

## Item 1 – Cover Page

---



**GROSVENOR CAPITAL MANAGEMENT, L.P.**

900 North Michigan Avenue  
Suite 1100  
Chicago, Illinois 60611  
312-506-6500

**GCM CUSTOMIZED FUND INVESTMENT GROUP, L.P.**

767 Fifth Avenue, 14th Floor  
New York, NY 10153  
646-362-0936

[www.gcmgrosvenor.com](http://www.gcmgrosvenor.com)

March 28, 2024

GCM Grosvenor provides investment management and advisory services for private equity, absolute return strategies, credit, infrastructure, and real estate through Grosvenor Capital Management, L.P. (**GCMLP**) and GCM Customized Fund Investment Group, L.P. (**GCM CFIG**). GCMLP and GCM CFIG are collectively referred to herein as the **GCM Advisers**, and together with their affiliates as **GCM Grosvenor**. Additional information about the GCM Advisers is available on the United States Securities and Exchange Commission's (**SEC**) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References to "we," "us," and "our" in this Brochure are to the GCM Advisers, and references to "client accounts" are to accounts that we manage, advise, or sub-advise for our clients on a discretionary or non-discretionary basis. (See Item 16 of this Brochure for a description of the manner in which we characterize client accounts as "discretionary.")

**This Brochure provides information about the qualifications and business practices of the GCM Advisers. If you have any questions about the contents of this Brochure or the additional information about the GCM Advisers made available on the SEC's website, please contact us at [client.services@gcmlp.com](mailto:client.services@gcmlp.com). Note that the information in this Brochure has not been approved or verified by the SEC, any state securities authority or any other governmental authority or any regulatory or self-regulatory organization.** For information relating to the AML compliance officer (AMLCO), money laundering reporting officer (MLRO), and deputy MLRO for GCM Grosvenor-advised Cayman Islands-domiciled funds, please contact [compliance@gcmlp.com](mailto:compliance@gcmlp.com).

Each GCM Adviser is registered with the SEC as an investment adviser under the U.S. Investment Advisers Act of 1940 (**Advisers Act**). Registration with the SEC as an investment adviser under the Advisers Act does not imply a certain level of skill or training, nor has any of the foregoing approved or disapproved of our qualifications.

## Item 2 – Material Changes

---

There were no material changes.

## Item 3 – Table of Contents

---

Item 1 – Cover Page .....	1
Item 2 – Material Changes.....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Business .....	5
Our Business .....	5
Advisory Services.....	5
Portfolio Administration Services.....	6
Investment Monitoring Services .....	6
Ancillary Information Provided as a Courtesy .....	6
Our Assets Under Management .....	7
Our Principal Owner .....	7
Item 5 – Fees and Compensation .....	7
Fees in General.....	7
Fees and Allocations for Specialized GCM Funds.....	8
Fees and Allocations for Customized GCM Separate Accounts .....	8
Fees for Additional Services .....	8
Aggregation of Certain Accounts for Fee Purposes.....	8
Deduction of Fees from GCM Grosvenor Funds.....	8
Fee Refunds.....	9
Expenses.....	9
Item 6 – Performance-Based Fees and Side-By-Side Management .....	11
Item 7 – Types of Clients.....	12
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	12
Private Equity, Real Estate, and Infrastructure ( <b>PEREI</b> ) Investment Process .....	12
Absolute Return Strategies ( <b>ARS</b> ) Investment Process .....	19
Analysis of performance, volatility, and correlation of total return and alpha.....	20
Analysis of historic and current positioning data.....	21
Assessment of investment team .....	21
Assessment of investment process .....	21
Assessment of risk management governance.....	21
Assessment of investment risk management practices .....	21
The GCM Advisers' Operational Due Diligence Process .....	22
The GCM Advisers' Allocation of Investment Opportunities .....	24
Other Investment Management and Advisory Services.....	25

Modifications of Our Investment Process .....	27
Investment Strategies and Implementation.....	27
Risks and Other Special Considerations .....	28
Conflicts of Interest .....	42
Item 9 – Disciplinary Information .....	67
Item 10 – Other Financial Industry Activities and Affiliations .....	68
Affiliated Registered Investment Adviser.....	68
Affiliated Investment Managers.....	68
Affiliated Placement Agents/Distributor .....	68
Other Affiliates .....	69
Affiliated General Partners.....	69
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	70
Code of Ethics .....	70
Our Ability to Invest in the Same Securities in which the GCM Grosvenor Funds Invest .....	70
Serving as Directors of Public Companies .....	71
Item 12 – Brokerage Practices .....	71
Our Brokerage Practices.....	71
Brokerage Practices of Investment Managers of Underlying Funds .....	72
Item 13 – Review of Accounts .....	73
Account Reports and Reporting Packages.....	73
Item 14 – Client Referrals and Other Compensation .....	74
Receipt of Payments from Third Parties.....	74
Payment of Compensation for Client Referrals.....	74
Item 15 – Custody.....	75
Item 16 – Investment Discretion .....	75
Item 17 – Voting Client Securities .....	76
Background.....	76
Authority to Vote and Make Recommendations .....	76
General Voting Standards .....	77
Reasonable Best Efforts to Vote and Abstentions .....	77
Conflicts of Interest .....	78
Item 18 – Financial Information .....	78

## Item 4 – Advisory Business

### Our Business

GCM LP (including its predecessors) has been in business since 1971.

GCM CFG is the successor to the Customized Fund Investment Group, which, from late 2000 to January 2, 2014, was a business unit within the asset management division of Credit Suisse Group AG (**Credit Suisse**). On January 2, 2014, Grosvenor Capital Management Holdings, LLLP (**GCM Holdings**), a Delaware (USA) limited liability limited partnership, acquired certain assets associated with the Customized Fund Investment Group from Credit Suisse.

Each GCM Adviser provides the following investment management and advisory services, on a discretionary and non-discretionary basis, for alternative investments to investment vehicles and separately managed accounts (**GCM Grosvenor Funds**):

- Multi-investor GCM Grosvenor Funds managed or advised by a GCM Adviser (**Specialized GCM Funds**)  
We offer investment vehicles designed for multiple investors who seek ease of investment, diversification, and choice of strategy.
- Single-investor GCM Grosvenor Funds managed or advised by a GCM Adviser (**Customized GCM Separate Accounts**)  
We offer customized investment vehicles and separate accounts designed for investors seeking a customized mandate, control over structure, and/or involvement in the investment process.  
We collaborate with investors to design, implement, and monitor customized portfolios tailored to the investor's needs.

GCM Grosvenor Funds invest primarily in alternative investment strategies, including private equity, absolute return strategies, credit, infrastructure, and real estate. GCM Grosvenor Funds invest directly or indirectly through special purpose vehicles formed for the purpose of making investments either in trading and/or investment positions, portfolio companies, real assets, market exposures, debt, and/or various sources of risk premia sourced by Investment Managers or by GCM Grosvenor, or through investments in pooled investment vehicles or accounts (**Underlying Funds**) managed by third-party investment managers (**Investment Managers**) or by a GCM Adviser.

Although investors in the GCM Grosvenor Funds that are organized as legal entities are not, in their capacity as such, our clients for regulatory purposes, we sometimes refer to those investors as our clients.

### Advisory Services

The GCM Advisers offer clients who seek assistance in designing, building, and managing their alternative investment programs a wide range of tailored, non-discretionary services in the following areas:

*Program Design* – We work with clients to design the framework of their alternative investment programs. We also help clients define and document policies for their overall programs and/or individual portfolios.

*Operational Infrastructure* – We work with clients to design and implement the operational infrastructure for their alternative investment programs. To achieve their operational goals, clients sometimes build in-house capabilities, leverage our administrative services, and/or engage third-party service providers.

*Due Diligence* – Clients may access our research, due diligence, and views about investments, Investment Managers and Underlying Funds through our due diligence reports and conversations with our staff. Investment Managers and Underlying Funds may be sourced by us or the client. We sometimes conduct due diligence and monitoring jointly with the client's staff.

*Structuring* – We assist clients who are developing their alternative investment programs in assessing and selecting the appropriate structures for their alternative investments. Clients building direct investment programs and customized portfolios do under certain circumstances benefit from our experience negotiating advantageous terms with Investment Managers, which may include lower effective fees, improved terms, separate accounts, and/or other side letter provisions.

In addition, we do permit clients to participate in investments that reflect customized structures or terms negotiated between us and certain Investment Managers.

*Portfolio and Risk Management* – We offer clients advice on constructing and managing customized portfolios. Under certain circumstances, clients sometimes access our portfolio management tools to manage their portfolios with the assistance of our investment professionals. Our risk aggregation and analytical capabilities help clients measure, monitor, and stress test certain risks associated with investments in alternative investment programs.

*Technology Solutions* – We provide a range of technology solutions to assist clients in managing their alternative investment processes.

*Knowledge Transfer* – We offer clients education and training to assist in the development of their in-house alternative investment knowledge and capabilities.

*Transition Services* – We assist clients in managing the orderly liquidation or transfer of alternative investment portfolios previously managed by clients or other investment managers.

### Portfolio Administration Services

We provide portfolio administration services (**Portfolio Administration Services**) for certain clients, designed to integrate portfolio administration for all of a client's alternative investments, including those investments that are sourced and executed directly by the investor or through other parties, such as the investor's consultants or other investment managers or advisers.

Portfolio Administration Services may include:

- tracking cash flow activity and developing appropriate cash flow activity categorizations
- reviewing and reconciling capital calls and distributions
- recording quarterly capital account adjustments
- reconciling quarterly reports received by an investor in respect of its investments
- providing document management services
- providing an investor with various fund-by-fund and aggregate reporting
- providing an investor with various look-through underlying asset level exposure reporting

Such an investor typically has access to the reports described above through a password-protected portal into our proprietary systems.

### Investment Monitoring Services

We provide Investment Monitoring Services (**Investment Monitoring Services**) for certain clients seeking assistance in monitoring their alternative investments, including investments held directly by the client.

