

## GREYBULL ADVISORS, LLC

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Form ADV Part 2A | Firm Brochure

March 22, 2024

This brochure provides information about the qualifications and business practices of Greybull Advisors, LLC (the “**Adviser**”). If you have any questions about the contents of this brochure, please contact Kesav Mohan, the Chief Compliance Officer at 307.364.6402 or by email at [kesav@greybullstewardship.com](mailto:kesav@greybullstewardship.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to the Adviser as a registered investment adviser does not imply a certain level of skill or training.

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

## **ITEM 2: MATERIAL CHANGES**

The Adviser is amending this Brochure as part of its annual Form ADV amendment for the fiscal year ending December 31, 2023. Since the last filing of this Brochure on March 28, 2023, there have been the following material changes:

- The Firm updated Items 5 and 10 to discuss debt financing services provided by Adviser's affiliate Greybull Finance Company, LLC and related conflicts of interest.

In addition, the Adviser made other routine updates to the Brochure, including the amount of the Adviser's regulatory assets under management.

Accordingly, all Investors are encouraged to review this Brochure in its entirety. The information set forth herein is qualified in its entirety by the applicable offering and governing documents. In the event of a conflict between the information contained in this Brochure and the applicable offering and governing documents, the information set forth in the applicable offering and governing documents of the relevant Fund (as defined below) or other investment vehicle shall control.

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## ITEM 4: ADVISORY BUSINESS

Greybull Advisors, LLC, a Delaware limited liability company, was formed in August 2021. Mason Myers, Founder and Chief Executive Officer, is the Adviser's sole owner.

An affiliate of the Adviser, Greybull Management Services, LLC, a Delaware limited liability company, operates as a relying adviser (the "**Relying Adviser**") and serves as a general partner for some of the Funds.

The Adviser, together with the Relying Adviser and the General Partners (as defined below) and its advisory affiliates provide investment advisory services to privately offered pooled investment vehicles (each a "**Fund**" and collectively, the "**Funds**").

The Adviser currently provides investment advisory services to the following Funds:

- Greybull Stewardship, L.P. ("**Fund I**")
- Greybull Stewardship II, L.P. ("**Fund II**")

To facilitate investment by certain investors, the Adviser may create one or more feeder funds or parallel funds or alternative vehicles.

The Adviser and the Relying Adviser provide discretionary investment management services through affiliated general partners of the Funds (collectively, the "**General Partners**" and each a "**General Partner**", and together with the Adviser and the Relying Adviser, "**Greybull**"). The Relying Adviser and each General Partner are subject to the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") pursuant to the Adviser's registration in accordance with SEC guidance, including under the concept of umbrella registration. This Brochure also describes the business practices of the Relying Adviser and the General Partners, which operate as a single advisory business together with the Adviser.

The Funds are venture capital and private equity funds that invest through negotiated transactions in operating entities, referred to herein as "**Portfolio Companies**." Greybull's investment advisory services to the Funds consist of identifying and evaluating potential investment opportunities, negotiating the terms of investments, managing and monitoring investments, and seeking and consummating dispositions for such investments.

Greybull's advisory services to the Funds are provided pursuant to the terms of the applicable offering documents, term sheets, management services agreements, limited partnership or other operating agreements or governing documents (collectively, "**Governing Documents**"). Fund investors ("**Investors**" and each an "**Investor**") cannot obtain services tailored to their individual specific needs.

As of December 31, 2023, Greybull managed approximately \$263,219,237 in regulatory assets on a discretionary basis and \$0 on a non-discretionary basis.

## ITEM 5: FEES AND COMPENSATION

Fees and expenses are generally paid as set forth in each Fund's Governing Documents. The information contained herein in this Item 5 is a summary only and is qualified in its entirety by the relevant Governing Documents. It is important that Investors refer to the relevant Governing Documents for a complete understanding of expenses and fees they may pay through an investment in the Funds.

### Management and Performance-Based Fees

Greybull is compensated for its advisory services through asset-based management fees ("**Management Fees**"). With respect to Fund I, beginning immediately after the first Interim Valuation Date, as defined in Fund I's Governing Documents, Greybull receives an annual Management Fee, payable quarterly in advance, of no more than 2% of Fund I's committed capital as reduced by the cost basis of Portfolio Company investments that have been distributed, disposed of for cash or written off (except to the extent any such cost basis has been reinvested). Fund I's Management Fees will not be charged on the stand-by commitment amount except to the extent that such stand-by commitment is actually drawn down. With respect to Fund II, Greybull receives a Management Fee, payable quarterly in advance, equal to an annual rate of 2% of Fund II's Investors' aggregate capital commitments until the end of the quarter in which Fund II's Investment Period, as defined in Fund II's Governing Documents, terminates. For each subsequent four-quarter period, the annual Management Fee rate will be reduced in accordance with the terms provided in Fund II's Governing Documents. Installments of the Management Fees payable for any period other than a full three-month period are adjusted on a *pro rata* basis according to the actual number of days in such period.

In addition, the General Partners are entitled to receive performance-based profit distributions. Subject to the terms and limitations set forth in each Fund's Governing Documents, each Fund's General Partner generally is entitled to receive profit allocation equal to 20% of realized gains, following allocation of a preferred rate of return of 5% and 8% per annum on unreturned capital contributions to Investors of Fund I and Fund II, respectively.

The Management Fees and profit allocations are generally not negotiable; however, Greybull, in its sole discretion, may waive or modify the Management Fees or profit allocation distribution percentages for certain Investors.

### Other Fees and Expenses

Greybull is responsible for its normal overhead and administrative expenses, including expenditures on account of salaries, wages, benefits, and other expenses of Greybull's members, agents and employees, rentals payable for space used by Greybull or the Funds, bookkeeping services and equipment.

Each Fund bears all costs and expenses relating to its activities and operations as provided in each Fund's Governing Documents, including expenses in connection with the syndication, formation, and organization of the Fund (which may be subject to a cap as provided in the applicable Governing Documents) and all liquidation costs, fees, and expenses incurred in connection with the winding up and liquidation of the Fund. Generally, each Fund will bear all other expenses,

including expenses related to the investigation (whether or not consummated), purchase, holding and sale of portfolio company securities, investment-related travel, legal, accounting, investment banking, research, brokerage and finders' fees, custody, transfer, registration, advisory board, interest, taxes and extraordinary expenses, and other similar fees and expenses. The foregoing list of expenses is not intended to be exhaustive and is qualified in its entirety by the applicable Governing Documents of each Fund.

From time to time, Greybull will be required to decide whether costs and expenses are to be borne by a Fund, on the one hand, and other vehicles advised or managed by Greybull or any of its respective affiliates, on the other hand. Greybull will allocate such fees and expenses in a manner it believes in good faith to be fair and equitable, but in its sole discretion. The allocation may not be proportional, as certain of such vehicles have different expense reimbursement terms, including with respect to Management Fee offsets.

