in such portfolio companies may involve greater risks than are generally associated with investments in more established companies, since less established companies frequently have smaller market presence than larger competitors and are generally subject to increased exposure to adverse economic factors. For example, such companies may have shorter operating histories on which to judge future performance and may have negative cash flow. Such companies also may have a lower capitalization and fewer resources (including cash) and be more vulnerable to failure, resulting in the loss of some or all of a Fund's entire investment in any such company. If the investment professionals of the Adviser are unable to obtain all material information about these companies, the Adviser may not be able to make a fully informed investment decision. In addition, less mature companies could be more susceptible to irregular accounting or other fraudulent practices, which may result in a partial or total loss of capital invested by a Fund in any such company.

***Risks Relating to Due Diligence of and Conduct at Portfolio Companies.*** Before making investments, the Adviser will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. There can be no assurance that such third-party advisors or consultants will accurately evaluate such investments or the specific factors for which they have been retained. Such involvement of third-party advisors or consultants may also present a number of risks primarily relating to the Adviser's reduced control of the functions that are outsourced. In addition, if the Adviser is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, the Adviser will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that the Adviser carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not

necessarily result in the investment being successful. There can be no assurance that attempts to provide downside protection with respect to investments will achieve their desired effect and potential investors should regard a participation in any Fund's investment program and an investment in any Fund as being speculative and having a high degree of risk.

Investment analyses and decisions by the Adviser may at times be undertaken on an expedited basis in order for a Fund to take advantage of investment opportunities. In such cases, information available to the Adviser at the time of an investment decision may be limited, and the Adviser may not have access to the detailed information necessary for a full evaluation of the investment opportunity.

There can be no assurance that any Fund will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the investment on an ongoing basis or that any risk management procedures implemented by a Fund will be adequate. In the event of fraud by any portfolio company or any of its affiliates, a Fund may suffer a partial or total loss of capital invested in that portfolio company. An additional concern is the possibility of material misrepresentation or omission on the part of the portfolio company or the seller. Such inaccuracy or incompleteness may adversely affect the value of a Fund's investment in such portfolio company. Each Fund will rely upon the accuracy and completeness of representations made by portfolio companies and in certain instances their former owners in the due diligence process when it makes its investments, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to a Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

***Control Position Risk.*** Although not generally contemplated in partnership investing, a Fund may make investments that allow such Fund to acquire control or exercise influence over management and the strategic direction of a portfolio company. The exercise of control over a company imposes additional risks of liability for environmental damage, failure to supervise management and other types of liability in which the limited liability characteristic of business operations may be ignored. The exercise of control over a portfolio company could expose the assets of a Fund to claims by such portfolio companies, its shareholders and its creditors. While the Adviser intends to manage the Funds in a manner that will minimize the exposure of these risks, the possibility of successful claims cannot be precluded.

***Non-Controlling Investments and Limited Rights as Shareholder; Co-Investment Risk.*** Each Fund is expected to hold non-controlling interests in most of its portfolio companies and, therefore, may have a limited ability to protect its interests in such companies and to influence such companies' management. In addition, a Fund may invest alongside financial, strategic or other third-party co-investors through joint ventures or other entities (especially with respect to certain investments (for example, in larger companies) that can only be made by such Fund with other third-party co-investors) which may have larger or controlling ownership interests in such entities or portfolio companies. In such cases, a Fund will rely significantly on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom such Fund is not affiliated and whose interests may at times conflict with the interests of such Fund. Investments alongside co-investors will involve additional risks that may not be present in investments where a co-investor is not involved, including the possibility

that a co-investor or co-investors may have interests or objectives that are inconsistent with those of the relevant Fund or may be in a position to take actions contrary to such Fund's investment objectives or may have financial difficulties or otherwise default on their obligations, resulting in a negative impact on such investment. A third-party co-investor may be in a position to take (or block) action in a manner contrary to the relevant Fund's investment objectives, including through the voting of the company's securities or a disposition of its investment. In addition, a Fund may in certain circumstances be liable for the actions of its third-party co-investors. Investments made with third-parties in joint ventures or other entities also may involve carried interests and/or other fees payable to such third-party partners or co-ventures. There can be no assurance that minority shareholder rights will be available to any Fund with respect to any non-controlling investment or that such rights will provide sufficient protection of such Fund's interests.

***Short-term Financings.*** From time to time, each Fund may lend funds to its portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge loans typically would be convertible into a more permanent, long-term security; however, for reasons not always in the relevant Fund's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the relevant Fund. A Fund's short-term financings may be entered into at prospective returns below such Fund's target investment returns. Therefore, a short-term financing which is not exited as originally anticipated, even if successfully recovered by a Fund, could significantly reduce such Fund's overall investment returns.

***Additional Capital.*** Certain of the Funds' portfolio companies may be expected to require additional financing to satisfy their working capital requirements. The amount of the additional financing needed will depend upon the maturity and objectives of the particular portfolio company. Each such round of financing (whether from the relevant Fund or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a company may have to raise additional capital at a price unfavorable to the existing investors, including the relevant Fund. In addition, a Fund may make additional investments in order to preserve such Fund's proportionate ownership when a subsequent financing is planned, or to protect such Fund's investment when such portfolio company's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of the Funds or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. A Fund may be called upon to provide follow-on funding for its investments or have the opportunity to increase its investment in such a portfolio company. There can be no assurance that a Fund will want to make follow-on investments or that it will have sufficient funds or the ability to do so. Any decision by a Fund not to make a follow-on investment or its inability to make it may have a substantial negative impact on a portfolio company in need of such an investment or may diminish such Fund's ability to influence the portfolio company's future development.

***Operating and Financial Risks of Portfolio Companies.*** Portfolio companies in which the Funds invest could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, or an economic downturn. As a result, companies which a Fund expected to be stable may operate at a loss or have significant variations

in operating results, may risk default on their short or long-term indebtedness, may require substantial additional capital to support their operations or to maintain their competitive positions, or may otherwise have a weak financial condition or be experiencing financial distress.

***Investments Longer Than the Relevant Fund's Term.*** A Fund may make investments which may not be advantageously disposed of prior to the date such Fund will be dissolved, either by expiration of such Fund's term or otherwise. A Fund may have to sell, distribute or otherwise dispose of investments at times of market volatility or uncertainty or at an otherwise disadvantageous time. As a result, a Fund may sell, distribute or otherwise dispose of its investments for a price which is less than the price that could have been obtained if the investments were held for a longer period of time.

***Asset Valuations.*** Generally, there may be no readily available markets for many of the Funds' investments; hence, many of those investments will be difficult to value as they could likely not be readily sold on the open market. Valuations of the securities of privately-held companies will be determined by the Adviser and generally will be final and conclusive to all of the investors. Valuations are only estimates of future results that are based upon assumptions made at the time that the valuations are developed. There can be no assurance that the projected results inherent in valuations will be achieved and actual results may vary significantly from the valuations. General economic, political, regulatory and market conditions and the actual operations of the portfolio companies, which are not predictable, can have a material adverse impact on the reliability of such valuations. Valuations are necessarily subjective, and other persons may reach different conclusions regarding values of investments and may use different methodologies.