Investment Monitoring Services may include:

- testing the schedule of unrealized investments
- reviewing distribution notices
- monitoring capital calls to verify reasonableness of management fee calculations
- reviewing amendment and consent requests made by an Investment Manager and providing a written summary and review of the terms of the amendment or consent
- attending periodic meetings held by an investor's private fund program's Investment Managers and preparing brief reports of any relevant updates
- reviewing equity ownership of individual portfolio companies to ensure compliance with internal client policies

### Ancillary Information Provided as a Courtesy

At a client's request, each GCM Adviser may provide information, advice, opinions, evaluations, recommendations, forecasts, or suggestions (**Ancillary Information**) that relate to matters outside the scope of such GCM Adviser's management of the client's assets. Ancillary Information typically is general in nature and does not consider a client's

particular circumstances or needs. Therefore, Ancillary Information is not, and should not be considered, advice with respect to the purchase, sale, holding, or management of securities or other assets. Unless we expressly agree otherwise with a client, we provide Ancillary Information solely as a courtesy, and do not assume any duties to the client other than the duty to act in good faith in connection with providing Ancillary Information to the client.

### Our Assets Under Management

As provided in Item 5.f(2) of Part 1 of our SEC Form ADV, as of December 31, 2023, our assets under management were \$34.57 billion and \$47.87 billion, for GCMLP and GCM CFGI, respectively.

### Our Principal Owner

Our principal owner is Grosvenor Capital Management Holdings, LLLP (**GCM Holdings**), a Delaware (USA) limited liability limited partnership. GCM Grosvenor Inc. (**GCMG**), a public company traded on the Nasdaq exchange under the ticker symbol GCMG, indirectly controls GCM Holdings and our general partner, GCM, L.L.C. Employees and former employees of companies associated with GCM Grosvenor, as well as certain other persons formerly associated with us, indirectly own a majority interest in GCM Holdings. Michael J. Sacks, our Chairman and Chief Executive Officer (a) controls approximately 75% of the voting power of GCMG, and (b) owns a majority interest in GCM Holdings through several intermediate entities that he controls and of which he is the principal owner. Information about GCMG, including certain ownership, governance and financial information, is disclosed in the firm's periodic filings with the SEC, which can be obtained from the firm's website at [www.gcmgrosvenor.com](http://www.gcmgrosvenor.com) or the SEC's website at [www.sec.gov](http://www.sec.gov).

## Item 5 – Fees and Compensation

---

### Fees in General

Except as discussed herein, each GCM Adviser charges one of, or a combination of, the following management fees or performance-based fees or allocations to a client in connection with managing or advising a GCM Grosvenor Fund:

- a percentage of investor commitments, or the cost or value of assets invested or committed which may include uncalled or reserved capital, of up to 2% per annum, typically payable monthly or quarterly, either in advance or in arrears, which:
  - in some cases, is on a sliding or tiered scale
  - in some cases, is subject to a minimum, expressed in dollars or as a percentage of assets under management
  - in some cases, may be payable on investments that are valued below cost, including valued at zero but have not been written off
- a percentage of capital appreciation or profits, of up to 25%, which may be subject to a hurdle, a high water mark and/or a preferred return or outperformance of a particular benchmark return, and that could be a fixed percentage or based upon a variable index rate, which may be based on realized and/or unrealized gains and losses, and which may be based on the aggregate portfolio or on an investment-by-investment basis
- an agreed-upon fixed amount

In the manner described in the relevant GCM Grosvenor Fund Documents, transaction or monitoring fees that are received by us will generally either be rebated back to the investors as an offset against our management fee or directly paid to the applicable GCM Grosvenor Fund and allocated among the partners of that fund.

Fees differ based upon several factors, including without limitation, investment type and asset class, overall fee arrangements, account complexity, overall relationship with us and our affiliates, account size, and assets or commitments under management.

In the case of the GCM Grosvenor Funds (**GCM Seed Funds**) that primarily invest capital (**Seed Capital**) in Underlying Funds (each, a **Seed Manager Fund**) managed by Investment Managers (each, a **Seed Manager**) that either have not yet established investment advisory firms or that operate investment advisory firms that have yet to achieve a critical mass of assets under

management, in addition to one or more of the fees and allocations described above, we may participate, alongside investors in GCM Grosvenor Seed Funds, in the revenue or other economics of the Seed Managers with whom GCM Seed Funds invest.

In certain instances, GCM Grosvenor Funds are subject to a fee from which GCM Grosvenor Funds compensate both the GCM Adviser and the Investment Managers of the Underlying Funds.

#### Fees and Allocations for Specialized GCM Funds

Each Specialized GCM Fund sets forth its fee structure, including how and when fees are calculated, charged, and paid, and how allocations are calculated and made, in an offering document (together with private placement memoranda, limited partnership agreements (**LPA**), investment management agreements, side letters, or similar documents, **GCM Grosvenor Fund Documents**) provided to each prospective investor in the GCM Grosvenor Fund prior to the prospective investment in the GCM Grosvenor Fund.

Certain investors, including seed, early, or founding investors, strategic partners, and persons associated or formerly associated with us, and members of their families, as well as certain friends of such persons, may invest in GCM Grosvenor Funds on a non-fee-paying basis or at fee rates that are lower than those charged to other investors in such GCM Grosvenor Funds, in our discretion.

#### Fees and Allocations for Customized GCM Separate Accounts

Each Customized GCM Separate Account sets forth its fee structure—including how and when fees are calculated, charged, and paid, and how allocations are calculated and made—in the GCM Grosvenor Fund Documents provided to the prospective investor in the GCM Grosvenor Fund prior to the prospective investor's investment in the GCM Grosvenor Fund. Fees and other terms for each Customized GCM Separate Account are negotiated on a case-by-case basis with the investors in such Customized GCM Separate Account.

#### Fees for Additional Services

Fees for Advisory Services, Portfolio Administration Services, and Investment Monitoring Services, each of which are discussed in Item 4, are negotiated on a case-by-case basis and depend upon the range of services that we provide to a client.

Depending on the scope of such services and the overall size and nature of GCM Grosvenor's relationship with a particular client, in our discretion, we have determined and may, in the future, determine not to charge additional fees for certain additional services.

#### Aggregation of Certain Accounts for Fee Purposes

If a GCM Grosvenor Fund maintains a tiered fee structure, such that the fees payable by the investor in the GCM Grosvenor Fund vary depending on the amount of the investor's investment in or commitment to the GCM Grosvenor Fund or otherwise provides a lower fee for a larger investment size, we have in the past and may in the future in our discretion, agree with an investor to treat investments or commitments by the investor, its affiliates, and/or certain other persons in one or more GCM Grosvenor Funds and/or funds or accounts managed by a GCM Adviser affiliate as a single investment for purposes of determining the effective fee rate for such investors in respect of the GCM Grosvenor Fund. Such aggregation of an investor's assets will result in an overall fee that is lower than would be the case in the absence of such aggregation.

#### Deduction of Fees from GCM Grosvenor Funds

In the case of Specialized GCM Funds, the relevant GCM Adviser invoices each GCM Grosvenor Fund for its fees, typically monthly or quarterly, and instructs that such fees be remitted to the relevant GCM Adviser from the assets of such GCM Grosvenor Fund.

In the case of Customized GCM Separate Accounts, depending on its agreement with the relevant investor, typically monthly or quarterly, the relevant GCM Adviser:

- invoices the relevant GCM Grosvenor Fund and/or instructs that such fees be remitted to the GCM Adviser from the assets of such GCM Grosvenor Fund; or



- invoices the relevant GCM Grosvenor Fund and, upon the investor's approval of its invoice, receive its fees either from the relevant GCM Grosvenor Fund or directly from the investor.

### Fee Refunds

If an investor in a GCM Grosvenor Fund pays fees in advance and the investor terminates its investment in such GCM Grosvenor Fund in accordance with the termination provisions governing such GCM Grosvenor Fund prior to the expiration of the period for which the advance fee was paid, except as otherwise agreed with the investor or as otherwise described in the GCM Grosvenor Fund Documents, we pay an appropriate pro rata refund to the investor, or provide a pro rata credit to the investor, designed to reasonably ensure that the investor pays a fee only for the portion of the period preceding the effectiveness of the termination.

### Expenses

Each GCM Grosvenor Fund typically pays its organizational and initial offering costs.

Each GCM Grosvenor Fund typically pays such costs and expenses as are necessary, advisable, or convenient for the conduct of its business, which can include, without limitation:

- offering expenses, including expenses related to negotiations with prospective investors and placement agents, amendments to offering documents and "blue sky," "world sky," and other similar filings and registrations
- costs and expenses incurred in connection with the identification, sourcing, evaluation, selection, purchase, holding, management, sale and/or exchange of investments whether or not ultimately consummated, including, without limitation, brokerage commissions, broken-deal costs, due diligence costs, investment banking fees, private placement fees, monitoring costs, sourcing or finder's fees, and research costs, including research terminals
- expenses relating to investment in any Underlying Fund, including, without limitation, organizational, offering, and operating expenses
- the interest expense, fees, and other costs associated with any borrowing facility
- asset-based, performance-based, or other compensation of the general partners, advisers, or managers of entities in which a GCM Grosvenor Fund invests or of advisers or managers of managed accounts
- fees and expenses in connection with the custody of a GCM Grosvenor Fund's assets
- legal, accounting, auditing, tax, regulatory, and tax and financial statement preparation, valuation, research terminal, consulting, and other professional fees and expenses, including costs and out-of-pocket expenses of a third party engaged by a GCM Grosvenor Fund or by a GCM Adviser for purposes of providing these services to one or more GCM Grosvenor Funds
- administrative fees and expenses, including the fees and out-of-pocket expenses of a GCM Grosvenor Fund's administrator
- directors' fees (excluding any fees paid to a director affiliated or associated with a GCM adviser)
- computer software licensing, development, purchasing, programming, and operating costs
- fees and expenses associated with reporting to clients
- any other operating or administrative fees and expenses related to accounting, research, due diligence, reporting, and portfolio management services
- valuation fees and expenses
- fees and expenses associated with valuation, risk analytics and risk management services provided by third party vendors
- GCM-Incurred Costs, which may be incurred by a GCM Grosvenor Fund directly or on a pro rata basis, as further described below
- taxes and similar amounts
- the costs and expenses of a GCM Grosvenor Fund's "partnership representative"
- extraordinary expenses, or any costs and expenses arising out of a GCM Grosvenor Fund's litigation and indemnification costs and obligations