Greybull and its principals, employees, or affiliates may receive directors', consulting, management services, advisory, consultant, monitoring, transaction, commitment, broken deal, break-up or similar fees from any Portfolio Company or prospective Portfolio Company of a Fund ("**Transaction Fees**"). Receipt of Transaction Fees may create a conflict of interest because the amounts of such Transaction Fees may be substantial, and the rights of a Fund and the Investors to these fees is limited to the offset arrangement described below and in the applicable Fund's Governing Documents. Determining whether such Transaction Fees will be paid periodically, prepaid or deferred and paid in arrears may also create a conflict of interest. When Transaction Fees are earned with respect to any Portfolio Company in which a Fund co-invests with third parties, including other funds advised or managed by Greybull or an affiliate thereof, if any, Greybull will determine and apply the Fund's allocable share of such Transaction Fees as described in more detail in the Governing Documents; such allocations often may not be clear and will involve a level of discretion.

Fund I's Management Fee will be reduced by Transaction Fees received from Portfolio Companies by Greybull or its principals or employees that customarily offset management fees, *provided, however*, that stock incentives shall offset Management Fees only when converted to cash. Fund II's Management Fee will be reduced by 100% of any Transaction Fees, net of expenses incurred in connection with such fees, received by the Adviser, General Partner or the Managing Directors (as defined in Fund II's Governing Documents) from any actual or prospective Portfolio Company of Fund II.

From time-to-time Portfolio Companies may engage certain persons that have relationships with Greybull to provide services to such Portfolio Companies. Compensation paid to any person whose relationship with Greybull is a "venture partner," "principal," "entrepreneur-in residence," "executive in residence," "contractor," "consultant" or "adviser" by a Fund Portfolio Company shall not be offset against the Management Fee, but rather all such compensation shall be an indirect expense of a Fund to the extent of its ownership position in the Portfolio Company.

The investment strategies employed with respect to the Funds generally do not involve the purchase or sale of publicly-offered securities, and as such, do not typically entail expenses related to brokerage commissions. To the extent applicable, each Fund generally is responsible for and pays any of its own brokerage and custodial fees and expenses. See Item 12 below.

## **Greybull Finance Company, LLC**

Greybull Finance Company, LLC (“*GFC*”) is Greybull’s affiliated service provider to Portfolio Companies and their affiliates as more fully described in Item 10. For debt financing services provided, GFC will be compensated directly by Portfolio Companies and their affiliates. GFC will be compensated through related interest payments and/or other fees. Investors should bear in mind that none of such amounts will reduce or otherwise offset the Management Fees payable by them.

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

As described under Item 5 above, the General Partners will receive performance-based fees on certain realized profits from the Funds. The existence of performance-based compensation creates an incentive for Greybull to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Greybull generally considers performance-based compensation to better align its interests with those of its Funds and Investors. Additionally, to the extent that Greybull’s personnel are assigned varying participation percentages of the performance-based fee from a Fund, such personnel are subject to similar conflicts of interest in identifying investment opportunities as appropriate for the Funds from which they are entitled to receive a higher performance-based fee percentage.

Greybull seeks to address the conflicts of interest in these matters with allocation practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with Greybull’s internal policies and each Fund’s investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by Greybull or any personnel.

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

Greybull provides discretionary investment advice solely to the Funds, as described in Item 4 above. The Funds include investment partnerships and/or other investment entities formed under domestic laws and operate as exempt investment pools under the Investment Company Act of 1940, as amended (the “*Investment Company Act*”). Investors in the Funds will be required to be “accredited investors” within the meaning of Rule 501(a) under the Securities Act of 1933, as amended (the “*Securities Act*”), “qualified clients” within the meaning of Rule 205-3(d)(1) under the Advisers Act, and may also be required to be “qualified purchasers” within the meaning of Section 2(a)(51) under the Investment Company Act.

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

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

Greybull generally seeks to invest in established, founder-owned businesses in the US with less than \$5 million in EBITDA, a history of earnings, and significant growth potential. The Firm looks for companies with what it views as superior business models generally operating in resilient sectors with strong tailwinds. Given its primary focus on high-quality business models, Greybull

seeks to invest across two primary verticals: subscription-based businesses and recurring businesses services.

With a persistent dedication to the smaller end of the market, Greybull focuses on investments with inefficient deal dynamics sourced through its extensive network of entrepreneurs and business brokers. Greybull commonly acquires businesses from founders and has developed a particular skillset in navigating transactions with first-time sellers. The inefficient nature of Greybull's historical transactions has enabled it to purchase high-quality, growing companies for below-market multiples.

Generally, Greybull seeks equity investments ranging from \$3 to \$15 million in companies that are valued between \$5 and \$20 million. While Greybull has a preference for control transactions, it retains the flexibility to pursue the target opportunity set through flexible structuring and minority investments with significant controls. Additionally, Portfolio Companies may often require multiple tranches of equity as they continue to grow, thus increasing equity checks over time. Greybull has historically taken a conservative approach to leverage and intends to continue such approach going forward.

Greybull seeks to partner with its Portfolio Companies and leverage its deep in-house functional and operating expertise within its chosen niche with the goal of driving transformational growth by enhancing both the quantity and quality of Portfolio Companies' earnings, professionalizing businesses, and accelerating both revenue and cash flow growth. In addition to growing the quantity of earnings, Greybull seeks to enhance the quality of Portfolio Company earnings by optimizing the business model and focusing more on recurring or repeat revenue sources. Although not a primary driver of returns, Greybull's historical experience in both scaling and improving the quality of its companies has resulted in multiple expansions.

## **Risks of Investment**

All securities investments risk the loss of capital. No guarantee or representation is made that the Funds will achieve their investment objectives or that an Investor will receive a return of its capital. Making an investment in a Fund is speculative and such an investment is not intended as a complete investment program. An investment in a Fund is designed for sophisticated persons who are able to bear the economic risk of the loss of their investment in the Fund and who have a limited need for liquidity in their investment. In addition, there will be occasions when Greybull may encounter potential conflicts of interest in connection with a Fund.

**The following risks do not purport to be a complete explanation of all the risks involved in acquiring a Fund interest. In evaluating whether to make an investment in a Fund, potential Investors are urged to consider all information contained in the respective Fund's Governing Documents, including the considerations and risk factors set forth therein, and consult with their independent advisors before making a determination whether to invest in the Fund. In addition, potential Investors should be aware that, as a Fund's portfolio develops and changes over time, that Fund may be subject to additional and different risks.**

*Risk Inherent in Private Equity Investments.* The types of investments that the Funds make involve a high degree of risk. In general, financial and operating risks confronting Portfolio Companies can be significant. While targeted returns should reflect the perceived level of risk in any



investment situation, there can be no assurance that a Fund will be adequately compensated for risks taken. A loss of an Investor's entire investment is possible. In addition, the markets that the Funds target are highly competitive and in many cases the competition consists of larger companies with access to greater resources. There can be no assurances that Greybull will locate an adequate number of attractive investment opportunities. The timing of profit realization is highly uncertain. Losses are likely to occur early in a Fund's term, while successes often require a long maturation.

Portfolio Companies often experience unexpected problems in the areas of product or service development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. The percentage of companies that survive and prosper can be small.