***Investments in the TMT Sectors.*** The Funds may make investments in the TMT sectors. The TMT industry is challenged by various factors, including rapidly changing market conditions and/or participants, new competing products, changing consumer preferences, heavily regulated activities, short product life cycles, services and/or improvements in existing products. The companies in which the Funds may invest will compete in this volatile environment. There is no assurance that products or services sold by such companies will not be rendered obsolete or adversely affected by competing products and services or that such companies will not be adversely affected by other challenges. Moreover, competition can result in significant downward pressure on pricing. Instability, fluctuation or an overall decline within the software industry will likely not be balanced by investments in other industries not so affected. In the event that the software sector as a whole declines, investment returns may decrease.

***Financial Services Industry Risk Factors.*** Financial services institutions have asset and liability structures that are essentially monetary in nature and are directly affected by many factors, including domestic and international economic and political conditions, broad trends in business and finance, legislation and regulation affecting the national and international business and financial communities, monetary and fiscal policies, interest rates, inflation, currency values, market conditions, the availability and cost of short-term or long-term funding and capital, the credit capacity or perceived creditworthiness of customers and counterparties, and the level and volatility of trading markets. Such factors can impact customers and counterparties of financial services institutions and may impact the value of financial instruments held by financial services institutions. Fluctuations in interest rates, which affect the value of assets and the cost of funding

liabilities, are not predictable or controllable, may vary from country to country and may impact economic activity in various regions.

The profitability of the financial services industry may be adversely affected by a worsening of general economic conditions in domestic and international markets and by monetary, fiscal or other policies that are adopted by various governmental authorities and international bodies. Monetary policies have had, and will continue to have, significant effects on the operations and results of financial services institutions. There can be no assurance that a particular financial services institution will not experience a material adverse effect on its net interest income in a changing interest rate environment. Factors such as the liquidity of the global financial markets, the level and volatility of prices of financial instruments, investor sentiment and the availability and cost of credit may significantly affect the activity levels of customers with respect to size, number and timing of transactions. A market downturn would likely lead to a decline in the volume of transactions that financial services institutions execute for their customers and thus lead to a decline in revenues from fees, commissions and spreads.

The financial services industry is extremely competitive, and it is expected that competitive conditions in the industry will continue to intensify. Merger activity in the financial services industry has resulted in, and is expected to continue to result in, larger institutions with greater financial and other resources that are capable of offering a wider array of financial products and services. The financial services industry has become considerably more concentrated as numerous financial institutions have been acquired by or merged into other institutions. Technological advances and the growth of e-commerce have made it possible for non-financial institutions to offer products and services that have been traditionally offered by financial services institutions. It is expected that cross-industry competition will continue to intensify.

The financial services industry is highly dependent on communications and information systems and is exposed to many types of operational risk, including the risk of fraud by employees or other parties, record-keeping error, errors resulting from faulty computer or telecommunication systems, computer failures, and damage to computer and telecommunication systems caused by internal or external events.

Financial services institutions operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities. Failure to comply with any of these laws, rules or regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties, fines, suspension or expulsion, and termination of deposit insurance, which may have material adverse effects. In order to comply with banking laws, rules and regulations, a Fund may be required to invest in a manner that may not be as advantageous as the manner of making investments that are not subject to such laws, rules and regulations.

***Debt or Mezzanine Investments in Portfolio Companies.*** The Funds may make investments in debt or convertible debt securities of portfolio companies. Such debt may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional

indebtedness and there is no minimum credit rating for such debt investments. Other factors may materially and adversely affect the market price and yield of such debt investments, including, without limitation, investor demand, changes in the financial condition of portfolio companies, government fiscal policy and domestic or worldwide economic conditions.

The Funds' investment in any mezzanine securities may not be protected by financial covenants or limitations upon additional indebtedness, and such mezzanine securities may have limited liquidity and are not expected to be rated by a credit rating agency. Mezzanine investments generally are subject to various risks including, without limitation: (i) a subsequent characterization of an investment as a "fraudulent conveyance" under relevant creditors' rights laws possibly resulting in the avoidance of collateral securing the investment or the cancellation of the obligation representing the investment; (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in certain periods before a bankruptcy filing; (iii) equitable subordination claims by other creditors; (iv) so-called "lender liability" claims by the issuer of the obligations; and (v) environmental liabilities that may arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any portfolio company, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership or distressed exchange, can significantly diminish the value of the relevant Fund's investment in any such company.

***Distressed Investments; Workouts and Restructurings.*** Each Fund's investment program may include making investments in distressed situations from time to time (e.g., investments in defaulted, out-of-favor or distressed bank loans and debt securities) or may involve investments that become "non-performing" following such Fund's acquisition thereof. Certain of each Fund's investments will therefore include specific securities of companies or other entities that typically are highly leveraged, with significant burdens on cash flow, and therefore involve a high degree of financial risk. Investments may include (i) capital infusions to companies facing liquidity issues or significant debt maturities, (ii) capital to finance operations or growth for companies facing a cyclical downturn, non-recurring losses or contractual issues, (iii) capital infusions or debtor-in-possession financings to companies in bankruptcy, (iv) financing for acquisitions of businesses, frequently from distressed sellers or assets that are non-core to the seller or (v) businesses facing capital structure, cyclical or operational distress. The Funds may also make "rescue" financings ranging from secured debt to equity infusions including, without limitation, investments in companies that are in need of liquidity or facing debt maturities, or provide growth capital to companies who cannot access the capital markets due to cyclical factors or financial market dislocation. In addition, the Funds may also selectively pursue the acquisition of fulcrum securities/loan-to-own debt purchases as a means to gain control of assets upon a restructuring. The securities of the Funds' investments described in this paragraph may be considered speculative, and the ability of such companies to pay their debts on schedule could be adversely affected by interest rate movements, changes in the general economic climate or the economic factors affecting a particular industry, or specific developments within such companies. Investments in companies operating in workout or bankruptcy modes also present additional legal risks, including fraudulent conveyance, voidable preference and equitable subordination risks. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Adviser will correctly evaluate the value of the assets collateralizing any Fund's loans or the prospects for a successful reorganization or similar action.

As noted above, in certain limited cases (e.g., in connection with workout, restructuring and/or foreclosing proceedings involving one or more debt investments by a Fund), the success of such Fund's investment strategy with respect thereto will depend, in part, on the ability of such Fund to effectuate loan modifications and/or restructure and improve the operations of such Fund's investments. The activity of identifying and implementing any such restructuring programs and operating improvements entails a high degree of uncertainty. There can be no assurance that any Fund will be able to successfully identify and implement such restructuring programs and improvements.

***Distressed Securities.*** Investment in the securities of financially troubled and operationally troubled issuers involves a high degree of credit and market risk. There is a possibility that any Fund may incur substantial or total losses on its investments. During an economic downturn or recession, securities of financially troubled or operationally troubled issuers are more likely to go into default than securities of other issuers. Securities of financially troubled and operationally troubled issuers are less liquid and more volatile than securities of companies not experiencing financial difficulties. The market prices of such securities are subject to erratic and abrupt market movements and the spread between bid and asked prices may be greater than normally expected. In addition, it is anticipated that many of each Fund's investments in privately-held securities may not be widely traded and that each Fund's investment in such securities may be substantial relative to the market for such securities. As a result, any Fund may experience delays and incur losses and other costs in connection with the sale of its investments.