- costs and expenses of consultants engaged by GCM Grosvenor in connection with services provided by GCM Grosvenor to the GCM Grosvenor Fund
- asset-based and/or performance-based compensation payable to GCM Grosvenor or its affiliates
- regulatory or other governmental fees and charges, including regulatory or governmental fees and charges resulting from the offering or sale of a GCM Grosvenor Fund's securities in a non-U.S. jurisdiction
- fees and expenses associated with valuation, risk analytics and risk management services provided by third party vendors
- certain travel and entertainment expenses incurred in connection with a GCM Grosvenor Fund's affairs, including in connection with investments, and potential investments, and meetings with investors or their representatives, to the extent permissible in such GCM Grosvenor Fund's governing documents and to the extent such expenses comply with GCM Grosvenor's Travel and Expense Policy
- reimbursement of GCM Grosvenor for administrative and overhead expenses related to overseeing administrative services, including, without limitation, an allocable portion of the cost of compensation including benefits and related expenses of employees performing such oversight, which reimbursement may take the form of a general charge intended to cover such expenses as determined by GCM Grosvenor in its reasonable discretion
- all other costs specifically described in the particular GCM Grosvenor Fund's offering documents
- all other costs related to a GCM Grosvenor Fund's investment activities, administration, and operations

The GCM Advisers typically do not charge and are not reimbursed for its own overhead or other internal costs except as described above and as agreed upon in connection with a particular GCM Grosvenor Fund.

In accordance with our policies and procedures and the documents governing certain GCM Grosvenor Funds, a GCM Grosvenor Fund pays out-of-pocket costs and expenses incurred by GCM Grosvenor, directly or indirectly, in connection with GCM Grosvenor Fund operations (**GCM-Incurred Costs**). These out-of-pocket costs and expenses include payments made to independent third-party vendors, consultants, or professional advisers including providers of outsourced accounting, administrative, valuation, risk analytics, reporting, and other services described above that directly support the ongoing management, administration, and operations of such GCM Grosvenor Funds (**Third-Party Costs**). Third-Party Costs can include, but are not limited to:

- insurance expenses, which consist primarily of premium payments made to third-party insurance underwriters and brokers related primarily to fiduciary liability coverage, professional liability coverage, ERISA fidelity bond if applicable, and directors' and officers' liability coverage
- operational due diligence expenses, which consist primarily of legal expenses and professional fees paid to third-party investigation firms to conduct background investigations on existing and prospective Investment Managers
- technology expenses, which consist primarily of software, software and data licensing, development, programming, and operating costs paid to third-party vendors to support the operating platforms of the GCM Grosvenor Funds, as well as costs related to the licensing, usage, and redistribution of data and performance benchmarks
- risk-aggregation reporting expenses, which consist primarily of fees payable to organizations that collect and aggregate exposure data from the GCM Grosvenor Fund's investments which can include the Underlying Funds' investments and provide related reports to us in connection with our risk management process
- industry expert expenses, which consist primarily of fees payable to firms that source through their member networks professionals with expertise relevant to the GCM Grosvenor Funds' investment activities

Third-Party Costs, to the extent allocable, generally are allocated to the GCM Grosvenor Funds or related groups of GCM Grosvenor Funds (e.g., GCM Grosvenor Funds pursuing a particular strategy) either directly or on a pro rata basis in accordance with their respective net asset values or commitment amounts unless we decide, in our discretion and as permitted by the various GCM Grosvenor Funds' Documents, to specially allocate such expenses to a subset of GCM Grosvenor Funds to which such expenses more specifically relate, even though such GCM Grosvenor Funds may not benefit from such expenses on a strictly pro rata basis.

Costs and expenses directly attributable to one or more GCM Grosvenor Funds, and not to any other GCM Grosvenor Fund such as the costs of background investigations directly attributable to a particular GCM Grosvenor Fund, are charged to

those GCM Grosvenor Funds and are not allocated pro rata among other GCM Grosvenor Funds in the manner outlined above.

In certain limited cases, GCM Grosvenor bears all or a portion of the Third-Party Costs that otherwise would be borne by a GCM Grosvenor Fund pursuant to the principles outlined above.

As an investor in Underlying Funds, each GCM Grosvenor Fund typically bears its allocable share of the Underlying Funds' respective organizational, offering, investment, and operating expenses, including taxes and similar amounts, interest due on borrowings, brokerage and other transaction costs, the fees, expenses, and performance-based compensation of the Investment Managers, and any extraordinary costs incurred. The advisory fees charged by Investment Managers vary in type, amount, and structure. For example, in certain cases, performance-based compensation is calculated and paid or made only after investors have received a return of capital and a preferred return, or only after achieving a hurdle rate of return. In other cases, performance-based compensation may be calculated period-to-period with or without a high-water mark. Many GCM Grosvenor Funds are thus subject to two levels of fees (at the GCM Grosvenor Fund and the Underlying Fund level) and, as a result, may have a higher expense-to-equity ratio than would be associated with an investment fund that invests and trades directly in financial instruments under the direction of a single investment manager. Pursuant to Accounting Standards Generally Accepted in the United States (**U.S. GAAP**), the management fee, partnership expenses, any performance compensation or allocations incurred in respect of an Underlying Fund or investment are typically capitalized and therefore not reflected in the reported expense ratios in the audited financial statements of a GCM Grosvenor Fund.

## Item 6 – Performance-Based Fees and Side-By-Side Management

---

As discussed in Item 5, the GCM Advisers accept performance-based fees, special allocations (i.e., carried interest) or other types of performance-based compensation from certain GCM Grosvenor Funds, in addition to or in lieu of other fees.

Performance-based compensation is based on a share of:

- the capital gains on, profits, or capital appreciation in the value of the GCM Grosvenor Fund, which can be subject to a hurdle, a high watermark and/or a preferred return; or
- the outperformance of the GCM Grosvenor Fund relative to the performance of a particular benchmark, which can be a fixed percentage or based upon a variable index rate

The receipt of performance-based compensation or special allocations rewards us for increases in the value of the assets of such GCM Grosvenor Fund or the outperformance of such GCM Grosvenor Fund relative to the performance of a particular benchmark, without directly penalizing us for losses or underperformance relative to a particular benchmark, creating an incentive for us to invest and reinvest the assets of such GCM Grosvenor Fund in a manner that may be riskier or more speculative than would otherwise be the case.

Some GCM Grosvenor Funds issue more than one class of securities, and, in some cases, certain classes of securities issued by a GCM Grosvenor Fund bear performance-based compensation or special allocations while other classes do not. Because we manage the assets of a GCM Grosvenor Fund as a single pool of assets, all investors in such GCM Grosvenor Fund are subject to the risk discussed in the preceding paragraph and not just those investors who invest in classes of securities that bear performance-based compensation or special allocations.

Similarly, in some cases, a fund managed or advised by us that bears performance-based compensation or special allocations invests in another fund that does not. In these cases, all investors in both funds would be subject to the risk discussed above.

The GCM Advisers have an incentive to allocate certain investment opportunities to GCM Grosvenor Funds from which we receive performance-based compensation or special allocations, because we stand to gain greater compensation from such GCM Grosvenor Funds by allocating the best investment opportunities to them. We have adopted detailed investment allocation policies and procedures designed to provide fair and equitable allocation of investment opportunities among all eligible accounts. Additionally, Investment Managers from time to time make us aware of opportunities to co-invest in specific underlying investments (i.e., investments other than investments in Underlying Funds managed by them). These co-

investment opportunities are allocated at our discretion, including to GCM Grosvenor Funds eligible to invest in such opportunities or to investors in GCM Grosvenor Funds.

Please see Item 8 for additional details on how we address and mitigate these types of conflicts.

## Item 7 – Types of Clients

---

GCM Advisers have three basic types of clients:

*Type 1:* GCM Grosvenor Funds organized as legal entities. Most GCM Grosvenor Funds are privately offered and are not subject to registration under the Investment Company Act of 1940 (as amended, the **ICA**). GCMLP manages certain closed-end investment companies registered under the ICA that publicly offer their securities.

Some GCM Grosvenor Funds are Specialized GCM Funds, while others are Customized GCM Separate Accounts.

Some GCM Grosvenor Funds are feeder funds that invest all or substantially all of their assets in master GCM Grosvenor Funds. Feeder funds may be Specialized GCM Funds or Customized GCM Separate Accounts and may invest their assets in master GCM Grosvenor Funds that are Specialized GCM Funds or Customized GCM Separate Accounts.

*Type 2:* Institutional investors, such as public or private pension plans or sovereign wealth funds, and high-net worth investors entering into discretionary or non-discretionary investment management agreements, investment advisory agreements or similar agreements with us rather than investing in GCM Grosvenor Funds organized as legal entities.

*Type 3:* Institutional investors that we assist, on a non-discretionary basis, in designing, building, and managing their alternative investment programs. This service does not typically constitute continuous and regular supervisory or management services.

GCM Advisers generally require a minimum initial investment of \$100,000,000 for launching or maintaining a Customized GCM Separate Account, but we have reduced and may in the future reduce this requirement in our discretion.

The minimum initial investment for a particular Specialized GCM Fund is set forth in the GCM Grosvenor Fund Documents for such Specialized GCM Fund.

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

---

### Private Equity, Real Estate, and Infrastructure (PEREI) Investment Process

#### Criteria for Assessment

We follow a research-based approach and use our institutional resources to source high quality investments. Through this research-based process, we seek to identify an investment's potential for value creation at different stages of the investment process (i.e., sourcing, due diligence, structuring, execution, monitoring and exit) and thus gain an in-depth understanding of the opportunities and risks associated with each investment.

#### Initial Evaluation

Once an opportunity is identified, we assign a deal team of investment professionals to conduct investment due diligence and ongoing monitoring.