The Funds may invest in privately-held companies with limited histories of profit and stability. These companies may require considerable additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all or on acceptable terms. Such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Although a Fund may be represented by a representative of Greybull on a Portfolio Company's board of directors, each Portfolio Company will be managed on a day-to-day basis by its own management team (who generally will not be affiliated with the Fund or Greybull). Portfolio Companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage.

Investments in more mature companies also involve substantial risks. Such companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire other businesses, or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in product or service development, marketing, sales, manufacturing, and general management of these activities.

*Investment in Companies Dependent upon New Developments and Technologies.* The Funds may invest in technology-related companies. The value of a Fund's interest may be susceptible to greater risk than an investment in a partnership that invests in a broader range of securities. The specific risks faced by such companies include: (i) rapidly changing science, technologies and consumer preferences; (ii) new competing products and improvements in existing products which may quickly render existing products or technologies obsolete; (iii) exposure, in certain circumstances, to a high degree of government regulation, making these companies susceptible to changes in government policy and failures to secure, or unanticipated delays in securing, regulatory approvals; (iv) scarcity of management, technical, scientific, research and marketing personnel with appropriate training; (v) the possibility of lawsuits related to patents and intellectual property; and (vi) rapidly changing investor sentiments and preferences with regard to technology-related investments (which are generally perceived as risky).

*Foreign Investments.* A Fund may invest in companies that are based outside of the United States or the operations of which are primarily outside of the U.S. Any investment in a foreign country involves risks not found in the domestic securities market, including the following: the risk of economic and financial instability in the foreign country, which in some cases may include a collapse in credit markets, stock prices, currencies and/or consumer spending; the risk of adverse social and political developments, including nationalization, confiscation without fair compensation, political and social instability and war; the risk that the foreign country may impose restrictions on the repatriation of investment income or capital or on the ability of foreign persons to invest in certain types of companies, assets or securities; risks related to the possible lack of availability of sufficient financial information as a result of accounting, auditing, and financial disclosure standards that differ, in some cases significantly, from those in the United States; risks related to foreign laws and legal systems, which are likely to differ from those of the United States, including in particular the laws with respect to the rights of investors which may not be as comprehensive or well-developed as those in the United States and the procedures for the judicial or other enforcement of such rights which may not be as effective as in the United States; risks related to the fact that some investments may be denominated in foreign currencies and, therefore, will be subject to fluctuations in exchange rates; and risks related to applicable tax laws and regulations and tax treaties, which are likely to vary from country to country and may be less well-developed than those in the United States, possibly resulting in retroactive taxation so that the Fund could become subject to an unanticipated local tax liability.

*Foreign Exchange Risks.* Contributions to a Fund and distributions from the Fund are denominated in U.S. dollars. Investments may be denominated in U.S. dollars, Euros, Pounds Sterling or, if deemed advisable by Greybull, in other currencies. As a result, the profits or losses of a Fund on any investment, as measured in U.S. dollars, will be affected by fluctuations in currency exchange rates and exchange control regulations as well as by the success of the investment itself. In addition, a Fund may incur costs in connection with conversions between various currencies. The Funds do not presently intend to seek to reduce currency risks through “hedging” or other methods.

*Reliance on Greybull and Managing Directors.* Greybull has sole discretion over the investment of the capital committed to a Fund as well as the ultimate realization of any profits. An Investor will not receive the detailed financial information issued by Portfolio Companies that will be available to the Funds. Accordingly, an Investor will not have the opportunity to evaluate the relevant economic, financial and other information that will be utilized by Greybull in its selection of investments. As such, the pool of funds in the Fund represents a blind pool of funds. Investors will not make decisions with respect to the management, disposition or other realization of any investment made by a Fund, or other decisions regarding the Fund’s business and affairs. An Investor will be relying on Greybull to identify, structure, and implement investments consistent with each Fund’s investment objectives and policies and to conduct the business of the Fund as contemplated by each Fund’s Governing Documents. The loss of any Managing Director would likely have a significant adverse impact on the business of a Fund. No assurances can be given that any Managing Director will continue to be affiliated with a Fund throughout its term. Notwithstanding any prior experience that the Managing Directors may have in making investments of the type expected to be made by a Fund, any such experience necessarily was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that the Managing Directors and/or Greybull will be able to duplicate prior levels of success.

*Reliance on Portfolio Company Management.* Although Greybull may (but is not required and should not be expected to) seek representation on the board of directors of each of the Portfolio Companies, the Funds will not have an active role in the day-to-day management of the companies in which they invest. To the extent that the senior management of a Portfolio Company performs poorly, or if a key manager terminates employment, a Fund's investment in such company could be adversely affected.

*Lack of Information for Monitoring and Valuing the Fund's Assets.* Generally, there will be no readily available market for a substantial number of the Funds' investments and hence, most of the Funds' investments will be difficult to value. Despite Greybull's efforts to acquire sufficient information to monitor certain of the Funds' investments and make well-informed valuation and pricing determinations, Greybull may only be able to obtain limited information at certain times and, in some cases, may not be able to obtain information beyond the information that is publicly available. It is possible that Greybull may not be aware on a timely basis of material adverse changes that have occurred with respect to certain of its investments. The value of a Fund's assets could be significantly negatively affected by any such event. Further, Greybull will have to make valuation determinations without the benefit of an adequate amount of relevant information. Investors should be aware that as a result of these difficulties, as well as other uncertainties, any valuation made by Greybull may not represent the fair market value of the securities acquired by a Fund.

*Pandemic Risk.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have resulted in market disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

The COVID-19 outbreak caused a worldwide public health emergency, straining healthcare resources and resulted in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, took severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-home" and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. As a result, COVID-19 significantly diminished global economic production and activity of all kinds and contributed to both volatility and a severe decline in all financial markets.

Even though the spread of the COVID-19 virus itself is substantially contained and economies are "re-opened," it is difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

A future public health emergency could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds and the operational and financial performance of their Portfolio Companies will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and

reductions in the availability of capital. It may also impair the ability of Portfolio Companies of the Funds or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of Greybull, the Funds, and their Portfolio Companies may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

*Russia-Ukraine Conflict.* There is currently an ongoing military conflict between Russia and the Ukraine which, in a relatively short period of time, has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition, and performance of the Funds or any particular industry, business, or investee country, and the duration and severity of those effects are impossible to predict.

The Russia-Ukraine conflict may have an adverse impact and result in losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities, and reductions in the availability of capital. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal, and regulatory frameworks and systems in ways that are adverse to the investment strategies pursued by the Funds, all of which could adversely affect the Funds' ability to fulfill their investment objectives.

*Changing Economic Conditions.* The success of any investment activity is determined to some degree by general economic conditions, and Greybull's investment strategy could be significantly impacted by changing external economic conditions in the United States and global economics. The availability, unavailability, or hindered operation of external credit markets, equity markets and other economic systems which a Fund may depend upon to achieve its objectives may have a significant negative impact on the Fund's operations and profitability. The stability and sustainability of growth in global economies may be impacted by terrorism or acts of war. There can be no assurance that such markets and economic systems will be available or will be available as anticipated or needed for the Funds to operate successfully. Changing economic conditions could potentially adversely impact the valuation of a Fund's Portfolio Companies.