***Risks Associated with Bankruptcy Cases.*** The Funds may invest in financially troubled companies and companies either currently in, or that may enter into, Chapter 11 bankruptcy or insolvency proceedings. Many of the events within bankruptcy or insolvency proceedings are adversarial and are often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that bankruptcy courts would decide favorably toward, or consistent with the interests of, the relevant Fund. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and/or functional operating control of a debtor.

As the duration of bankruptcy cases can be only roughly estimated, the reorganization process can involve substantial legal, professional, and administrative costs to a company and/or the relevant Fund, and is subject to unpredictable and lengthy delays. In addition, during the process a company's competitive position may erode, key management may depart, and the company may not be able to invest adequately. In some cases, a company may not be able to reorganize and may be required to liquidate assets. Decisions by a Fund to invest in the debt of such companies may not be protective of such Fund's economic interests, as the debt of companies in the process of financial reorganization generally will not pay current interest, may not accrue interest during reorganization, and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

There exists a significant risk that a Fund's influence with respect to a class or tranche of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, a class or tranche. In addition, certain administrative costs and claims (for example, claims for taxes) that have priority by law over the claims of certain creditors may be quite high.



With respect to companies domiciled outside the United States, bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

***Other Trading Strategies.*** The Funds may employ investment strategies for which no “risk factors” are disclosed herein or in the relevant Memorandum. Such strategies should not be considered to be less risky than the strategies so disclosed, and should be viewed as speculative and volatile. There can be no assurance that any Fund will achieve its investment objectives or avoid total losses.

***Enhanced Scrutiny and Regulation of the Private Investment Fund Industry and the Financial Services Industry.*** Each Fund’s ability to achieve its investment objectives, as well as the ability of each Fund to conduct its operations, is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Future legislative, judicial or administrative action could adversely affect any Fund’s ability to achieve its investment objectives, as well as the ability of such Fund to conduct its operations. Increased regulation could have a material adverse impact on the profit potential of any Fund, as well as require increased transparency as to the identity of such Fund’s limited partners.

There has been significant discussion regarding enhanced governmental scrutiny and/or increased regulation of the private investment fund and financial services industries. The Antitrust Division of the U.S. Department of Justice has previously issued information requests relating to private equity transactions among multiple fund sponsors and in 2014, several fund sponsors settled claims that they had conspired to not bid against each other on eight large “take-private” buyouts that occurred prior to the financial crisis. In addition, on July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”). A key feature of the Dodd-Frank Act is the extension of prudential regulation by the Board of Governors of the Federal Reserve System (the “**Federal Reserve**”) to financial institutions that are not currently subject to such regulation but that potentially pose risk to the financial system. The Dodd-Frank Act also imposes a number of restrictions on the relationship and activities of banking organizations with private equity and hedge funds and other provisions that will affect the alternative asset management industry, either directly or indirectly and as a result, most advisers to private funds, as well as most hedge funds and other private pools of capital, will be affected. The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the alternative asset management industry generally and/or on the Adviser, the Funds’ investment programs or the Funds, specifically. Therefore, there can be no assurance that any continued regulatory scrutiny or initiatives will not have an adverse impact on the Adviser or the Funds’ investment programs or otherwise impede the Funds’ activities.

These reforms and/or other similar legislation could increase compliance costs of the Funds and have an adverse effect on the private investment funds industry generally and on the Adviser, the Funds’ investment programs and/or the Funds specifically, and may impede the Funds’ ability to effectively achieve their investment objectives. Additional regulation could also increase the risks of third-party litigation. The transactional nature of the business of the Funds exposes the Funds and the Adviser generally to this risk of third-party litigation. Under its Partnership

Agreement, each Fund will generally be responsible for indemnifying the Adviser and related parties for costs they may incur with respect to such litigation.

In addition, as private equity firms and other alternative asset managers become more influential participants in the global financial market, the private fund industry has been subject to increasing criticism by some politicians, regulators and market commentators. For example, recently, various U.S. federal, U.S. state and local agencies have been examining the role of placement agents, finders and other similar service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information, and in connection therewith, new and/or proposed rules and regulations in this arena may increase the possibility that the Adviser may be exposed to claims and/or actions that could require a limited partner to withdraw from a Fund. As a related matter, the Adviser may be required to provide certain information regarding some of the investors in the Funds to regulatory agencies and bodies in order to comply with applicable laws and regulations, including the U.S. Foreign Corrupt Practices Act (“FCPA”). Furthermore, elements of organized labor and other representatives of labor unions have embarked on a campaign targeting private equity firms on a variety of matters of interest to organized labor, including with respect to affording favorable treatment or significant deference to organized labor and labor unions in dealings with portfolio companies. There can be no assurance that the foregoing will not have an adverse impact on the Adviser, the Funds’ investment programs and/or the Funds or otherwise impede the Funds’ activities.

This increased political and regulatory scrutiny of the private equity industry has been particularly acute during the global financial crisis. For example, in addition to the U.S. legislation described above, other jurisdictions have proposed modernizing financial regulations that have called for, among other things, increased regulation of and disclosure with respect to, and possibly registration of, hedge funds and private equity funds. There is therefore a material risk that regulatory agencies in the U.S. or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private equity industry, or other changes that could adversely affect private equity firms and the funds they sponsor, including the Funds.

Finally, increased reporting, registration and compliance requirements may divert the attention of personnel and the management teams of a Fund’s General Partner, its portfolio companies and the Adviser, and may furthermore place such Fund at a competitive disadvantage to the extent that its portfolio companies are required to disclose sensitive business information.

**Legal Risk.** The activities of the Adviser may in the future subject the Adviser and its personnel to risks of becoming involved in litigation by third parties or proceedings or investigations brought by regulatory authorities. It is difficult to determine what impact, if any, such litigation may have on the Adviser, a Fund’s investment program and/or such Fund. As a result, there can be no assurance that the foregoing will not have an adverse impact on the Adviser, a Fund’s investment program and/or such Fund or otherwise impede such Fund’s ability to effectively achieve its investment objectives.

**Cybersecurity Risks.** Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable

industries such as the food services and retail industries. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or a Fund, to substantial losses.

In addition, the Adviser and its respective service providers (including the Funds' administrator) depend on both outsourced and internal information technology systems to perform their duties and meet their obligations. Notwithstanding the diligence whereby the Adviser may review their own information technology systems or those of its service providers, a party may not be in a position to verify the risks or reliability of such systems or to protect such systems. Similarly, despite any training or other measures that the Adviser may perform with regard to its employees, professionals or any service providers, such individuals may intentionally or inadvertently take action, or fail to act, in a manner that poses risks to the Adviser or the Funds. Therefore the Adviser and the Funds may be subject to losses, damage and interruptions arising out of cyber incidents, phishing attempts, cybersecurity breaches, denial-of-service attacks, computer viruses, network failures, computer and telecommunication failures, employee and professional usage errors, power outages, and unauthorized access to computer networks and hardware and computer systems, in addition to catastrophic events, such as fires, hurricanes, floods and other natural disasters, and terrorist incidents.

If the Adviser's hardware, systems, networks or software are compromised, become inoperable or cease to function properly due to cyber incidents or otherwise, the Funds may incur significant costs to fix or replace them. The damage to, or interruption or failure of, these information technology systems for any reason could cause significant interruptions in the Adviser's and the Funds' operations and result in a compromise of the security, confidentiality or privacy of confidential or sensitive data, including personal information relating to investors (and the beneficial owners of investors) and cause material financial loss or harm. Such an incident could harm the Adviser's or the Funds' reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage to, or interruption or failure of, these information technology systems may cause losses to the Funds by interfering with the operations of the Adviser or by requiring a significant amount of the Adviser's time.