The deal team gathers relevant materials during the sourcing process. For fund investments, these materials typically include a fund's private placement memorandum, latest investor presentation, and due diligence package. For co-investments, materials include a company/asset overview, sponsor investment memo, financial models, and other relevant documentation. For secondaries, materials include a combination of fund and asset level documents which typically include fund financial statements, update reports, LPA portfolio summaries, and other relevant documentation. The team reviews the materials and logs them into our database.

The deal team then conducts an initial meeting/call with the investment manager focusing on a variety of issues, including investment thesis, risk/return profile, and value-add proposition. Depending on the type of investment opportunity, the deal team focuses on gathering the following information:

<u>Funds</u>	<u>Co-investments</u>	<u>Secondaries</u>
<ul style="list-style-type: none"> <li>• Fundraising status</li> <li>• Strategy</li> <li>• Team and level of principal investment expertise</li> <li>• Track record</li> <li>• Pipeline</li> <li>• Fees</li> <li>• Other differentiating factors</li> </ul>	<ul style="list-style-type: none"> <li>• Investment thesis</li> <li>• Sponsor's fit</li> <li>• Target company overview</li> <li>• Industry trends</li> <li>• Target company management team</li> <li>• Transaction terms</li> <li>• Valuation and returns</li> <li>• Financials</li> <li>• Other key considerations</li> </ul>	<ul style="list-style-type: none"> <li>• Manager quality/track record</li> <li>• Outlook for each asset in the portfolio</li> <li>• Alignment of Interest</li> <li>• Valuation and returns</li> <li>• Transaction Terms</li> <li>• Plans for Unfunded (i.e. deal pipeline, offensive and defensive follow-on)</li> <li>• Other key considerations</li> </ul>

Based on the deal team's assessment of key materials and the initial meeting/call, we evaluate the investment merits and the suitability of the investment for our portfolios. The key areas of this evaluation are:

- Investment merits
  - Presence of a differentiated strategy and adherence to stated strategy
  - Track record as compared to investments of similar type and vintage year
  - Risk/return profile
  - Quality of management team (including stability and succession planning)
  - Industry and sector conditions over the next few years
  - Feasibility of the strategy given the expected macroeconomic environment
- Portfolio fit
  - Whether the proposed investment complements our portfolio, given the specific investment objectives and risk-return guidelines of each portfolio.

The deal team keeps the broader investment team abreast of its sourcing and evaluation of investment opportunities during weekly meetings. In turn, the broader investment team advises the deal team about potential demand for opportunities among the portfolios we manage. In addition, members of the portfolio management team (Portfolio Management Team) work to identify eligible programs for each investment opportunity and confirm sufficient demand exists to justify further diligence on an investment. The team evaluates proposed investments for adherence to the investment guidelines of our portfolios and formally documents the results. The team participates in regular investment team meetings and communicates regularly with the deal team.

For co-investments, which typically require an expedited due diligence process, the deal team typically prepares a formal executive summary and presents it to the Co-Investment team. We conduct preliminary due diligence on a co-investment if the deal team and Co-Investment team collaboratively decide the opportunity is attractive. For fund and secondary investments, senior members of the deal team determine whether we should commence preliminary due diligence based on the results of the team's initial evaluation.

#### Preliminary Due Diligence

The deal team performs preliminary due diligence on a proposed investment to more thoroughly analyze the key risks and merits identified during initial evaluation. The team also conducts informal reference checks with potential fund investors and/or co-investors.

Preliminary due diligence focuses on the following key areas:

Funds

- Investment strategy
- Quality of investor base
- Track record analysis
- Quality/capabilities of the team
- Analysis of current investments in the fund (if applicable)
- Preliminary review of legal terms

Co-investments

- Investment thesis
- Company/asset overview
- Industry and sector analyses
- Management team
- Sponsor fit
- Transaction terms/capital structure review
- Financials
- Other key considerations

Secondaries

- Investment thesis
- Sponsor and Management Team Alignment
- Fund terms
- Transaction Terms
- Company/asset overview
- Valuation analysis
- Competitive advantages/barriers to entry
- Financial performance
- Industry and Sector Analyses
- Management Team
- Sponsor Fit
- Valuation
- Projected returns
- Exit opportunities
- Key considerations

The deal team presents its findings in the form of a Preliminary Investment Memo. The memo summarizes the investment opportunity, highlights key issues/risks, and contains a preliminary assessment of the portfolios for which the investment may be appropriate.

The deal team ensures the potential investment has been subjected to our requisite level of scrutiny prior to its submission to the Investment Committee. The deal team, working closely with the senior members of the relevant deal team, evaluates whether we have capital to deploy to the investment and makes a preliminary recommendation as to whether we should conduct further due diligence.

The deal team decides whether to: i) recommend the investment to the Investment Committee for comprehensive due diligence; ii) revise the Preliminary Investment Memo after conducting additional work; or iii) cease work on the investment. Once finalized, the Preliminary Investment Memo is presented to the Investment Committee. The Investment Committee discusses key investment highlights and risks and votes on whether to authorize comprehensive due diligence. If the Investment Committee determines that a potential investment warrants further due diligence, we will commit substantial resources to complete our due diligence.

Comprehensive Due Diligence

The objective of comprehensive due diligence is to determine whether we believe an investment opportunity is well-positioned to generate superior risk-adjusted returns for the portfolios we manage. In seeking to achieve this objective, we conduct two rigorous, independent due diligence processes. Investment due diligence is conducted by our Investment Team, and operational due diligence is conducted by a separate and distinct Operational Due Diligence Team. Potential investments must be independently approved by both the relevant Investment Committee and the firm's Operations Committee to be included in our portfolios.

Investment due diligence - Funds (acquired on the primary)

Below are some of the key areas of our evaluation.

- **Performance evaluation:** The deal team analyzes the track record of the fund and/or investment team in seeking to assess a manager's value creation and performance attribution in terms of sourcing, valuation, and exit. The deal team seeks to analyze:
  - Historical performance of the underlying investments in a manager's prior funds, if applicable, in seeking to obtain an in-depth understanding of past transactions in terms of investment strategy, rationale, structuring, execution, monitoring issues, areas of value-addition, and exit timing/management
  - Performance of the existing portfolio in terms of return generation (i.e., IRR, cash-on-cash return, total return multiple, etc.) and compare these returns to relevant benchmarks, which are identified based on a variety of factors including geography, stage, sector, and vintage year
  - Manager's value creation by evaluating attribution, prior portfolio companies, current portfolio composition, the make-up of realized/unrealized investments and returns, distribution of write-offs/winners, and calculation of reported returns
- **Investment strategy:** When analyzing a manager's investment strategy, we consider geography, sector, and stage of investment focus and we seek to:
  - Evaluate consistency of the investment strategy of the firm and investment team across time and identify strategy drifts from a manager's prior collective experience
  - Highlight strengths and weaknesses along various dimensions (e.g., dominant sectors, principal geographies, preferred mode of exit, etc.) based on investment performance and compare these findings to the current market conditions and the intended strategy for the new fund
  - Identify key professionals who have had a dominant role in the investment process in the past (e.g., deal sourcing, structuring, etc.) and relate these findings to the current management structure of the firm
- **Portfolio re-valuation:** The deal team re-values the unrealized investments of a fund manager to validate the fund's reported valuations. Valuation methodologies vary depending upon a variety of factors, including the type of security, the nature of business (e.g., the metrics used to value financial service companies are different than those used to value manufacturing firms), and the stage of investment. We typically use the following methodologies:
  - Comparable publicly traded companies: We first identify a set of comparable public companies based on factors, such as sector, size, and capital structure. We then use this group to arrive at the implied value of an equivalent public investment by computing a relevant set of valuation multiples (e.g., enterprise value-to-revenues and enterprise value-to-operating cash flow). Finally, we apply an appropriate discount factor to this implied value to arrive at the value of the private investment.
  - Comparable M&A industry transactions: This methodology benchmarks unrealized portfolio companies against other leveraged buyout transactions in their respective sectors. It assumes that portfolio companies can be sold at the same enterprise value (EV"/earnings before interest, taxes, depreciation, and amortization (EBITDA) and/or EV/revenue multiples that are reported for companies in the same sectors by market data sources, such as Standard and Poor's M&A Stats. We apply the average EV/EBITDA and/or EV/revenue multiple of the relevant sector to the EBITDA and/or revenue of the unrealized portfolio company to arrive at the implied value of the investment.
- **Management team assessment:** Typically, the deal team visits the general partner's office and conducts individual interviews with members of the deal team. The objectives are to:
  - Understand organizational culture, values, and dynamics
  - Understand the consistency of an organization's investment sourcing, analysis, execution, and monitoring processes
  - Understand the involvement and relative value-add of investment professionals by discussing the typical roles of various members of a transaction team
  - Evaluate the appropriateness of resource utilization and allocation of carried interest among professionals
  - Determine if the success of a firm relies on any single professional or group of professionals in seeking to predict the ability to sustain results if investment professionals leave the firm
    - Review the quality and consistency of various investment-related documents, including deal sourcing logs, due diligence materials, legal documents, and monitoring notes (company visits, minutes of board meetings, etc.)