*Inflation.* The market value of the Funds' investments could potentially decline in times of higher inflation rates. Some of the Funds' Portfolio Companies could have income linked to inflation, whether by regulation or contractual arrangement or other means. If the Funds are unable to increase the revenue and profits of their Portfolio Companies at times of higher inflation, they could be unable to pay out higher distributions to Investors to compensate for the relative decrease in the value of money, thereby affecting the expected return for Investors. Concerns over inflation

have also led to increased economic instability, declines in consumer confidence, discretionary spending, diminished expectations for the global economy and expectations of slower global economic growth. Greybull may be adversely affected by any such economic instability or unpredictability.

*Rising Interest Rates.* If market interest rates continue to increase, it may become more difficult and costly for the Funds and their Portfolio Companies to complete debt or equity financings. Rising interest rates could limit the ability of the Portfolio Companies to refinance existing debt when it matures or cause them to pay higher interest rates upon refinancing, which would adversely impact liquidity and profitability of the Funds. Moreover, an increase in interest rates could decrease the access third parties have to credit or the amount they are willing to pay for the assets of the Funds.

*Recent Market Conditions.* The capital markets have recently experienced significant volatility and financial turmoil, including the collapses of Silicon Valley Bank, Signature Bank and FTX. Regulatory measures being undertaken in response to such turmoil are uncertain and could have an adverse effect on market conditions. Instability in the markets could increase the risks inherent in the Funds' Portfolio Companies and adversely impact the performance and valuation of such Portfolio Companies. In addition, volatility and illiquidity in the financial sector could have an adverse effect on the ability of the Funds to sell or dispose of their Portfolio Companies. Such adverse effects could include the requirement of the Funds to pay break-up, termination or other fees and expenses in the event the Funds are not able to close a transaction.

*Custody and Banking Risks.* The Funds will maintain funds with one or more banks or other depository institutions ("banking institutions"), which may include U.S. and non-U.S. banking institutions, and may enter into credit facilities or have other financial relationships with banking institutions. The distress, impairment or failure of one or more banking institutions with whom the Funds, their Portfolio Companies, and/or Greybull transact may inhibit the ability of the Funds and/or their Portfolio Companies to access depository accounts or lines of credit at all or in a timely manner. In such cases, the Funds may be forced to delay or forgo investments or to call capital when it is not desirable to do so, resulting in lower performance for the Funds. In the event of such a failure of a banking institution where the Funds or one or more of their Portfolio Companies hold depository accounts, access to such accounts could be restricted and U.S. Federal Deposit Insurance Corporation (FDIC) protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to banking institutions in other jurisdictions not subject to FDIC protection). In such instances, the Funds and their affected Portfolio Companies may not recover all or a portion of such excess, uninsured amounts and instead, would only have an unsecured claim against the banking institution and participate *pro rata* with other unsecured creditors in the residual value of the banking institution's assets. The loss of amounts maintained with a banking institution or the inability to access such amounts for a period of time, even if ultimately recovered, could be materially adverse to the Funds and/or their Portfolio Companies. One or more Investors could also be similarly affected and unable to fund capital calls, further delaying or deferring new investments. Furthermore, the Funds may be prevented from or delayed in paying distributions to Investors. In addition, Greybull does not expect to be able to identify all potential solvency or stress concerns with respect to a banking institution or to transfer assets from one bank to another in a timely manner in the event a banking institution comes under stress or fails. The distress, impairment or failure of one or more U.S. or non-U.S. banking institutions could also result in market volatility and disruption and/or a lack of

confidence from Investors in the banking institutions utilized by the Funds and/or Greybull, all of which could have a negative impact on the performance of the Funds.

*Minority Investments.* A Fund's investments could represent minority stakes in privately-held companies. In addition, during the process of exiting investments, a Fund is likely to hold minority equity stakes if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. A Fund may also invest in companies for which the Fund has no right to appoint a director or otherwise exert significant influence. In such cases, the Fund will be reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund. Additionally, a Fund may have a limited ability to protect its position in such Portfolio Companies.

Although it is expected that appropriate rights generally will be sought to protect a Fund's interests, to the extent possible, there can be no assurance that such minority shareholder rights will be available. Greybull expects to make investments in companies that have incurred or are permitted to incur indebtedness, or that may issue equity securities that rank senior to the Fund's investment. By their terms, such instruments may provide that their holders are entitled to receive payments of dividends, interest or principal on or before the dates on which payments are to be made in respect of the Fund's investment. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a company in which an investment is made, creditors or holders of securities ranking senior to the Fund's investment in such Portfolio Company typically would be entitled to receive payment in full before distributions could be made in respect of the Fund's investment. After repaying creditors and senior security holders, the company's remaining assets may not be sufficient for repayment of amounts owed in respect of the Fund's investment. To the extent that any assets remain, holders of claims that rank equally with the Fund's investment would be entitled to share on an equal and ratable basis in distributions that are made out of those assets.

*Projections.* Projected operating results of a Portfolio Company in which a Fund invests normally will be based primarily on financial projections prepared by each Portfolio Company's management team. In all cases, projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

*No Assurance of Additional Capital for Investments.* After a Fund has financed a company, continued development and marketing of products may require that additional financing be provided. The Funds expect to invest in companies that have substantial capital needs that are typically funded over several stages of investment. No assurance can be made that such additional financing will be available and no assurance can be made as to the terms upon which such financing may be obtained. Alternatively, a Fund, either directly or through one of its Portfolio Companies, may elect to sell developed or undeveloped assets and/or technologies to existing companies. No assurance can be made that buyers for such assets and/or technologies can be located or that the terms of any such sales will be advantageous.

*Repayment of Certain Distributions.* In the event that a Fund is unable otherwise to meet its obligations, Investors may be required to repay to the Fund or to pay to creditors of the Fund distributions previously received by them.

*Indemnification.* Each Fund will be required to indemnify Greybull and its members, Greybull's principals and affiliates for liabilities incurred in connection with the affairs of the Fund. Such liabilities may be material and have an adverse effect on the returns to an Investor. If the assets of a Fund are insufficient, Greybull may require the return of distributions.

*Future and Past Performance.* The performance of any prior fund or any personal investments affiliated with the Greybull's principals is not a guarantee of a Fund's future results. While Greybull intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that targeted results will be achieved. Loss of principal is possible on any given investment.

*Bridge Financing.* A Fund may lend to Portfolio Companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Fund's control, such long-term securities may not issue 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 Fund.

*Leverage.* To the extent that any investment is made in a Portfolio Company with a leveraged capital structure or any Portfolio Company borrows or enters into other financing transactions requiring periodic payments, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such company or its industry. If such a company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of any equity investment by the Fund in such company could be significantly reduced or even eliminated.