The Funds may also incur substantial costs as the result of such an incident, including costs associated with forensic analysis of the origin and scope of the incident, increased and upgraded cybersecurity measures, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential or sensitive data, reputational damage and necessary or otherwise appropriate repairs or upgrades to damaged information technology systems. In addition, cybersecurity issues and risks are currently a major focus area of the SEC, the Commodity Futures Trading Commission ("CFTC") and other regulatory authorities. Any such regulatory authorities may in the future increase the scrutiny with which they examine and evaluate the policies, procedures, and systems of the Adviser and interpret existing statutes and

regulations. Any such incidents, or any actual or perceived shortcomings with respect to applicable statutes and regulations, could expose one or more of the Funds or the Adviser to civil, legal or regulatory liability as well as regulatory inquiry or action.

***Failure of Risk Management Procedures and Methods.*** The risk management techniques and strategies used by the investment professionals of the Adviser may not be effective in mitigating the Funds' risk exposure in all economic market environments or against all types of risk, including risks that the investment professionals of the Adviser fail to identify or anticipate. Some of the qualitative tools and metrics for managing risk may fail to predict future risk exposures. These risk exposures could, for example, arise from factors the investment professionals of the Adviser did not anticipate or correctly evaluate in their models. In addition, any quantified modeling performed does not take all risks into account and could prove insufficient, exposing the Funds to material unanticipated losses. Other risk management methods depend upon evaluation of information that is publicly available or otherwise accessible by the Adviser. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

***Failure of Operation Procedures and Methods.*** Each Fund depends on the Adviser to develop, operate and manage systems and procedures to control operational risk. Operational risks arising from issues made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruptions in a Fund's operations may cause such Fund to suffer financial loss, the disruption of its business, liability to clients or third parties, regulatory intervention or reputational damage. In addition, certain of the operations interface with or depend on systems operated by third parties, including its prime brokers and market counterparties and their sub-custodians and other service providers. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by computer "worms," viruses and power failures. Any such defect or failure could have a material adverse effect on a Fund. Furthermore, a Fund's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to such Fund, the Adviser, such Fund's counterparties, brokers, dealers, agents or other service providers.

***Risks Relating to Hedging Strategies.*** Each Fund, directly or indirectly, may opt to use a variety of financial instruments such as derivatives, options, swaps, caps and floors and forward contracts for risk management purposes in order to: (i) protect against possible changes in the market value of such Fund's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect such Fund's unrealized gains in the value of such Fund's investment portfolio; (iii) facilitate the sale of any such investments; (iv) establish a position as a temporary substitute for other securities; (v) enhance or preserve returns, spreads or gains on any investment in such Fund's portfolio; (vi) hedge the interest rate or currency exchange rate on any of such Fund's liabilities or assets; (vii) protect against any increase in the price of any securities such Fund anticipates purchasing at a later date; or (viii) for any other risk management related purposes that the Adviser deems appropriate.

The Adviser is not required to attempt to hedge portfolio positions in any Fund and, for various reasons, may determine not to do so. Furthermore, the Adviser may not anticipate a particular risk so as to hedge against it. While a Fund may enter into hedging transactions in

seeking to reduce risk, such transactions may result in a poorer overall performance for such Fund than if it had not engaged in any such hedging transaction. For a variety of reasons, the Adviser may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent a Fund from achieving the intended hedge or expose such Fund to risk of loss. The success of the hedging strategy of a Fund is subject to the Adviser's ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a Fund's hedging strategy is also subject to the Adviser's ability to recalculate continually, readjust and execute hedges in an efficient and timely manner. Moreover, it should be noted that each Fund's portfolio always will be exposed to certain risks that cannot be hedged, such as certain credit risk (relating both to particular securities and counterparties with respect to which CDS (as defined below) protection is unavailable), "liquidity" risk and "widening" risk.

Certain hedging arrangements may create for the Adviser a registration or exemption obligation with the CFTC or other regulator.

***Derivatives.*** Each Fund may invest in complex derivative instruments that seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, in particular, interest rate and credit risk volatility, world and local market price and demand and general economic factors and activity. Derivatives may have very high leverage embedded in them that can substantially magnify market movements and result in losses greater than the amount of the investment. Some of the markets in which the Funds may effect derivative transactions are OTC or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes a Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty.

***Derivative Clearinghouses and Exchanges; Required Central Clearing for Derivatives.*** The Dodd-Frank Act will ultimately mandate that a substantial portion of OTC derivatives must be executed in regulated markets and be submitted for clearing to regulated clearinghouses. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as margin requirements mandated by the CFTC, SEC and/or other federal regulators. OTC derivatives dealers typically demand the unilateral ability to increase collateral requirements for cleared OTC trades beyond any regulatory and clearinghouse minimums. OTC derivatives dealers also typically demand the unilateral ability to increase collateral requirements for cleared OTC trades beyond any regulatory and clearinghouse minimums. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives and new requirements that apply to the holding of collateral by OTC derivatives dealers. These requirements may increase the amount of collateral the Funds are required to provide and the costs associated with providing it. OTC derivative dealers also are required to post margin to the clearinghouses through which they clear their customers' trades

instead of using such margin in their operations, as was widely permitted before the Dodd-Frank Act. This has and will continue to increase the OTC derivative dealers' costs and these increased costs are generally passed through to other market participants in the form of higher upfront and mark-to-market margin, less favorable trade pricing, and the imposition of new or increased fees, including clearing account maintenance fees.

With respect to cleared OTC derivatives, the Funds will not face a clearinghouse directly but rather through an OTC derivatives dealer that is registered with the CFTC or SEC to act as a clearing member. The Funds may face the indirect counterparty risk of the failure of another clearing member customer to meet its obligations. Such scenario could arise due to a default by the clearing member on its obligations to the clearinghouse, triggered by a customer's failure to meet its obligations to the clearing member.

The CFTC also now requires certain derivative transactions that were previously executed on a bi-lateral basis in the OTC markets to be executed through a regulated swap exchange or execution facility. The SEC is also expected to impose similar requirements on certain security-based swap derivatives in the near future, though it is not yet clear when these parallel SEC requirements will go into effect. Such requirements may make it more difficult and costly for investors, including the Funds, to enter into highly tailored or customized transactions. They may also render certain strategies in which the Funds might otherwise engage impossible or so costly that they will no longer be economical to implement. If the Funds and/or GPI decides to execute derivatives transactions through such exchanges or execution facilities, the Funds would be subject to all of the rules of the exchange or execution facility, which would bring additional risks and liabilities, and potential requirements under applicable regulations and under rules of the relevant exchange or execution facility.

Finally, OTC derivatives dealers are now required to register with the CFTC and will ultimately be required to register with the SEC. Registered swap dealers will also be subject to new minimum capital and margin requirements, and are subject to business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. These requirements further increase the overall costs for OTC derivative dealers, which may be passed along to market participants, including the Funds, as market changes continue to be implemented. The overall impact of the Dodd-Frank Act on the Funds remains highly uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime, along with additional, sometimes overlapping, regulatory requirements imposed by non-U.S. regulators.