- Engage the professionals in detailed discussions about specific investments - both successes and failures - in seeking to understand the investment rationale; dynamics of the structuring, execution, and monitoring processes; areas of value add; and reasons for success or failure:
  - Specific transactions are typically identified by the deal team prior to the on-site visit based on issues/risk factors identified in the various stages of due diligence; a general partner is not informed which deals will be discussed prior to the visit
- **Detailed reference checks:** The deal team make reference calls to: i) prior and potential LPs (if any); ii) CEOs of previous and existing portfolio companies; and iii) former employees. The main objectives of these calls are to:
  - Understand external views of each senior professional's involvement and degree of value-add at each stage of the investment process
  - Evaluate the nature of interaction of the general partner with co-investors, limited partners (LPs), portfolio company officers, and other professionals
  - Obtain additional insight into portfolio companies (e.g., latest developments, how the firm adds value to existing portfolio companies, etc.)
  - Evaluate areas of concern identified by other LPs and re-evaluate risks and any mitigating factors
  - Make specific inquiries to address areas of concern (e.g., contact ex-professionals to uncover potential problems related to management style; and contact former clients to understand why they are not investing in the new fund)

#### Investment due diligence - Co-investments

We usually execute co-investments alongside trusted sponsors in whose funds we have invested. Therefore, sponsors have typically been subject to the due diligence evaluations listed above prior to the evaluation of a co-investment opportunity. This approach, along with our depth of resources, allows us to complete comprehensive due diligence within the often-shortened timeframe typically requested by sponsors due to deal timing constraints. Our co-investment due diligence generally includes, but is not limited to:

- In-depth analysis of the company's strategy and growth prospects
  - Understand the product and target market of the company
  - Know the customer base and supply base
  - Evaluate the quality and motivation of the portfolio company management team
  - Revenues and prices
  - Capital expenditures
  - Analysis of industry dynamics
- Analysis of comparable companies to better understand the competitiveness of the underlying portfolio company by looking at the following factors:
  - Growth profile
  - Valuation
  - Margins
  - Relative size
  - Capitalization and management structure
  - Product mix
- Determining the sponsor's quality, ability to add value to the target portfolio company, and ability to execute based on prior experience and track record
- Analysis of historical financials and projections
- Sensitivity analysis to show the IRR and return multiple under different assumptions and scenarios in order to observe how different factors affect investment returns
- Review of third-party diligence reports
- Target company's management team assessment
  - Meetings with the management team



- Management compensation
- Gathering industry experts' opinions
- Analysis of value creation potential
- Financial model summary and returns analysis
- Assessment of sponsor's exit strategy
- Regulatory considerations
- Environmental review
- Detailed reference calls to investment bankers, research analysts, other private markets groups, potential co-investors, and other fund managers

#### Investment due diligence - Secondaries

We usually execute secondaries alongside trusted sponsors in whose funds we have invested. Therefore, sponsors have typically been subject to the due diligence evaluations listed above in the primary section prior to the evaluation of a secondary opportunity. This approach, along with our depth of resources, allows us to complete comprehensive due diligence within the often-shortened timeframe typically requested due to deal timing constraints. Our ultimate objective is to purchase interests that we believe can generate attractive risk-adjusted returns at a compelling valuation. Our secondary due diligence generally includes, but is not limited to:

- In-depth analysis of the underlying assets
  - Understand the product and target market
  - Know the customer base and supply base
  - Evaluate the quality and motivation of the portfolio company management team
  - Analysis of industry dynamics
  - Analysis of historical financials and projections
  - Understand value creation strategy to date and how it compares with the go-forward strategy
- Evaluate sponsor alignment/quality
  - For GP-led deals, understand how much proceeds are being crystallized by the sponsor and rolled into the Continuation Vehicle
  - For LP deals, understand where the fund sits in the waterfall and how financially motivated the sponsor is to drive continued value creation in the portfolio
  - Manager track record
  - Ability to add value to the underlying assets and execute on the go-forward value creation strategy
- Analysis of comparable companies to better understand the competitiveness of the underlying portfolio company by looking at the following factors:
  - Growth profile, margins, free cash flow profile, size, etc.
  - Valuation
  - Capitalization and management structure
  - Product mix
- Financial model summary and return analysis
  - Sensitivity analysis to stress test return profile
  - Understand distribution of outcomes (left skew versus right skew)
- Portfolio company's management team assessment as well as alignment
- Review of third-party diligence reports
- Gathering industry experts' opinions
- Assessment of sponsor's exit strategy
- Regulatory considerations
- Detailed reference calls with investment bankers, research analysts, and other fund managers

### Investment Committee Memorandum

Upon completion of comprehensive investment due diligence, the deal team prepares an Investment Committee Memorandum which includes:

- Discussion of the potentially mitigating factors to the risks presented
- Attribution analysis and portfolio revaluation to verify the manager's stated performance and source of returns
- Detailed assessment of a company's management team and record of performance
- Results of extensive reference calls to investment managers, bankers, industry analysts and customers
- For secondaries - an asset-by-asset overview, bidding strategy and comparable by asset
- For co-investments - historical financial analysis, industry overview, value creation plan, model sensitivities and reference calls

### Committee approvals

Upon completion of comprehensive due diligence, prospective investments must be independently reviewed and approved by both the relevant Investment Committee and the Operations Committee in order to be executed.

The deal team presents the potential investment for approval to the relevant Investment Committee. Members of the relevant Investment Committee receive the Investment Committee Memorandum prior to the deal team's presentation. Following a presentation by the deal team, members of the relevant Investment Committee discuss the pros and cons of the investment recommendation. An investment must be approved by a majority vote of the relevant Investment Committee.

Upon completion of their due diligence, the Operational Due Diligence Team prepares an information packet, which details the operational due diligence findings. The Operational Due Diligence Team presents the investment to the Operations Committee for approval. The Operational Due Diligence Team may in certain circumstances also present a proposed risk mitigation plan detailing steps the team believes a manager/sponsor/portfolio company must take in order to be approved for investment. An investment must be approved by a majority vote of the Operations Committee.

### Investment Execution

An essential step in the investment process is seeking to negotiate favorable terms and conditions, regardless of the type of investment. Legal review of the investment documents begins at the preliminary stages with the goal of reasonably ensuring that the terms are appropriate, and the manager's/sponsor's interests are aligned with our clients' interests. Our investment professionals actively participate in the negotiation of fee and expense-related terms, information rights, manager/sponsor alignment of interests, establishment of advisory committees, voting issues, conflicts of interests, and defined limitations on permissible investment activities.

Typically, once an investment has been approved by the relevant Investment Committee and Operations Committee, we engage outside counsel to review fund documentation and complete a legal checklist or summary of such documentation based on its review. The deal team works with outside counsel to create and submit a comment memorandum to the underlying fund. Thereafter, we work with outside counsel to negotiate final terms and to execute documents.

### Monitoring

While careful investment selection is crucial, once an investment is completed, on-going involvement with the underlying fund, company or asset is critical to maintaining appropriate oversight controls, achieving strong returns and developing relationships. To this end, monitoring is an integral part of our investment process. GCM Grosvenor employs a hands-on approach to monitoring investments from an investment and operational perspective.

Our investment monitoring program includes:

- **Participation in corporate and advisory boards:** Our board presence allows us to provide active input on the activities of fund and portfolio company investments. With respect to co-investments, senior members of the deal team often take board/observer positions and/or receive information rights relating to board meetings. In such a position, we are

able to keep close visibility on the performance of our investments, ask questions, and pursue issues with both company management and sponsors.

- **Prepare valuation reviews for portfolio companies:** With respect to co-investments, members of the deal team perform valuation reviews of each portfolio company, independently from the sponsor, on a quarterly basis. Valuations are then submitted for review by our independent Valuation Team, which is part of the Finance Department.
- **Monitor financial performance of co-investments:** Members of the deal team, Fund Accounting and Analysis Team, and Valuation Team, as appropriate, review written reports and materials provided by sponsors and/or portfolio companies on a monthly and/or quarterly basis. Where applicable, we may obtain additional insights regarding our investments as a board member or observer, which can allow us to more closely track investment performance.
- **Review of portfolio management and performance of fund investments:** Members of the deal team conduct comprehensive qualitative and quantitative reviews of fund investments. These reviews cover a number of areas including: i) adherence to basic strategy and areas of core competence; ii) stability of the fund manager's management team; and iii) benchmarking the drawdown, investment and distribution performance of the manager with industry benchmarks across a number of variables including fund type and vintage year.
- **Periodic interaction and dialogue with managers/sponsors:** Senior members of the deal team attend annual meetings and regularly meet with managers/sponsors, portfolio company management and other investors.
- **Participation in industry conferences:** Senior members of the deal team regularly participate in industry conferences and seminars as speakers, sponsors and attendees, as well as in many industry associations.

As part of our monitoring process, underperforming investments may be added to our "Investment Watch List" and require enhanced monitoring. We substantially increase our communications with fund managers and sponsors on the Investment Watch List. Our professionals first seek remedies by working with the fund manager, sponsor, and/or company management to determine an acceptable solution. Our professionals maintain close contact with the managers and sponsors to obtain regular updates on the portfolio status and valuations and to ascertain the manager's and sponsor's ability to work in the current environment. In addition, our professionals remain in close contact with other limited partners (if any) to get additional feedback on the portfolio status and valuations and work closely with our Operational Due Diligence Team to ascertain if the general partner has breached its fiduciary duty in any respect. If the situation is not remedied to our satisfaction, we take action on a case-by-case basis, as our options may vary by investment type and our negotiated rights.

### Absolute Return Strategies (ARS) Investment Process

The process for selecting hedge fund investments has four key phases: (i) strategy research, sourcing, identification and initial screening; (ii) Initial investment due diligence; (iii) Full due diligence - investment, risk management, operational; (iv) Approval – Investment Committee and Operations Committee.

#### Identification and Initial Screening

The Strategy and Regional Teams within our ARS Research Department are responsible for identifying the highest quality managers globally within their respective strategies or regions. The relevant Investment Committee also contributes to manager sourcing. We use our extensive global network of industry contacts, proprietary database and other industry data to source potential investment managers and underlying investments. Examples of specific sources include but are not limited to:

- Internally generated "peer universe" reports in each strategy that include managers from various sources
- Regular conversations with investment managers with whom we have existing investments
- Familiar senior-level staff who left positions at firms with which we invest and launched their own funds
- Conversations with, and referrals from, staff of major investment firms

During initial screening, we evaluate, among other things:

- Management company background, history, ownership and business profile
- Background/experience of key personnel
- Risk and return expectations for the portfolio

- Alpha generation and perceived edge
- Risk/return metrics versus strategy peer group

#### Initial Investment Due Diligence

The ARS Research Team performs initial due diligence on managers based on preliminary screening and analysis process and involves a more in-depth review and analysis of the factors listed above, plus additional quantitative analyses on performance, risk/return statistics and exposure. If the Co-Heads of Research approve, we then commence full due diligence, which involves two distinct evaluations: investment due diligence and operational due diligence. Potential investments must be independently approved by the relevant Investment Committee and Operations Committee. Upon completion of initial due diligence, the ARS Research Team may decide to: i) perform additional work; ii) commence full due diligence - which requires approval by the relevant Investment Committee; or iii) cease work, either temporarily or permanently.