*Limitations on Ability to Exit Investments.* Greybull expects a Fund to exit from its investments in two principal ways: (i) private sales (including acquisitions of its Portfolio Companies) and (ii) initial and secondary public offerings. At any particular time, one or both of these avenues may not be open to a Fund, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time. If a Fund fails to execute an exit strategy successfully prior to the liquidation of the Fund, the Fund may be forced to liquidate its assets on terms less favorable than anticipated and the proceeds from these investments and the remaining investment may be materially and adversely affected.

*Potential Liabilities.* In connection with its investments, a Fund may negotiate the right to appoint a representative of Greybull as a member of the Portfolio Company's board of directors. Such membership on the board of directors of a company can result in the Fund or the individual director being named as a defendant in litigation. A Fund may also participate in Portfolio Company financings at valuations lower than the valuations in preceding rounds of financing. Disputes arising out of such down-round financings may result in a Fund, Greybull, or its members being named as defendants. Typically, Portfolio Companies will have insurance to protect directors and

officers, but this insurance may be inadequate. The Funds will also indemnify Greybull and its principals, among others, for liabilities incurred in connection with operations of the Fund, including liabilities arising from such suits. Such indemnification obligations and other liabilities could be substantial.

*Investments Longer than Term.* A Fund may make investments that may not be advantageously disposed of prior to the date that the Fund will be dissolved, either by expiration of the Fund's term or otherwise. After the expiration of a Fund's term and during the Fund's dissolution Greybull may decide to not sell or otherwise dispose of securities for an extended period of time in an effort to maximize the value of such securities or other assets held by the Fund.

*Contingent Liabilities on Disposition of Investments.* In connection with the disposition of an investment in a Portfolio Company, a Fund may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. A Fund may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which Greybull may establish reserves and escrows. In that regard, distributions may be delayed or withheld until such reserve is no longer needed or the escrow period expires. Investors may also be required to return distributions previously made to them to satisfy a Fund's obligations with respect to the foregoing.

*Third-Party Involvement.* A Fund may co-invest with third parties through partnerships, joint ventures or other structures. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Fund, might become bankrupt or may be in a position to take action contrary to the investment objectives of the Fund. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner.

*Reserves.* As is customary in the industry, Greybull may establish reserves for follow-on investments by a Fund in Portfolio Companies, operating expenses (including the Management Fee), Fund liabilities, and other matters. Estimating the appropriate amount of such reserves is difficult, especially for follow-on investment opportunities, which are directly tied to the success and capital needs of Portfolio Companies. Inadequate or excessive reserves could impair the investment returns to Investors. If reserves are inadequate, a Fund may be unable to take advantage of attractive follow-on or other investment opportunities or to protect its existing investments from dilutive or other punitive terms associated with "pay-to-play" or similar provisions. If reserves are excessive, a Fund may decline attractive investment opportunities or hold unnecessary amounts of capital in money market or similar low-yield accounts.

*Absence of Liquidity and Public Markets.* The Funds' investments will generally be private, illiquid holdings. As such, there will be no public markets for the securities held by the Funds and no readily available liquidity mechanism at any particular time for any of the investments held by the Funds. In addition, the realization of value from any investments will not be possible or known with any certainty until Greybull elects, in its sole discretion, to sell a Fund's investments and subsequently distribute the proceeds to Investors or to distribute securities to Investors in lieu of cash.



*No Market; Illiquidity of the Interest.* An investment in a Fund will be illiquid and involves a high degree of risk. There is no public market for Fund interests, and it is not expected that a public market will develop. Consequently, an Investor will bear the economic risks of its investment for the term of a Fund.

*Distributions in Kind.* Greybull may distribute the proceeds of certain of a Fund's investments in kind. Any such distribution could put downward pressure on the price of the issuer's securities. In addition, an Investor that receives assets other than cash from a Fund may incur costs and delays in converting those assets into cash.

*Certain Limitations on the Ability of the Investor to Transfer its Interest.* The transferability of Fund interest will be restricted by the applicable Fund's Governing Documents and by United States federal and state securities laws. In general, an Investor will not be able to sell or transfer its interest in a Fund to third parties without the consent of Greybull.

*Digital Assets.* A Fund may invest in cryptocurrencies, decentralized application tokens and protocol tokens, blockchain-based assets and other cryptofinance and digital assets, or instruments for the purchase of such ("**Digital Assets**"), which represent a speculative investment and involve a high degree of risk. As relatively new products and technologies, Digital Assets have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of the demand for Digital Assets is generated by speculators and investors seeking to profit from the short- or long-term holding of Digital Assets. Many Digital Assets will derive their speculative value from the perceived usefulness of the blockchain networks they are attached to as many are designed to be consumed in transactions that record data or provide access to certain functionality on these networks. The relative lack of acceptance of Digital Assets beyond their own blockchain network in the retail and commercial marketplace limits the ability of end-users to pay for other goods and services with Digital Assets. A lack of expansion by Digital Assets or use of their underlying blockchain networks into retail and commercial markets, or a contraction of such use, may result in increased volatility. Several factors may affect the price of Digital Assets, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of Digital Assets or the use of Digital Assets as a form of payment. There is no assurance that Digital Assets will maintain their long-term value in terms of purchasing power in the future, or that acceptance of Digital Asset payments by mainstream retail merchants and commercial businesses will grow. A Digital Asset is usually an asset attached to a blockchain network secured by cryptographic authentication. A blockchain network is a peer-to-peer network of computers that store and verify copies of a transactional database. This database, which is the blockchain at the heart of the system, is used to record the ownership and value of Digital Asset transactions and the conditions upon which this Digital Asset can be further transacted by others. Digital Asset transactions can be authorized by any user that cryptographically proves to the network that they have met the required conditions detailed in the transactional database. Once authorized and broadcast to peers in the network, these transactions are then recorded to the blockchain via the rules of the network's validation process as dictated by the code run by network peers, the blockchain's protocol. Thus, Digital Assets are created, issued, transmitted and stored according to protocols run by computers in a blockchain network. Some blockchain networks are further interdependent on other blockchain networks whose attached Digital Asset may have limited to no interoperability but where changes to the protocol may adversely affect some or all interdependent blockchain networks. It is possible these protocols

have undiscovered flaws which could result in the loss of some or all assets held by a Fund. There may also be network scale attacks against these protocols which result in the loss of some or all of assets held by a Fund. Some assets held by a Fund may be created, issued or transmitted using experimental cryptography which could have underlying flaws. Advancements in quantum computing could break the cryptographic rules of protocols which support the assets held by a Fund. The developers and/or stakeholders of a blockchain network or open source software project may alter the network protocol in a manner adverse to Digital Asset holders or a Fund. The Funds make no guarantees about the reliability of the cryptography used to create, issue, or transmit assets held by the Funds. It may be illegal, now or in the future, to own, hold, sell or use Digital Assets in one or more countries, including the United States. Although currently some uses of Digital Assets, and the operation of the underlying blockchain networks, may not be regulated or may be lightly regulated in most countries, including the United States, one or more countries may take further regulatory action in the future to severely restrict the right to acquire, own, hold, sell or use Digital Assets or to exchange Digital Assets for fiat currency. Such an action may restrict a Fund's ability to hold or trade Digital Assets and may adversely affect an investment in the Fund.