**Options.** Each Fund may buy or sell (write) call options, and when it writes options it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the class or tranche and amount of those as to which the call option applies. A Fund's options transactions may be part of a hedging tactic, i.e., offsetting the risk involved in another securities position. These activities involve risks that can be large, depending on the circumstances. In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions into which a Fund may enter.

When a Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the theoretically-unlimited risk of an

increase in the market price of the underlying security or index above the exercise price (although a Fund will rarely be completely uncovered). If the option is covered, an increase in the market price of the security above the exercise price would cause the relevant Fund to lose the opportunity for gain on the underlying security, assuming such Fund bought the security for less than the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss such Fund might suffer as a result of owning the security.

***Credit Default Swap Agreements.*** The “buyer” in a credit default contract (a “credit default swap agreement” or “CDS”) is obligated to pay the “seller” a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay or obligation acceleration. If a credit event occurs, the seller typically must pay the contingent payment to the buyer, which is typically the “par value” (full notional value) of the reference obligation. The contingent payment may be a cash settlement or physical delivery of the reference obligation in return for payment of the face amount of the obligation. A Fund may be either the buyer or seller in the transaction. If a Fund is a buyer and no credit event occurs, such Fund may lose its investment (or premium) and have no recovery. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value. As a seller, a Fund receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligations.

Credit default swaps involve greater risks than if a Fund had invested in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. A buyer also may lose its investment and recover nothing should no credit event occur. If a credit event were to occur, the value of the reference obligation received by the seller, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value to the relevant Fund.

Given the recent sharp increases in volume of credit derivatives trading in the market, settlement of such contracts may also be delayed beyond the time frame originally anticipated by counterparties. Such delays may adversely affect a Fund’s ability to otherwise productively deploy any capital that is committed with respect to such contracts.

***Futures.*** Investments in commodities, futures and options contracts involve risks including, without limitation, leverage (e.g., margin is usually only 5% to 15% of the face value of the contract and exposure can be nearly unlimited) and credit risk vis-à-vis the contract counterparty. A Fund’s futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Fund from promptly liquidating unfavorable positions and subject it to substantial losses.

***Stock Index Futures.*** Using stock index futures for hedging involves several risks. Price movement in the stock index and price movements in the securities that are the subject of the hedge do not always correlate. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and there is no secondary market for those contracts. In addition, there may be no active market for the contracts at any particular time. Some exchanges do not permit trading in particular contracts at prices that fluctuate more than a set limit in any day. If prices fluctuate during a single day beyond those limits, a Fund may not be able to liquidate unfavorable positions promptly and may lose money.

***Failure of Futures Commission Merchants and Other Custodians.*** Under U.S. regulations, futures commission merchants and other brokers or custodians are required to maintain customers' assets in segregated accounts. To the extent that a Fund engages in hedging and other CFTC-regulated transactions and the futures commission merchants and other brokers or custodians with which such Fund maintains accounts fail to so segregate such Fund's assets, such Fund will be subject to a risk of loss in the event of the bankruptcy of any of such entities. In certain circumstances, a Fund might be able to recover, even with respect to property specifically traceable to such Fund, only a pro rata share of its assets held at such entities.

***Short Selling.*** Each Fund is expected to engage in short selling as part of its risk management strategies. A short sale by a Fund involves the sale of a security that such Fund does not own in the hope of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, a Fund must borrow the security, and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. A Fund realizes a profit or a loss as a result of a short sale if the price of the security decreases or increases, respectively, between the date of the short sale and the date on which such Fund covers its short position (i.e., purchases the security to replace the borrowed security). A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

***Repurchase Agreements.*** A Fund may enter into repurchase agreements, by which it buys a security and simultaneously agrees to sell it back later at a predetermined price, or in reverse repurchase agreements, by which a Fund sells a security and simultaneously agrees to buy it back later at a predetermined price. The repurchase date is usually within seven days after initiating the agreement. If the other party to the repurchase agreement or reverse repurchase agreement becomes insolvent or bankrupt, a Fund could experience losses due to insufficient collateralization or due to delays and costs of liquidating the collateral or recovering the securities or payment for the securities. If, in the meantime, the value of the securities changes, a Fund could experience further losses. Repurchase and reverse repurchase agreements can have effects similar to margin trading and other leveraging strategies.

***Currency Exchange Exposure.*** Each Fund may typically make investments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. Dollar. Each Fund, however, will value its investments in U.S. Dollars. A Fund may or may not seek to hedge its non-U.S. currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross-currency swaps. There can be no guarantee that investments suitable for hedging currency or market shifts will be available at the time when a Fund wishes to use them, or that hedging techniques employed by any



Fund will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all.

To the extent unhedged, the value of a Fund's positions in non-U.S. investments will fluctuate with U.S. Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. Dollar compared to the other currencies in which a Fund makes investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of such Fund's investments in their local markets and may result in a loss to such Fund. Conversely, a decrease in the value of the U.S. Dollar will have the opposite effect on a Fund's non-U.S. Dollar investments.

***Convertible Securities.*** Each Fund is expected to invest in convertible securities. Convertible securities are preferred stocks or debt obligations that are convertible into common stock. Generally, convertible securities offer lower interest or dividend yields than non-convertible securities of similar quality and less potential for gains or capital appreciation in a rising stock market than other equity securities. Convertible securities tend to be more volatile than other fixed income securities, and the markets for convertible securities may be less liquid than markets for common stocks or bonds. Convertible securities have both equity and fixed income risk characteristics. Like fixed income securities, the value of convertible securities is susceptible to the risk of market losses attributable to changes in interest rates. The market value of convertible securities tends to decline as interest rates increase. If, however, the market price of the common stock underlying a convertible security approaches or exceeds the conversion price of the convertible security, the convertible security tends to reflect the market price of the underlying common stock. In such a case, a convertible security may lose much or all of its value if the value of the underlying common stock then falls below the conversion price of the security. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly based on its fixed income characteristics, and thus, may not necessarily decline in price as much as the underlying common stock. Additionally, an issuer may have the right to buy back certain of the convertible securities at a time and price that is unfavorable to the relevant Fund.

***Fixed Income Securities.*** Each Fund is expected to invest in fixed income securities of U.S. and non-U.S. issuers, as well as derivatives thereon. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which a Fund invests may change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities and bank loans can fluctuate in response to perceptions of creditworthiness, foreign exchange rates, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

***Counterparty Risk.*** Some of the markets in which the Funds may effect transactions are OTC or "interdealer" markets. The participants in such markets typically are not subject to the same credit evaluation and regulatory oversight as are members of "exchange-based" markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection

with such OTC transactions. This exposes a Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing such Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Fund has concentrated its transactions with a single or small group of counterparties. The Adviser is generally not restricted from dealing with any particular counterparty or from concentrating any or all of a Fund’s transactions with one counterparty. Moreover, the Adviser has no formal credit function which evaluates the creditworthiness of a Fund’s counterparties. The ability of a Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by such Fund.

In addition, the counterparties with which a Fund effects transactions may, from time to time, cease making markets or quoting prices in certain of the instruments. In such instances, a Fund may be unable to enter into a desired transaction in currencies, or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward, spot and option contracts and swaps on currencies do not provide a trader with the right to offset its obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts or swaps, a Fund may be required, and must be able, to perform its obligations under the contract.