#### Full Due Diligence and Approval

GCM Grosvenor performs two independent due diligence evaluations, which involve both qualitative and quantitative assessments:

- Investment and risk management due diligence
- Operational due diligence

Potential investments must be independently approved by both the relevant Investment Committee and Operations Committee.<sup>1</sup>

The ARS Research, Risk Management, and Operational Due Diligence Teams lead their respective areas of due diligence. The due diligence and approval process generally takes between three and six months to complete. This timeline varies and the process may be expedited in certain circumstances.

#### Research Due Diligence

The ARS Research Team conducts investment due diligence by: i) performing quantitative analyses; ii) assessing qualitative factors; iii) reviewing positions and portfolio construction; and iv) completing multiple reference checks. Shared quantitative analytic and risk control frameworks whose administration is overseen by the independent Risk Management Team are foundational components used to support the consistency and comparability of analyses across our various Strategy and Regional Teams.

#### Quantitative Analysis

Our ARS Research Team performs extensive analysis guided by shared quantitative frameworks maintained by our Risk Management Team to evaluate sustainable standalone investment attractiveness including expected return, alpha and risk attributes. Differentiated sources of data include position-level exposure and embedded return analysis, proprietary alpha and peer analytics, potential drawdown analysis, and judgement driven forward-looking risk/reward analysis. If approved by the relevant Investment Committee, quantitative attributes underwritten during diligence are used in each subsequent step of the investment process, including GCM Grosvenor's proprietary quantitative sizing frameworks and ongoing analysis of manager performance and positioning versus expectations. Specific examples of quantitative attributes reviewed during diligence include but are not limited to:

#### Analysis of performance, volatility, and correlation of total return and alpha

- Absolute and relative to relevant benchmarks and to peers
- In advancing and declining markets
- Evaluation of historic extreme performance periods (outliers)
- Peak-to-trough drawdowns and recovery periods Assessment of returns attributable to persistent skill and process relative to returns we assess to be driven from non-recurring sources

---

<sup>1</sup> Certain investments made directly, not through a third-party investment manager, may not be subject to operational due diligence or require Operations Committee approval.

#### Analysis of historic and current positioning data

- Gross and net invested position, long/short ratio
- Historical variability of gross and net invested position
- Portfolio concentration
- Position construction
- Leverage
- Liquidity
- Investment horizon
- Pricing and hedging models

#### Qualitative analysis

We supplement quantitative analysis with a rigorous assessment of qualitative attributions to support our conviction level in managers and investment outcomes. Examples of qualitative attributes reviewed during diligence include but are not limited to:

#### Assessment of investment team

- Depth and experience of investment professionals
- Intelligence, integrity, motivation
- Incentive compensation structure and ownership
- Conflicts of interest
- Capacity
- Talent acquisition, development, and retention
- Firm ownership and economic structure
- Alignment of interest for key professionals

#### Assessment of investment process

- Philosophy
- Mandate/universe
- Idea sources & generation
- Due diligence process and focus
- Quality, originality, and level of sophistication of investment research
- Lessons learned from past investments

#### Assessment of risk management governance

- Influence, authority, and independence of risk managers
- Organizational structure of the risk management process
- Quality of risk management staff
- Meeting and reporting frequency

#### Assessment of investment risk management practices

- Alignment of financing sources, leverage, investment horizons and fund liquidity terms
- Adequacy of internal risk measurement and reporting versus the size and complexity of risk-taking
- Assessment of counterparty concentration and margin management
- Adequacy of investor risk reporting and position-level transparency including alignment with internal risk view
- Assessment of trading execution technology and adequacy

#### Reference Checks

We perform reference checks on key investment personnel. The reference checks include communications with references provided by the manager and with sources identified by our team. Key personnel generally include:

- Portfolio managers

- Senior strategy or industry sector heads
- Individuals with material profit and loss responsibility
- Other investment professionals the team deems critical to the investment's success
- Certain operational personnel, when deemed appropriate

Reference checks are performed as one way of ascertaining An Investment Manager's reputation, talent, and competence. Reference checks are also used to verify experience, track record and management skill. Named reference checks typically involve contacting former employers, colleagues, service providers, investors, or classmates. Proprietary reference checks are conducted by contacting persons within our network of industry relationships.

#### Approval – Investment Committee and Operations Committee

After full due diligence is completed, recommended investments are submitted to the relevant Investment Committee and Operations Committee for independent approvals. The Research and Risk Management Teams present their conclusions to the Investment Committee and, separately, our Operational Due Diligence Team presents its conclusions to the Operations Committee. Both committees must independently approve an investment before we will allocate any capital and place it on our approved list.<sup>2</sup>

#### Investment Monitoring

We have a comprehensive approach to monitoring and evaluating GCM Grosvenor-approved Investment Managers.

Our monitoring includes investment, risk management and operational aspects. Our Research Team has scheduled monthly contact with each investment manager, and often communicates with managers intra-month as well, to monitor our investments.

Our Operational Due Diligence Team, who spends a majority of its time monitoring the investment managers with whom we invest and performs regular monitoring processes independently from those performed by our investment professionals, report any change events to the Investment or Operations Committee, which is formalized in a report.

#### The GCM Advisers' Operational Due Diligence Process

Operational due diligence, where applicable to the relevant investment in GCM Grosvenor's sole discretion, is performed by a team of legal and finance professionals independent of the investments team.

The goals of our operational due diligence process are to:

- **Evaluate risk:** Determine whether a prospective investment meets our operational standards
- **Mitigate risk:**<sup>3</sup> Seek to avoid losses and reputational risks arising from operational issues
- **Structure investments:** Evaluate the legal and governance structure and terms of a proposed investment
- **Enhance terms:** Negotiate improved terms including, for example, reduced fees, enhanced liquidity, and control provisions in collaboration with the deal team.,

In seeking to achieve these goals, the Operational Due Diligence Team performs three main assessments: i) background investigations, ii) operational capabilities and internal controls review and iii) legal and structuring review.

#### Background Investigations

We have retained third-party private investigation firms that specialize in the financial services industry to conduct background investigations of prospective managers on our behalf. The background investigations include:

- Verification of the legal existence and "good standing" of the investment manager's firm and important affiliated entities
- Identification of potential conflicts of interest, such as affiliated entities and business activities

---

<sup>2</sup> Certain investments made directly, not through a third-party investment manager, may not be subject to operational due diligence or require Operations Committee approval.

<sup>3</sup> Risk management, diversification and due diligence processes seek to mitigate, but cannot eliminate risk, nor do they imply low risk.

- A check for any civil or criminal litigation, regulatory proceedings or press citations involving the investment manager, its affiliates, and key personnel
- Detailed background checks on key investment personnel, key operations personnel and independent directors that serve on the fund's board of directors

Both the Operational Due Diligence and Investment Teams evaluate issues identified in the report prepared by the private investigation firm. Significant issues identified in the report (e.g., gaps in employment history, litigation-related issues, conflicts of interest) are addressed and resolved prior to seeking Operations Committee approval.

#### Operational Capabilities and Internal Controls Review

The Operational Due Diligence Team assesses whether a potential investment manager has created a strong, institutional-quality internal control environment and whether it has engaged appropriate key service providers. The operational capabilities and internal controls review involve one or more meetings with an investment manager, during which the team conducts detailed interviews with accounting, operations, technology, and compliance personnel. The team also evaluates key third-party service providers, including the administrator, auditor, legal advisors, and counterparties, engaged by an investment manager. Due diligence on key service providers may include, among other procedures, interviews of service provider personnel, reviews of documents (e.g., SOC 1 Reports, pricing reports) and periodic on-site meetings.

During due diligence meetings and interviews, the Operational Due Diligence Team:

- Evaluates the qualifications, experience, competence, independence, and integrity of operational personnel (and administrator, if applicable)
- Evaluates and observes the internal control design and operations around critical operational and compliance functions
- Determines required level of prospective and ongoing due diligence
- Determines any changes we may deem necessary in personnel, infrastructure, or operations, to mitigate operational risks identified
- Determines whether to seek any changes in contractual or investment terms
- Evaluates the independence, competence and objectivity of the administrator and auditor
- Understands the approach, scope, and findings of the auditor

Specific areas covered during the review include:

- Operational infrastructure and internal control design (e.g., segregation of duties)
- Ownership, incentive compensation, and terms of employment
- Evaluation of potential conflicts of interest
- Firm viability and investor diversification
- Safeguarding of cash; authorization of cash movements
- Custody of assets and reconciliation of investment positions
- Valuation of investment portfolio (by type of instrument)
- Trading operations and practices
- Risk management (e.g., counterparty, financing)
- Regulatory compliance program
- Investor reporting and record keeping
- Potential commitments and contingencies
- Maintenance of books and records
- Statutory tax filings and tax positions
- Technology (e.g., straight-through processing, automated internal controls, general maintenance of books and records, business continuity, data security policies and procedures, reliance on third-party systems)
- Management of outsourcing, vendor, and third-party relationships (including, in particular, counterparty risks)
- Competency and scope of service providers (e.g., independent accountants, independent administrator, prime brokers and counterparties, legal counsel, compliance consultants)



- Fund governance

#### Legal and Structuring Review

Experienced attorneys and paralegals dedicated to our Operational Due Diligence Team review relevant documentation relating to a prospective investment. The document review process seeks to ensure that the governing documents include appropriate terms and control provision.

#### Operations Committee Review

Where applicable and appropriate, as determined in GCM Grosvenor's discretion, the Operational Due Diligence Team presents the proposed investment to the Operations Committee for approval. Upon completion of due diligence, the Operational Due Diligence Team prepares a comprehensive information packet, which may include: i) a full due diligence report and findings; ii) results of the background investigation; and iii) a summary of legal terms and conditions of investment. The Operational Due Diligence Team may also present a proposed risk mitigation plan detailing steps the team believes an investment manager must take in order to be approved for investment (e.g., enhancements to processes, people, technology or vendors) and/or a customized monitoring program to augment our standard monitoring procedures.