*Limited Portfolio Diversification.* The portfolio holdings of a Fund will not be broadly diversified. In addition, if Greybull is unable to raise sufficient capital commitments to a Fund, the diversification of the portfolio holdings of the Fund will be further limited. A downturn of the economy or in the business of any one company could impact the aggregate returns delivered to an Investor by a Fund. To the extent a Fund concentrates investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto.

*Legal and Regulatory Risks.* The Funds are not and do not expect to be registered as an "investment company" under the Investment Company Act pursuant to an exemption set forth in Sections 3(c)(1) and/or 3(c)(7) of the Investment Company Act. There is no assurance that such exemptions will continue to be available to the Funds. The Investment Company Act provides certain protections to investors and imposes certain restrictions on registered investment companies, none of which will be applicable to the Funds, if the Funds will not be subject to registration as an investment company under the Investment Company Act. Due to the burdens of compliance with the Investment Company Act, the performance of a Fund's investment portfolio could be materially adversely affected, and risks involved in financing Portfolio Companies could substantially increase, if a Fund becomes subject to registration under the Investment Company Act. Neither the Funds nor their counsel can assure investors that, under certain conditions, changed circumstances, or changes in the law, the Funds may not become subject to the Investment Company Act or other burdensome statute or regulation. In addition, the Funds do not plan to register the offering of the interests in the Funds to its Investors under the Securities Act or under any securities laws of any other country or jurisdiction. As a result, the Investor will not be afforded the protections of the Securities Act and such laws with respect to their investment in the Fund.

*Changes in Regulatory Environment.* Changes in legal, tax, fiscal and regulatory regimes could occur during the life of the Funds that may have an adverse effect on the Funds. The Funds may not be permitted to, or be able to, make adjustments in their structure or investment program in order to adapt to such changes.

Additionally, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of Greybull and the Funds. In recent years, the SEC's stated examination priorities and published observations from examinations have included, among other things, private equity firms' collection of fees and allocation of expenses, their marketing and valuation practices, allocation of investment opportunities, terms agreed in side letters and similar arrangements with investors, consistency of firms' practices with disclosures, handling of material non-public information and insider trading, purported waivers or limitations of fiduciary duties and the existence of, and adherence to, policies and procedures with respect to conflicts of interest.

In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Any such changes could materially impact Greybull and its affiliates, the Funds and/or their investments, as well as increase their respective expenses. The scope and timing of any final rules and amendments with respect to these proposals is unknown. If adopted, even with modification, these rules and amendments would be expected to significantly increase compliance burdens and associated regulatory costs and complexity and reduce the ability for sponsors of private funds to receive certain expense reimbursements or indemnification in certain circumstances. This, in turn, would be expected to increase the need for broader insurance coverage by fund managers and increase the costs and expenses charged to the Funds and their investors. In addition, these new rules could increase the risk of exposure of the Funds and Greybull to additional regulatory scrutiny, litigation, censure and penalties for noncompliance or perceived noncompliance, which in turn would be expected to adversely (potentially materially) affect Greybull's and the Funds' reputation, and to negatively impact the Funds in conducting their business (thereby materially reducing returns to Investors). Further, as these changes could impose limitations regarding preferential treatment of investors in private funds, the Greybull and its affiliates could potentially be prohibited from complying with certain side letter provisions and thereby deprive Investors of the previously negotiated benefits of such agreements. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Funds.

*AIFMD.* The Alternative Investment Fund Managers Directive ("*AIFMD*") came into force on 21 July 2011, and certain fund managers have been obliged to comply with the European Economic Area ("*EEA*") Member States' respective AIFMD implementing laws since July 22, 2013. The AIFMD regulates the activities of private fund managers undertaking fund management activities or marketing fund interests to investors domiciled or with a registered office in the EEA. If a Fund is marketed to these investors: (a) the Fund will be subject to certain reporting, disclosure and other compliance obligations, which may result in the Fund incurring additional costs and expenses; and (b) certain activities of the Fund will also be restricted including, in some circumstances, the Fund's ability to facilitate, support or instruct any distribution, capital reduction, share redemption and/or acquisition of shares by an EEA Portfolio Company within the first two years of ownership.

*Cybersecurity Risk.* External cybersecurity breaches, including unauthorized access to systems, networks or devices (such as through "hacking" activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality, may occur. In addition, internal incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the

violation of applicable privacy laws). A cybersecurity breach could result in the loss or theft of customer data or funds, the inability to access electronic systems (“denial of services”), loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, Greybull or other service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, such incidents could affect a Fund’s Portfolio Companies, and thereby adversely affect such Fund’s returns.

*Material Non-Public Information.* From time to time, Greybull and/or its members, partners, directors, officers, employees and affiliates may come into possession of material non-public information concerning specific companies. Under applicable securities laws, this may limit Greybull’s flexibility to buy or sell portfolio securities issued by such companies. The Funds’ investment flexibility may be constrained as a consequence of Greybull’s inability to use such information for investment purposes. Alternatively, Greybull and its affiliates may decline to receive material non-public information that they are entitled to receive on behalf of other investment vehicles, in order to avoid investment restrictions for such investment vehicles, even though access to such information might have been advantageous to the Funds and/or such investment vehicles and other market participants are in possession of such information.

## **Conflicts of Interest**

*Co-Investment Opportunities.* Greybull may, in its discretion, offer co-investment opportunities to certain Investors and to certain third parties (on terms determined by Greybull) and, to the extent such co-investment opportunities are offered, they may present inherent conflicts of interest between the interests of a Fund and the co-investors. These types of co-investments also may result in conflicts regarding decisions relating to a specific Portfolio Company, including with respect to timing or strategic objectives. In determining allocations of co-investment opportunities, Greybull may take into account any facts or circumstances it deems appropriate in its sole discretion, including, without limitation: (a) the size of the prospective co-investor’s investment in a Fund and any other funds advised or managed by Greybull, if any; (b) the prospective co-investor’s provision of services to a Fund; (c) the prospective co-investor’s potential benefit to a Fund’s activities or to one or more of its investments; (d) whether and to what extent the prospective co-investor has expressed an interest in co-investment opportunities; (e) Greybull’s evaluation of the financial resources, sophistication, experience and expertise of the potential co-investor with respect to the execution of co-investment transactions generally, and with respect to the geographic location or business activities of the applicable investment; (f) perception of past experiences and relationships with each prospective co-investor; (g) whether or not such person has co-invested previously and the ability of any such co-investor to respond promptly and appropriately to potential investment opportunities; (h) perception of the legal, regulatory, reporting, public relations, competitive, confidentiality or other issues that may arise with respect to any prospective co-investor; and (i) any strategic value or other benefit resulting from offering such co-investment opportunity to a prospective co-investor. Greybull does not guarantee or provide prediction or projection of the availability of co-investment opportunities.