***Suspensions of Trading.*** For securities traded on public exchanges, each exchange typically has the right to suspend or limit trading in certain or all securities that it lists. Such a suspension could render it temporarily impossible for a Fund to liquidate its positions, and thereby expose such Fund to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough for any Fund to close out positions.

***U.S. Dollar Denomination of Interests.*** The Funds and their limited partner interests will be denominated in U.S. Dollars and all fees (including any carried interest and any Management Fee) will be calculated and paid in U.S. Dollars. Consequently, the return realized on any investment may be adversely affected, potentially significantly, by movements in currency exchange rates, costs of conversion and exchange control regulations, in addition to the performance of the investment itself. Moreover, a Fund may incur substantial costs or experience substantial delays or even be prohibited from converting one currency into another. The Adviser may, but is not required to, enter into hedging transactions designed to reduce such currency risks. Potential investors should not rely on any such hedging taking place. Investors subscribing for limited partner interests in any country in which U.S. Dollars are not the local currency should note that changes in the exchange rate between U.S. Dollars and such currency may have an adverse effect on the value, price or income of the investment to such investor. There may be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions.

***Material Non-Public Information.*** As a result of the investment and related activities of the Adviser, as well as investments made by a Fund and its affiliates for their own account and/or the accounts of other Funds, investment vehicles and accounts, the Adviser may acquire confidential or material non-public information and therefore be restricted from initiating

transactions in certain securities. Disclosure of such information to the Adviser's personnel responsible for the affairs of a Fund will generally be on a need-to-know basis only, and a Fund may not be free to act upon any such information. In the event any material, non-public information is disclosed to the Adviser or any other person responsible for the affairs of a Fund, such Fund may be prohibited by applicable securities laws and the Adviser's internal policies from acting upon any such information. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

***No Assurance of Ability to Participate in Investment Opportunities; Co-Investment Allocation.*** Subject to the limitations set forth in the relevant Partnership Agreement, the Adviser may advise other Funds having objectives similar, in whole or in part, to those of an existing Fund, including other Funds in which the Adviser or its investment professionals may have an interest. Subject to certain limitations, the Adviser may form or advise one or more new Funds which may have similar or different investment strategies than any existing Fund. A Fund will generally not have any rights to investment opportunities in relation to the rights of such other Funds and to the extent of overlapping investment objectives, opportunities may be allocated to or shared with one or more of such other Funds in accordance with the applicable Partnership Agreements.

The Adviser may in its sole and absolute discretion give certain persons an opportunity to co-invest in particular investment opportunities. The allocation of co-investment opportunities may involve a benefit to the Adviser including, without limitation, fees or carried interest from the co-investment opportunity, capital commitments to a particular Fund and capital commitments to other Funds. Any such allocations are subject to further adjustment based on the participation levels of any such parties in the co-investment opportunity. Except as and to the extent set forth in the applicable Partnership Agreement, there can be no assurance with respect to the amount of any investment opportunity that will be allocated to a Fund.

***Portfolio Company Relationships.*** A Fund's portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Funds that, although the Adviser determines to be consistent with the requirements of the respective Funds' governing agreements, may not have otherwise been entered into but for the affiliation with the Adviser and which may involve fees and/or payments for goods and services to such other portfolio companies or the Adviser that are not subject to the management fee offsets described herein and in the relevant Memorandum and Partnership Agreement.

***Valuation Matters.*** The value of all investments or of property received in exchange for any investment will be the fair value determined by the Adviser. The carrying value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. Additionally, under certain circumstances set forth in the relevant Partnership Agreement, distributions in kind of investments for which market quotations are not readily available may be made. The valuation of such investments will generally form the basis for calculation of the Adviser's (or its affiliate's) carried interest.

## Conflicts of Interest

The Adviser and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, investment advisory, legal, management and other services to Funds and portfolio companies. The Adviser will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Partnership Agreement(s), although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Adviser conducting its activities, the interests of a Fund may conflict with the interests of the Adviser, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, the Adviser will determine all matters relating to structuring transactions and Fund operations using its best judgment considering such factors as it deems relevant, but in its sole discretion, subject in certain cases to approvals by the advisory committees and/or the limited partners of the participating Funds, as required by the relevant Partnership Agreements.

Without limitation, the Adviser's principals currently, and may in the future, manage several other investments similar to those in which a Fund will be investing, and may direct certain relevant investment opportunities to those investments. The Adviser's principals and the Adviser's investment staff will continue to manage and monitor such investments until their realization. Such other investments that the Adviser's principals may control or manage may potentially compete with companies acquired by a Fund. Subject to the terms of the relevant Partnership Agreement, the investment professionals of the Adviser and other persons involved with a Fund, including members of the investment committee, may not all be dedicated exclusively to such Fund and may have other responsibilities unrelated to such Fund, including serving on the investment committees of and managing other Funds and their investments during such Fund's investment period. Following the termination of a Fund's investment period and subject to the terms of the relevant Partnership Agreement, investment professionals of the Adviser may and likely will spend a portion of their business time and attention managing other Funds and investment vehicles and pursuing investment opportunities for such other Funds and investment vehicles. The Adviser believes that investment by its investment professionals in a given Fund, as well as their interest in the carried interest of such Fund, operate to align, to some extent, the interest of such investment professionals with the interest of the investors in such Fund, although these investment professionals have or may have economic interests in multiple Funds and investments as well and receive or may receive management fees and/or carried interests with respect to such other Funds and investments.

From time to time, the Adviser will be presented with investment opportunities that would be suitable not only for a given Fund, but also for other Funds and other investment vehicles managed by advisory affiliates of GPI LP. In determining which investment vehicles should participate in such investment opportunities, the Adviser is subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one client of the Adviser in a portfolio company may also raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by the Adviser or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some, but not all, investors in a given Fund. When and to the extent that employees and related persons of the Adviser make capital investments in or alongside certain Funds, the Adviser is subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than that of another Fund participating in the same transaction or that it would be as favorable as it would have been had such conflict not existed.

In some instances, a portion of an investment a Fund otherwise might have made in full may be made available to and shared with strategic investors and/or other co-investors, and thus not all amounts available to a Fund relating to an investment may be presented to such Fund. The Adviser may allocate investment opportunities among one or more Funds, strategic investors and other co-investors on a basis that it determines in good faith is appropriate or desirable in its sole discretion, taking into account multiple factors deemed relevant by the Adviser and in each case in accordance with the applicable Partnership Agreements and/or other contractual obligations and the Adviser's allocation policy, and such allocations are subject to adjustment based on the participation levels of any such parties in the co-investment opportunity. The outcome of this determination may result in the allocation of all of an investment opportunity to a Fund, or may result in a Fund co-investing alongside other Funds, strategic investors or other co-investors. Allocation of identified investment opportunities among one or more Funds, strategic investors and other co-investors presents inherent conflicts of interest where demand exceeds available supply. Investors should note that the conflicts inherent in making such allocation decisions may not always be resolved to the advantage of a Fund. As a result of the foregoing, not all amounts available to the Adviser relating to an investment opportunity that falls within the investment objective of a Fund may be available to such Fund to the extent another Fund permitted to be formed under the relevant Partnership Agreement has overlapping investment objectives with such Fund. In addition, the Adviser may take actions on behalf of other Funds, strategic investors and other co-investors that may conflict with a Fund's investment objectives and may not always be resolved to the advantage of such Fund.