#### The GCM Advisers' Allocation of Investment Opportunities

GCM Grosvenor has adopted global investment allocation policies and procedures designed to result in the fair and equitable allocation of investment opportunities among eligible GCM Grosvenor Funds. Generally, our allocation methodology follows the same process for all types of investments, and may take into account a variety of relevant factors in determining eligibility, including the investment team primarily responsible for sourcing or performing due diligence on the transaction, the nature of the investment focus of each GCM Grosvenor Fund, the relative amounts of capital available for investment, anticipated expenses to the applicable GCM Grosvenor Fund and/or to GCM Grosvenor with regard to investment by the various GCM Grosvenor Funds, the investment pacing and timing of the GCM Grosvenor Funds and other considerations deemed relevant by GCM Grosvenor.

In the event that the amount of available capacity from a particular investment is not sufficient to satisfy a full allocation to all eligible GCM Grosvenor Funds such that each eligible GCM Grosvenor Fund is allocated its target investment amount, it is our general policy to allocate the available capacity in the investment to the eligible GCM Grosvenor Funds pro rata among all eligible GCM Grosvenor Funds based on, for PEREI GCM Grosvenor Funds, their respective total investor commitment targeted to the applicable investment strategy up to each participating eligible GCM Grosvenor Fund's target investment amount, and, for ARS GCM Grosvenor Funds, their respective demand or target investment amount for the particular investment.

GCM Grosvenor could, in its discretion, adjust the target investment amount among eligible GCM Grosvenor Funds for a variety of reasons, including the target investment pace, the remaining time until the expiration of the commitment period, and the investment strategy, which includes objectives and constraints for each GCM Grosvenor Fund or a minimum target investment size. In addition, GCM Grosvenor could, in its discretion, adjust the above allocations by limiting, or potentially prohibiting, an allocation to a GCM Grosvenor Fund for certain other legal or regulatory reasons. GCM Grosvenor may modify the pro rata allocations among eligible GCM Grosvenor Funds prior to the final applicable investment date for an investment and may consider any relevant circumstances that it believes in good faith warrant such modification, including when the proposed allocation to an eligible GCM Grosvenor Fund is deemed *de minimis* or is otherwise impracticable (e.g., in light of the timing requirements necessary to implement an investment for a particular GCM Grosvenor Fund).

Opportunities to invest in investments are often made available to GCM Grosvenor Funds on the basis of the total investments made in the aggregate by all GCM Grosvenor Funds, including GCM Grosvenor Funds that ordinarily do not invest in or have an investment focus on such investments. As a result, investments by GCM Grosvenor Funds that do not invest in or have an investment focus on investments (**Non-Participating Funds**) may result in the generation of investment opportunities for GCM Grosvenor Funds that invest in or have an investment focus on investments (**Participating Funds**), without any compensating benefit being provided to Non-Participating Funds. Further, a sponsor or source of a particular investment opportunity might make such opportunity available to GCM Advisers in an amount greater than GCM Grosvenor Funds want to invest in such opportunity. In such a case, GCM Advisers may allocate such excess capacity or overage with



respect to an investment opportunity to other parties, including parties who may pay fees to GCM Advisers in connection with allocating such opportunity, either in a GCM Adviser's discretion or pursuant to a GCM Adviser's agreements with such parties. Under certain circumstances, this could create an incentive for a GCM Adviser to under-allocate such an opportunity to Participating Funds and over-allocate such opportunity to such other parties. Each GCM Adviser recognizes that it has a fiduciary duty to the relevant GCM Grosvenor Funds it advises to act in good faith and with fairness in all of its dealings with them and will take such duties into account in dealing with all actual and potential conflicts of interest arising from the allocation of investment opportunities.

### Other Investment Management and Advisory Services

- **Strategic Investments Group**

Investment professionals organized as the Strategic Investments Group (**SIG Professionals**) focus on: (i) identifying, and performing investment due diligence on, prospective investment ideas or investment themes; (ii) monitoring the investments or investment themes on an ongoing basis; and (iii) managing and adjusting position sizes. In addition to these responsibilities, the Strategic Investments Group manages the Special Opportunities Program, MAC Opportunities, and MAC Portfolios, each as defined herein.

- **Special Opportunities Program**

The Special Opportunities Program seeks to provide exposure to direct investments and co-investments. For this program, SIG Professionals focus on: (i) identifying, and performing investment due diligence on, prospective investment ideas or investment themes; (ii) monitoring the investments or investment themes on an ongoing basis; and (iii) managing and adjusting position sizes. There are generally no restrictions on the types of investments in which the Special Opportunities Program invests, except as otherwise required or prohibited by applicable law or policy.

In selecting investments for the Special Opportunities Program, the Special Opportunities Investment Committee (**SOIC**) relies on advice from the SIG Professionals. The SOIC considers factors in selecting investments for the Special Opportunities Program that sometimes differ from the factors taken into consideration by the other GCM Grosvenor investment committees for other GCM Grosvenor Funds.

The Operations Committee generally will evaluate and approve only those strategic investments where it deems such evaluation appropriate.

- **Multi Asset Class Portfolios**

GCM Grosvenor invests assets of certain GCM Grosvenor Funds across multiple asset classes (**MAC Portfolios**), which include absolute return asset classes, credit, private equity, real estate, and/or infrastructure (**MAC Opportunities**).

For MAC Portfolios, SIG Professionals focus on: (i) identifying, and performing investment due diligence on prospective MAC Opportunities, and (ii) monitoring the MAC Opportunities on an ongoing basis.

In selecting investments for the MAC Portfolios, the MAC Investment Committee (**MAIC**) relies on advice from the SIG Professionals. The factors taken into consideration by the MAIC in selecting investments for MAC Portfolios sometimes differ from the factors taken into consideration by the other GCM Grosvenor investment committees for other GCM Grosvenor Funds.

The Operations Committee generally will evaluate and approve only those MAC Opportunities where it deems such evaluation appropriate.

- **Infrastructure Advantage Programs**

The Infrastructure Advantage Program (**Infrastructure Advantage Programs**) seeks to originate and execute infrastructure investments (**Infrastructure Advantage Investments**) that leverage GCM Grosvenor's relationships with, understanding of, and experience in organized labor, government, and finance. The Infrastructure Advantage Program's mandate requires that an investment meet a risk/return standard and utilize value-additive union labor. The Infrastructure Advantage Programs will consider investments across core, core-plus, and opportunistic infrastructure assets, and businesses through direct investments and partnerships with other financial market participants, as well as partnerships/joint ventures with operators, construction firms and governmental entities. The Infrastructure Advantage

Programs seeks to selectively invest across various subsectors of infrastructure in both greenfield and brownfield investments and will also opportunistically invest in certain real estate assets that have infrastructure-like characteristics. The Infrastructure Advantage Investment Committee (**IAIC**) selects the transactions in which the Infrastructure Advantage Programs participates.

- **Strategic Credit Program**

The Strategic Credit Program seeks to provide exposure to strategic investments across the global credit markets. For this program, SIG Professionals focus on: (i) identifying, and performing investment due diligence on, prospective investment ideas or investment themes; (ii) monitoring the investments or investment themes on an ongoing basis; and (iii) managing and adjusting position sizes. There are generally no restrictions on the types of investments in which the Strategic Credit Program invests, except as otherwise required or prohibited by applicable law or policy.

In selecting investments for the Strategic Credit Program, the Strategic Credit Investment Committee (**SCIC**) relies on advice from the SIG Professionals. The SCIC considers factors in selecting investments for the Strategic Credit Program that sometimes differ from the factors taken into consideration by other GCM Grosvenor investment committees for other GCM Grosvenor Funds.

The Operations Committee generally will evaluate and approve Strategic Investments where it deems such evaluation appropriate but does not evaluate and approve all Strategic Investments.

- **Seeding Transactions**

Certain GCM Grosvenor Seed programs, including GCM Grosvenor's Elevate Strategy (**Elevate Strategy**), have entered and could enter into agreements under which such GCM Grosvenor programs invest in and/or alongside Seed Manager Funds and/or provide capital or debt financing to Seed Managers in exchange for certain benefits, referred to as Seeding Transaction Benefits (**Seeding Agreements**).

Typically, the only consideration for receiving Seeding Transaction Benefits is if the investment is held for a specified period of time or until a certain performance return threshold has been reached. In certain cases, participating GCM Grosvenor Funds may provide capital or debt financing to a Seed Manager in exchange for Seeding Transaction Benefits.

In addition to the Elevate Strategy, we could manage additional Seed Strategies of this type and other GCM Grosvenor Funds could invest Seed Capital with Seed Managers on an ad hoc basis.

For GCM Grosvenor Seed programs, the relevant Seed Fund Investment Committee (**SFIC**) selects the Seed Capital transactions in which such GCM Grosvenor Seed programs will participate. To the extent that a GCM Grosvenor program that is not a GCM Grosvenor Seed program seeks to participate in Seed Capital transactions, such transactions will be evaluated by the relevant investment committee responsible for such GCM Grosvenor program.

- **Placing Assets Under the Management of Seed Managers**

We have invested the assets of GCM Grosvenor Funds, as well as GCM Grosvenor proprietary assets, directly or indirectly in: (i) Seed Manager Funds and/or Seed Managers; and/or (ii) investment opportunities made available by Seed Managers, but which they consider to be outside the scope of their respective investment mandates.

Except as otherwise provided in the operative documents of a GCM Grosvenor Fund or agreed between an investor and us:

- we have no obligation to make available to any GCM Grosvenor Fund, or to any investor, any opportunity to enter into a Seeding Agreement, or to invest in any Seed Manager Fund or Seed Manager
- Subject to the GCM Grosvenor Funds' Documents, the requirements of applicable law and such policies, if any, we retain sole discretion to determine:
  - the extent to which any GCM Grosvenor Fund enters into Seeding Agreements and invests in Seed Manager Funds or Seed Managers
  - the terms on which such GCM Grosvenor Fund will do so

In certain cases, investments in Seed Manager Funds or Seed Managers are made available to GCM Grosvenor Funds notwithstanding the fact that one or more GCM Grosvenor Seed programs or other GCM Grosvenor Funds have entered into Seeding Agreements involving such Seed Manager Funds or Seed Managers. In certain cases, a Seeding Agreement may entitle a GCM Grosvenor Seed program, as well as investors in such program, to invest in a Seed Manager Fund on terms that are more favorable than those available to the Seed Manager Fund's other investors, typically with discounts from a standard fee schedule. Accordingly, if other GCM Grosvenor Funds invest in such Seed Manager Fund, they could do so on terms that differ from, and may be less favorable than, those available to GCM Grosvenor Seed programs.