Greybull may grant certain Investors priority rights to participate in co-investment opportunities. The existence of such priority co-investment rights may result in other Investors receiving fewer or no co-investment opportunities. In addition, any allocations of co-investment opportunities as between Investors may not correspond to their *pro rata* interests in a Fund.

Co-investments may result in conflicts between a Fund and other co-investors (for example, over the price and other terms of such investment, exit strategies and related matters, including the exercise of remedies of their respective investments). Furthermore, to the extent that a Fund holds interests that are different (or more senior) than those held by such other co-investors, the Greybull may be presented with decisions involving circumstances where the interests of such co-investors are in conflict with those of a Fund. Co-investors may not bear their proportionate share of investment-related expenses (including “broken-deal” expenses) because such co-investors may not be identified and/or may not agree to invest until relatively late in the investment process, or for other reasons.

Greybull or its affiliates may charge management fees and/or carried interest in connection with co-investment opportunities offered to Investors or third parties, and neither the Funds nor the Investors will be entitled to any portion of such amounts. In addition, none of the co-investors, the Funds or the Investors will be entitled to receive any portion of any consulting, advisory, directors’, investment banking, monitoring, transaction, closing or break-up fees received by Greybull or its principals, net of expenses, from any Portfolio Company of the Funds that are attributable to any co-investment, and the Management Fee will not be offset by such amounts. Distributions of income and proceeds related to each co-investment will be made separately from, and not aggregated with, distributions of income and proceeds related to the corresponding investment by a Fund.

*Written Side Agreements.* In accordance with common industry practice, the Funds and Greybull will be authorized, without the approval of any Investor, to enter into side letters or similar written agreements with Investors that have the effect of establishing rights under, or altering or supplementing the terms of the applicable Fund’s Governing Documents, including without limitation to provide for different or more favorable rights (including without limitation to provide for more favorable fees or carried interest rates with respect to such Investor), access to information about such Fund’s investments, or other matters relating to an investment in such Fund. These agreements and the special arrangements included in such agreements could have an adverse effect on a Fund and the other Investors. The ability of other Investors to elect to receive the benefit of such side agreements will be limited.

*Potential Conflicts in Calculation of Certain Fund Costs and Expenses.* Each Fund’s Governing Documents provide that Greybull will bear all normal operating expenses incurred by it in connection with the management of the Fund, except for those expenses borne directly by the Fund (as described in more detail in the Governing Documents). A potential conflict of interest exists in Greybull’s determination whether certain costs or expenses that are incurred in connection with the operation of a Fund constitute expenses for which the Fund is responsible or whether such expenses should be borne by Greybull, rather than by the Fund. The Funds will be reliant on the determinations of Greybull in this regard. Additionally, the Funds will be reliant on determinations of Greybull with regard to the allocation of any common fees or expenses as between the Funds.

*Third-Party Relationships.* Like other private equity firms, as part of Greybull’s business, Greybull and its employees have developed many relationships with third parties, some of which could be viewed as significant, close or personal, that have the potential to raise conflicts of interest. Such third parties include, without limitation, investment bankers, consultants, custodians, private equity and venture capital investors, co-investors, current and former directors, officers and employees of current and former Portfolio Companies, and former directors, officers

and employees of Greybull, including those who have or may form funds that engage in investment activities similar to those of the Funds. Certain of such third parties may: introduce investment opportunities to Greybull or its principals; arrange for, or facilitate financing in, the purchase or recapitalization of potential Portfolio Companies; introduce Portfolio Companies to potential acquisition or merger candidates; introduce Greybull to potential buyers of Portfolio Company securities; facilitate the disposition of Portfolio Company securities; provide investment banking, consulting or advisory services to Greybull or Portfolio Companies; co-invest in Portfolio Companies; perform investment banking services for issuers of private securities held by Greybull personnel or their friends or family members; introduce or recommend private investment opportunities to Greybull personnel (including, without limitation, the Greybull's principals) or their friends or family members; or provide other significant business or investment services to Greybull, the Funds, Portfolio Companies, Greybull personnel and friends or family of Greybull personnel. Related parties may receive direct commercial compensation from the Funds or Portfolio Companies for providing these services. Moreover, managers, employees or affiliates of Greybull may have a financial or ownership interest in, or serve on the board of directors of, certain banks, service providers, stockholder representatives and/or other financial institutions or entities that provide services to the Funds or otherwise directly or indirectly participate or act in connection with certain transactions of the Funds. Accordingly, such individuals may have additional economic incentives that create a potential conflict of interest with respect to such Fund transactions.

## **ITEM 9: DISCIPLINARY INFORMATION**

The Adviser and its supervised persons have no reportable disciplinary events to disclose.

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

### **Relying Adviser & General Partners**

The Adviser is affiliated with the Relying Adviser and the General Partners, which are subject to the Advisers Act pursuant to the Adviser's registration in accordance with SEC guidance. While the Adviser, the Relying Adviser, and the General Partners have been organized as separate legal entities, they collectively operate as a single advisory business and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions. Accordingly, the Relying Adviser and each General Partner are subject to the Advisers Act pursuant to the Adviser's registration in accordance with SEC guidance, including under the concept of umbrella registration. Other than the Relying Adviser and the General Partners, the Adviser has no relationships or arrangements with any related person listed in the instructions to Item 10.C. that are material to its advisory business or to its clients. Investors are advised to review the relevant Governing Documents for more extensive descriptions of the risks of investing in a Fund and the required procedures for resolving conflicts of interest.

### **GFC**

Greybull established GFC (as defined in Item 5 above) to provide loans to Portfolio Companies and their affiliates. GFC is owned by Fund I and the Relying Adviser. All Investors were given the option to lend money to GFC either as (1) a direct loan to GFC (most common) or (2)

prepayment of their capital commitments. With respect to the latter, as capital calls are made, GFC transfers the respective capital call amount for the lending Investor to Fund I and/or Fund II, as applicable, and decreases the amount of the loan accordingly. Fund I has also lent money to GFC.

Certain conflicts of interest are associated with the GFC relationship:

- While managing the Funds' investments in Portfolio Companies, the use of GFC services creates an incentive for Greybull to employ debt financing for Portfolio Companies in question instead of determining, for example, to seek additional equity investments from the respective Funds or unaffiliated parties.
- Among other things, given the affiliation described above, Greybull is incentivized to engage GFC to provide debt financing to the Portfolio Companies, where the engagement of another independent source of debt financing by the applicable Portfolio Company may have been more appropriate or conventional.
- In addition to GFC, Greybull will continue to engage third-party debt financing service providers for various services that are similar to and/or augment the services provided by GFC, and, accordingly, the Portfolio Companies and indirectly the Funds will bear expenses for GFC as well as any third-party service providers with respect to such services.
- Since GFC, as a lender, and the Funds, as equity owners, hold interests on different levels of Portfolio Companies' capital structure which are characterized by disparate payment priorities and risk profile, Greybull can face potential conflicts of interest when it makes investment management decisions with respect to Portfolio Companies that borrowed from GFC.