The Adviser's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While the Adviser will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject, discussed herein, did not exist.

Where multiple Funds invest in the same actual or potential portfolio company, the Funds' Partnership Agreements generally require that such Funds invest, to the extent reasonably practical, on substantially the same terms and at substantially the same time, subject to any tax, regulatory, accounting, legal or other considerations that may limit the timing, amount or type of investments by any such Fund. However, under certain limited circumstances, multiple Funds may invest in different parts of the capital structure of a company or other issuers. For example, with

respect to a Fund's investment in a company, another Fund may invest in a different class of debt issued by the same company and/or own some or all of the equity securities of such company. The interests of the two Funds may not in all cases be aligned, which could create actual or potential conflicts of interest or the appearance of such conflicts. In that regard, actions may be taken by the Adviser and/or a Fund that are adverse to another Fund. In addition, where two Funds invest in different parts of the capital structure of a portfolio company, their respective interests may diverge significantly in the case of financial distress of the company. In addition, it is possible that in a bankruptcy proceeding one Fund's interest may be subordinated or otherwise adversely affected by virtue of the involvement and actions of the Adviser and another Fund relating to their investments. In this circumstance, questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company.

It is also possible that one Fund will enter into a transaction that the Adviser determines may present a potential conflict of interest with transactions executed on behalf of another Fund. Such conflicting activities may take place for a variety of reasons, including, without limitation, differing liquidity needs, risk parameters and overall investment objectives of the various Funds.

As a result of the Funds' interests in portfolio companies, the Adviser may have the right to appoint portfolio company board members (including current or former GPI personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to the Adviser. Such amounts will be in addition to any Management Fees or carried interest paid by a Fund to the Adviser.

The investment professionals of the Adviser and other persons involved with the Funds also may serve as members of the boards of directors of various companies and may participate in other activities outside of the Adviser. Conflicts may arise as a result of such activities. The possibility exists that the companies with which one or more of such persons is involved could engage in transactions that would be suitable for a Fund, but in which such Fund might be unable to invest. Moreover, with respect to such persons who serve as directors of a portfolio company, such individuals, in their capacity as directors, will be required to make decisions that they consider to be in the best interests of such portfolio company. In certain circumstances, for example in situations involving bankruptcy or near insolvency of such portfolio company, actions that may be in the best interest of such portfolio company may not be in the best interests of such Fund, and vice versa. Accordingly, in these situations, there may be conflicts of interests between such person's duties as an officer of the Adviser and such person's duties as a director of such portfolio company.

Additionally, a portfolio company typically will reimburse the Adviser or service providers retained at the Adviser's discretion (or the discretion of one or more third-party co-investors if part of a consortium deal) for expenses (including without limitation travel expenses) incurred by the Adviser or such service providers in connection with their performance of services for such portfolio company. This subjects the Adviser to conflicts of interest because the Funds generally

do not have an interest or share in these reimbursements, and the amount of such reimbursements may be substantial. The Adviser typically will determine the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically will not be disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to the Adviser or such service providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third-party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

The Adviser generally exercises its discretion to recommend to a Fund or in some cases to a portfolio company thereof that it contract for services with (i) the Adviser or a related person of the Adviser (which may include a portfolio company of such Fund) or (ii) an entity with which the Adviser or current or former members of its personnel has a relationship or from which the Adviser or its personnel otherwise derives financial or other benefit. This subjects the Adviser to conflicts of interest, because although the Adviser selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, the Adviser may have an incentive to recommend the related or other person because of its financial or other business interest. There is a possibility that the Adviser, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not the Adviser has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

The Adviser may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies of the Funds or other investment vehicles advised by GPI LP and/or its affiliates; conversely, former personnel or executives of GPI LP and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by the Adviser. Similarly, the Adviser and/or its personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the Adviser and/or the Funds or other investment vehicles it advises. The Adviser may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide the Adviser information about markets and industries in which the Adviser operates (or is contemplating operations) or will provide other services that are beneficial to the Adviser. The Adviser may have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

Subject to the relevant Partnership Agreement(s), the Adviser and its equity holders, officers, principals and employees may buy or sell securities or other instruments that the Adviser has recommended to a Fund. In addition, officers, principals and employees may buy securities in

transactions offered to, but rejected by, a Fund. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of any Fund.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Fund and/or its portfolio companies, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically will pay certain fees to industry experts and other third-party consultants (including consultants introduced or arranged by the Adviser that may regularly provide services to one or more portfolio companies), and such fees do not offset the Management Fee as described herein. Industry experts may make use of the Adviser's resources or otherwise be associated with the Adviser. The Adviser may agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. Although the use of industry experts and the allocation of compensation paid to them by the Adviser and/or the portfolio companies may subject the Adviser to potential conflicts of interest, the Adviser believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which are expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the industry expert is lower than market rates for the services provided and/or if the quality of the services of the industry expert makes a greater contribution to the success of the portfolio company. Although the Adviser will seek to retain industry experts with a view to reducing costs to portfolio companies and, ultimately, the Funds, a number of factors may result in limited or no cost savings from such retention. The Adviser also will seek to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that the Adviser believes will align such persons' interests with those of the Funds' limited partners.

Because the Adviser's carried interest is based on a percentage of net realized profits, it may create an incentive for the Adviser to cause a Fund to make riskier or more speculative investments than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when the Adviser might not otherwise have done so.

The Adviser may enter into side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) excuse or exclusion rights applicable to investments or transfer or withdrawal rights with respect to such Fund, including without limitation, as a result of an investor's specific policies or certain violations of federal, state or non-U.S. laws, rules or regulations, such as so-called "pay-to-play" rules with respect to public pension plan investors (which may materially increase the percentage interest of other investors in, and their contribution obligations, for future investments and expenses, and reduce the overall size of such Fund), (ii) additional or modified reporting obligations of the Adviser and such Fund, (iii) waiver of certain confidentiality obligations, (iv) prior consent of the



Adviser to, or facilitation of, certain transfers by such investor, (v) rights or terms necessary in light of particular legal, regulatory or policy characteristics of an investor, (vi) certain adjustments with respect to economic terms and privileges (including potential mandatory waiver of compensation as a result of certain violations of law with regard to public pension plan investors), (vii) additional obligations and restrictions of the Adviser and such Fund with respect to the structuring of any investment in light of the legal, tax and regulatory considerations of particular investors, (viii) priority co-investment rights and preferred co-investment terms, (ix) agreements to assist with the taking or defending of tax positions, (x) certain extensions or other adjustments with respect to time periods for making capital contributions or other deadlines set forth in the relevant Partnership Agreement, (xi) terms altering the participation in such Fund's program by an investor, and (xii) certain restrictions on the Adviser with respect to the exercise of its discretion on certain matters, including amendments, exercising default remedies, waiving confidentiality or terms and allocation of co-investment opportunities.

Any of these situations subjects the Adviser to potential conflicts of interest. The Adviser attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds, and attempts to allocate investment opportunities among a Fund and other Funds in a fair and equitable manner in accordance with the governing documents of such Funds. To the extent that an investment or relationship raises particular conflicts of interest, the Adviser will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where appropriate, the Adviser will consult and/or seek consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund and such other investment vehicles.

#### **DISCIPLINARY INFORMATION**

The Adviser and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

GPI LP is affiliated with the Affiliated Adviser registered with the SEC under the Advisers Act pursuant to GPI LP's registration under an umbrella registration. In addition, GPI GP LP and GPI Guardian GP LP, both of which are affiliated with GPI LP, are registered with the SEC under the Advisers Act pursuant to GPI LP's registration in accordance with SEC guidance. These affiliated investment advisers operate as a single advisory business together with GPI LP and serve as managers or general partners of Funds and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions with the Adviser.

Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the associated entities.

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

The Adviser has adopted the GPI LP Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of GPI principals

and employees and addresses conflicts that arise from personal trading. The Code requires GPI personnel to report their personal securities transactions, prohibits or requires pre-clearance for GPI personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits GPI personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the GPI Chief Compliance Officer. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the clients' interests in client eligible investments. In addition, the Code contains controls implemented by GPI designed to monitor and mitigate potential conflicts of interest related to employee activities, including specific policies to limit, among other things, their outside activities, political contributions and acceptance or offer of significant gifts. A copy of the Code will be provided to any investor or prospective investor upon request to Mateo Goldman, the GPI Chief Compliance Officer, at (646) 357-3140.

The Code also requires GPI personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. The Adviser and its affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Adviser and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Adviser.

Accordingly, should the Adviser or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Adviser would be prohibited from communicating such information to clients, and the Adviser will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of GPI personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Principals and employees of the Adviser may directly or indirectly own an interest in Funds, including certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities may also be presented to certain affiliates of the Adviser, as well as third-party investors and other persons, and such co-investments may be effected through co-investment vehicles or directly in a particular portfolio company. Additionally, a Fund may invest together with other Funds advised by an affiliated adviser of GPI LP in the manner set forth in the relevant Partnership Agreement and the Adviser's allocation policy. The Adviser will determine the allocation of investment opportunities in a manner that it believes is fair and equitable to its clients consistent with the Adviser's obligations and may take into consideration a number of factors, as further described in the Adviser's allocation policy.

The Adviser and its principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in a Fund, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain vehicles sponsored by the

Adviser (the “**Reference Funds**”) may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers whose securities are held by such Reference Funds or may give priority with respect to investments to such Reference Funds. Some of these restrictions could be waived by investors (or their representatives) in such Reference Funds.

From time to time, the Adviser may borrow funds on behalf of a Fund and contribute such borrowed amounts to the relevant Fund as a special capital contribution for investment, to be redeemed at a later date. Interest in connection with such borrowing would be borne by the relevant Fund as a Fund expense, consistent with its Partnership Agreement (or other governing document) and the expense policy described under “Fees and Compensation.” In borrowing on behalf of a Fund, the Adviser is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of such Fund. The Adviser will effect such borrowings in a manner it believes to be fair and equitable to the Fund, and consistent with the Adviser’s obligations to the Fund and under the Partnership Agreement.

### **BROKERAGE PRACTICES**

The Adviser engages in securities transactions of both private and public companies. The Adviser generally purchases and sells interests in private companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. In certain circumstances, the Adviser expects that it will also distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. To the extent that the Adviser engages in public securities transactions, it follows the brokerage practices described below.

If the Adviser sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Adviser. In such event, the Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Adviser may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

The Adviser has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Adviser generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Adviser seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them. Such research services could include economic research, market strategy research, industry research,

company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of the Adviser's Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by the Adviser, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund. Research services may be shared between two or more of the entities that make up the Adviser.

The Adviser will employ no agreement or formula for the allocation of brokerage business on the basis of research services; however, the Adviser may, in its discretion, cause the Funds to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where the Adviser has determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, the Adviser would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

The Adviser will periodically determine which brokers have provided research that has been helpful in the management of Funds. To the extent consistent with the Adviser's goal to obtain best execution for their clients, the Adviser may seek to place a portion of the trades that they direct with the brokers who are identified through this process.

To the extent that the Adviser allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds' interest in receiving most favorable execution.

Orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, the Adviser may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, the Adviser may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds.

Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to the Funds over time.

In the Adviser's private company securities transactions on behalf of the Funds, the Adviser may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, the Adviser may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although the Adviser generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

## **REVIEW OF ACCOUNTS**

The investments made by the Funds are generally illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, on an ongoing basis, the Adviser closely monitors companies in which the Funds invest, and the GPI Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will provide to its limited partners (i) audited financial statements annually within 120 days of such Fund's fiscal year end, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each limited partner's U.S. tax returns, and (iv) subject to confidentiality considerations, descriptive investment information for each portfolio company periodically.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

The Adviser may provide certain business or consulting services to companies in a Fund's portfolio and may receive compensation from these companies in connection with such services. As described in each Fund's Partnership Agreement, this compensation may, in many cases, offset a portion of the Management Fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out of pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees. See "Fees and Compensation."

From time to time, the Adviser may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents will be borne by the Adviser directly or indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, may be borne by the relevant Fund(s).

## **CUSTODY**

Under Rule 206(4)-2 of the Advisers Act (the "**Custody Rule**"), the Adviser is deemed to have custody of the Funds' cash and securities accounts, though it is not the Adviser's practice to accept or maintain physical custody of Fund assets. To comply with the Custody Rule, the Adviser maintains custody of assets held in the name of one or more Funds with the following qualified custodians: Citibank N.A. London Branch, Citigroup Global Markets Inc., Wells Fargo Bank, N.A. and Morgan Stanley & Co. LLC. Additionally, the Adviser arranges for the Funds' financial

statements to be prepared in accordance with U.S. Generally Accepted Accounting Principles and audited at least annually by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board. The Adviser distributes such audited financial statements to all of the Funds' investors within 120 days of the end of each Fund's fiscal year end.

### **INVESTMENT DISCRETION**

The Adviser has discretionary authority to manage investments on behalf of each Fund. As a general policy, the Adviser does not allow clients to place limitations on this authority. Pursuant to the terms of the relevant Partnership Agreement, the Adviser may enter into a "side letter" or other similar agreement with a particular investor with respect to a Fund without the approval of any other investor, which would have the effect of establishing rights under, altering or supplementing, the terms of the relevant Partnership Agreement and any subscription agreement with respect to such investor in a manner more favorable to such investor than those applicable to other investors. The Adviser assumes this discretionary authority pursuant to the terms of the Partnership Agreement and/or investment management agreement and powers of attorney executed by the limited partners of such Fund in connection with their subscription for limited partner interests in such Fund.

### **VOTING CLIENT SECURITIES**

The Adviser has adopted the GPI Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for each Fund's portfolio investments. The Proxy Policy seeks to ensure that the Adviser votes proxies (or similar instruments) in the best interest of the relevant Fund, including where there may be material conflicts of interest in voting proxies. The Adviser generally believes its interests are aligned with those of each Fund's investors, for example, through the principals' beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote. Additionally, a Fund's advisory board may approve the Adviser's vote in a particular solicitation. The Adviser does not consider service on portfolio company boards by the Adviser's personnel or the Adviser's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Adviser when voting proxies on behalf of a Fund. If you would like a copy of the Adviser's complete Proxy Policy or information regarding how the Adviser voted proxies for particular portfolio companies, please contact Mateo Goldman, GPI LP's Chief Compliance Officer, at (646) 357-3140, and it will be provided to you at no charge.

### **FINANCIAL INFORMATION**

The Adviser does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.