Greybull is strongly focused on mitigating conflicts of interest in respect of GFC and has established procedures to identify, evaluate, and mitigate such conflicts arising in connection with the GFC relationship. Greybull addresses the conflicts referred to above in a variety of ways, including through disclosure of the conflicts in this Brochure. Finally, Greybull seeks to ensure that the terms and conditions with respect to debt financing services provided by GFC are not less favorable to the relevant Portfolio Companies and their affiliates than those generally available from unaffiliated parties.

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

Greybull's principals, partners, officers, and employees are subject to the Greybull's Code of Ethics (referred to herein as the "*Code*"). The Code outlines Greybull's policies and procedures regarding standards of conduct and personal investment transactions. The Code contains several restrictions and procedures designed to eliminate conflicts of interest surrounding personal investment transactions of Greybull's personnel, and their related persons, including: (1) quarterly reporting of non-exempt personal securities transactions that were transacted during the quarter; (2) initial and annual holdings reports; (3) a prohibition against personally acquiring securities in an initial public offering or a new issue offering without prior approval; (4) a prohibition against

purchasing securities of a private placement without prior approval; and (5) a prohibition against acquiring any security which is subject to firm-wide restriction without prior approval.

Unless specifically permitted in the Code, Greybull's principals, partners, officers, and employees may not effect for themselves or for their immediate family (*i.e.*, spouse, minor children, and adults living in the same household as the employee) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale on behalf of any of the Funds, until the conclusion of trading for client accounts or decision has been made not to purchase or sell such security.

Greybull also has adopted an insider trading policy. The insider trading policy prohibits Greybull's principals, partners, officers, directors and employees from buying or selling securities either for themselves or on behalf of others, including the Funds, while in possession of material non-public information about the company. The insider trading policy also prohibits the communication of material non-public information about a company to others who have no official need to know it. Depending on the circumstances surrounding the information received, the Adviser may conclude to place the issuer on the firm-wide "Restricted Securities List," which would bar any purchases or sales of the issuer's securities by any of Greybull's personnel (including any related person).

A copy of the Code will be provided to any Investor or prospective Investor upon request to the Chief Compliance Officer at the contact information provided on the cover page of this Brochure.

The General Partners maintain investments directly in the Funds. The fact that General Partners have direct or indirect financial interests in the Funds could create a potential conflict in that it could cause Greybull to make different investment decisions than if such parties did not have such financial ownership interests. However, Greybull believes that these financial interests align Greybull's incentives with those of the Investors.

Greybull may face actual or potential conflicts of interest when allocating investment opportunities among the Funds. The general policy of Greybull is to allocate investment opportunities among the applicable Funds in a fair and equitable manner and in accordance with the terms of its policies and the applicable Governing Documents for such Funds.

In addition, certain conflicts that may be encountered in the course of Greybull's activities for or on behalf of the Funds are described in Items 8 above and reference is made thereto. Finally, the Funds' Governing Documents address certain other reasonably anticipated potential conflicts.

## **ITEM 12: BROKERAGE PRACTICES**

Greybull focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions. With respect to Greybull's private company securities transactions on behalf of the Funds, Greybull 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, Greybull 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 Greybull 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.

Greybull generally does not engage in significant public securities transactions. In the event Greybull engages in public securities transactions, Greybull will seek to obtain best execution for all transactions.

To the extent purchase and sale orders can be aggregated, Greybull will aggregate such orders as it deems appropriate and in accordance with the Funds' Governing Documents and in the best interests of the Funds.

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

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Funds' portfolio investments are continuously reviewed by a team of investment professionals, consisting of Greybull's principals and other investment professionals of Greybull. Greybull actively monitors the Portfolio Companies of the Funds and generally maintains an ongoing oversight position in such Portfolio Companies, and the Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Investors in the Funds will typically receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of such Fund. In addition, Investors in each Fund will typically receive capital account statements with respect to their investment in the Fund on a quarterly basis.

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

Greybull is authorized to provide certain business or consulting services to Portfolio Companies and may receive compensation from these companies in connection with such services. As described in the relevant Governing Documents, this compensation, if any, will offset all or a portion of the Management Fees paid by such Fund.

From time to time, Greybull may enter into arrangements pursuant to which it compensates third parties for referrals that result in a potential Investor becoming an Investor in a Fund. These arrangements are generally disclosed in the relevant Fund's Form D and are in accordance with all applicable laws and regulations, including Rule 206(4)-1 of the Advisers Act. Greybull retained Acalyx Advisors, Inc. ("*Acalyx*") as placement agent for Fund II. The total fee payable to Acalyx has been determined based on an established fee schedule as the offering is completed.

### **ITEM 15: CUSTODY**

Greybull maintains custody of assets held in the name of one or more Funds with First Republic Bank and Wells Fargo Bank.

In accordance with Rule 206(4)-2 under the Advisers Act (“*Custody Rule*”), each Fund is subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board and audited financial statements of each Fund will be prepared in accordance with generally accepted accounting principles (US GAAP) and distributed to investors within 120 days of the end of each Fund’s fiscal year. Investors should carefully review the audited financial statements of the Funds upon receipt, and should compare these statements to any account information provided by Greybull.

## **ITEM 16: INVESTMENT DISCRETION**

Greybull has discretionary authority to manage investments on behalf of each Fund. Greybull assumes this authority pursuant to the terms of the Governing Documents. As a general policy, Greybull does not allow Investors to place limitations on its discretionary authority. Pursuant to the terms of the Governing Documents, however, Greybull and/or its affiliates may enter into side letters with certain Investors whereby the terms applicable to such Investor’s investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

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

Greybull focuses on investments in private companies and it is anticipated that it will be rare that Greybull will receive proxies with respect to securities held on behalf of the Funds. However, there are situations where private companies could have proxy issues (*e.g.*, a private company needs approval of investors to make changes to board of directors, auditors, or if a private company goes public and a Fund holds securities, *etc.*). In such situations, Greybull would have authority to vote proxies on behalf of the Funds (assuming that Greybull does not otherwise have control over the company and exercises such authority through control of the Portfolio Company’s board). Greybull has adopted proxy voting policies and procedures that are designed to ensure that when Greybull votes a proxy with respect to securities held on behalf of a Fund, such proxies are voted in the Fund’s best interests, in the judgment of Greybull to the extent reasonably practicable. The procedures also require that Greybull identify and address conflicts of interest. If a material conflict of interest is identified, Greybull will determine whether voting in accordance with the guidelines set forth in the procedures is in the best interests of the Funds or whether taking some other action may be more appropriate. Investors generally do not have the ability to direct proxy votes.

Investors may obtain information regarding how Greybull voted proxies for a Fund and/or a copy of Greybull’s proxy voting policies and procedures by contacting the Chief Compliance Officer at the contact information provided on the cover page of this Brochure.

## **ITEM 18: FINANCIAL INFORMATION**

Greybull does not require nor solicit pre-payment of more than \$1,200 in fees per client, six months or more in advance.

Greybull is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitments to clients and has not been the subject of a bankruptcy petition at any time during the past ten years.