- **Temporary Investments and Hedging Transactions**

Except to the extent that the governing documents relating to a GCM Grosvenor Fund expressly provide otherwise, from time to time, we:

- invest, for cash management purposes, cash held by such GCM Grosvenor Fund—pending investment by such GCM Grosvenor Fund or Distribution to its investors—directly in securities and other financial instruments, including, but not limited to:
  - U.S. government and agency securities
  - bank demand deposit accounts—which may not be interest bearing—and certificates of deposit
  - commingled investment products—such as money market mutual funds
- cause such GCM Grosvenor Fund to engage in hedging transactions, for example, by:
  - by purchasing or selling securities or derivative instruments with the intent of reducing certain exposure
  - entering into foreign currency hedging transactions on behalf of such GCM Grosvenor Fund

These temporary investments and hedging transactions are ancillary to the primary alternative investment program of the affected GCM Grosvenor Funds.

- **Secondary Sales and Purchases of Investments**

On occasion we may consider the sale of some or all of the investments of one or more GCM Grosvenor Funds (each, a Secondary Sale). We may consider a Secondary Sale of an investment on behalf of certain GCM Grosvenor Funds but not others. Reasons for a Secondary Sale can vary depending on the specific facts and circumstances associated with each GCM Grosvenor Fund. For example, a Secondary Sale could be considered for any of, but not limited to, the following reasons: at the specific request of a client, because a particular GCM Grosvenor Fund is approaching the end of its term, because GCM Grosvenor receives an unsolicited offer, or because the sponsor of a particular investment proposes a restructuring or other liquidity event.

We can also consider the purchase of investments for one or more GCM Grosvenor Funds in secondary market transactions (each, a **Secondary Purchase**). Typically, a Secondary Purchase will be made opportunistically to the extent the relevant Investment Committee believes the pricing is attractive or in respect of an investment that is otherwise not available for primary investment (i.e., closed).

## Modifications of Our Investment Process

The discussion herein summarizes the investment process, investment services, and strategies in effect as of the date of this Brochure. We have previously modified the investment process, investment services, and strategies and expect to continue to modify investment process, investment services, and strategies from time to time. We can make substantive modifications to our investment process, investment services, and strategies without notice to clients.

## Investment Strategies and Implementation

GCM Grosvenor is an independent and diversified alternative asset management firm. We span the alternatives investment universe through our various strategies and implementation methods.

### *Absolute Return Strategies*

GCM Grosvenor currently manages or advises absolute return portfolios that pursue one or more of the following investment strategies:

- broadly diversified, multi-strategy
- global long/short equity
- U.S. long/short equity
- global macro
- commodities
- global credit
- completion (weighted toward strategies under-represented in clients' portfolios)

#### *Private Equity*

Any investment strategy that involves the purchase of securities in a private transaction, including, but not limited to, leveraged buyouts, venture capital, private credit, real estate, and infrastructure can be considered private equity.

#### *Real Estate*

Real estate investments include private investment in unlisted real estate assets. These investments can be made through equity and/or debt securities for the purposes of, but not limited to, acquisitions, recapitalizations, gap financing, and capital improvements. Our real estate investments also may include investments in real estate-related operating companies and investment management companies, through equity and/or debt securities. Investment strategies may vary significantly in risk, return, liquidity, and cash flow characteristics depending on the property type, geography, and business plan.

#### *Infrastructure*

Infrastructure investments include investments in large-scale projects focused on transportation (e.g., airports, toll roads), communications (e.g., satellites, cable towers), energy production (e.g., renewables, dams, and pipelines), utilities (e.g., phone, electric generation), or social services (e.g., hospitals, schools, prisons, waste facilities). Infrastructure assets vary significantly in risk, return, and cash flow characteristics based on strategy, sector, stage, and geography.

#### *Co-Investment Opportunities*

Co-Investment Opportunities include opportunities in which an investor invests alongside a fund directly in a portfolio company, generally at reduced fee levels. Such deals can include buyout, venture capital, distressed debt, mezzanine, infrastructure, or real estate investment strategies. Potential advantages of co-investments include investing alongside managers with deep domain expertise, ability to determine investment pace and portfolio composition on a portfolio company level, investing in selective high quality deal flow at reduced fees thereby enhancing potential overall returns for the private equity portfolio and achieving quicker drawdowns and returns of capital.

#### **Risks and Other Special Considerations**

An investment in a GCM Grosvenor Fund is speculative and involves substantial risk, including the possible loss of the entire amount invested, due to, among other factors:

- the nature of our investment programs
- the significant continuing uncertainty in the global financial markets
- significant fees and costs—including advisory, transaction and opportunity costs—associated with an investment in a GCM Grosvenor Fund
- the liquidity restrictions applicable to an investment in a GCM Grosvenor Fund

**There can be no assurance that any GCM Grosvenor Fund will achieve its investment objectives or avoid significant losses. Past performance is not necessarily indicative of future results, and the performance of the GCM Grosvenor Funds could be volatile.**

You should not invest in a GCM Grosvenor Fund unless: you have no need for liquidity with respect to the investment, you are fully able to bear the financial risks of the investment for an extended period, and you are fully able to sustain the possible loss of the entire investment. You should consider an investment in a GCM Grosvenor Fund as a long-term investment that is appropriate only for a limited portion of your overall portfolio.

Here, we have set forth the general categories of risk that apply to investing in the GCM Grosvenor Funds. These risks are discussed in greater detail in the relevant GCM Grosvenor Fund Documents. Certain of these risks are exacerbated in the case of GCM Grosvenor Funds with concentrated portfolios. These risks are not intended to be all inclusive.

#### Market Risks

Generally, there is a risk that economic, market conditions, and other factors may materially adversely affect the value of the GCM Grosvenor Fund's investments. Investments in securities and other financial instruments involve a substantial risk of volatility and loss arising from any number of general economic and market conditions as well as other factors, all of which are beyond the control of GCM Grosvenor and the Investment Managers—for example: changes in market sentiment; industrial conditions; competition and technology; inflation; exchange rates; interest rates; U.S. or international economic or political conditions or events; tax laws and governmental regulation; and governmental trade, fiscal, monetary or exchange control programs or policies. Conditions and factors such as these, as well as innumerable other conditions and factors, often are unforeseeable, rendering it difficult or impossible to predict future market movements. Unexpected volatility, illiquidity or “market shocks” in the markets in which the GCM Grosvenor Fund directly or indirectly holds positions could impair a GCM Grosvenor Fund's ability to achieve its investment objectives and cause the GCM Grosvenor Fund to incur losses.

Recent high inflation and rising interest rates in the U.S. and elsewhere have led to market corrections and led many market participants and commentators to expect a more sustained economic downturn in the US and/or globally. Governmental efforts to curb inflation often have negative effects on the level of economic activity. In addition, the market value of GCM Grosvenor Fund's investments may decline in times of higher inflation rates as commonly used methodologies for valuing investments (such as discounted cash flow analysis) are sensitive to rising inflation and real interest rates. There can be no assurance that inflation and interest rate fluctuations will not continue to have a negative effect on economies and financial markets in general and will not have a material adverse effect on the Underlying Funds and the GCM Grosvenor Funds.

#### Strategy Risks

Generally, the risks associated with:

- the possible failure of GCM Grosvenor's asset allocation methodology;
- the possible failure of the investment strategies, techniques and practices employed by any Investment Managers;
- possible inefficient or inaccurate trade execution by GCM Grosvenor or an Investment Manager;
- the possible inability of GCM Grosvenor to gauge and react on a real time basis to the specific strategy-related and/or position-level risks associated with positions; and
- the potential concentration of a GCM Grosvenor Fund's capital to a limited number of investments from time to time and over time.

#### Identification and Availability of Investment Opportunities

The success of GCM Grosvenor Funds depends on the identification and availability of suitable investment opportunities. The availability of investment opportunities will be subject to market conditions and other factors outside the control of GCM Grosvenor. Past returns of GCM Grosvenor Funds have benefited from investment opportunities and general market conditions that may not recur, including favorable borrowing conditions in the debt markets, and there can be no assurance that Underlying Funds will be able to avail themselves of comparable opportunities and conditions. There can be no assurance that the Underlying Funds will be able to identify sufficient attractive investment opportunities to meet their investment objectives.

#### Use of Leverage

Certain GCM Grosvenor Funds borrow in accordance with the terms in their documents, and investments, including Underlying Funds, made by GCM Grosvenor Funds could employ leverage.

The level of interest rates, in general, and the rates at which parties can borrow are likely to have a substantial effect on the performance of such borrowing parties. If the interest expense on borrowings—which ordinarily fluctuates based on market

conditions—were to exceed the net return on the portfolio securities purchased with such borrowings, the use of leverage would result in a lower rate of return than had leverage not been used.

The use of leverage causes the value of the leveraged instrument or position to increase or decrease more rapidly than if leverage were not employed. A relatively small price movement in a leveraged instrument or position could result in immediate and substantial losses.

To the extent that a party borrows, such borrowing typically will be secured by a pledge of the securities and other assets acquired with such borrowing. Lenders have discretionary authority to increase the collateral required to secure a borrower's obligations and, if such borrower is unable to provide additional collateral, the lender has the right to liquidate such borrower's assets to meet such increased requirements.

During periods of "credit squeezes" or "flights to quality," the market for credit instruments other than U.S. Treasury bills can become substantially reduced. This poses a particular risk that leveraged positions sometimes need to be sold at discounts to fair value to meet margin calls.

Borrowing money for the purposes of cash management or to bridge capital calls can directly impact (positively or negatively) an account's performance and multiple and can increase the risks associated with an investment. Borrowings may be secured by a client's commitments or assets. The amount of borrowings and the interest rates on those borrowings, which may fluctuate, can also have a significant effect on profitability. Moreover, a client's ability to service its debt depends largely on its financial performance and is subject to prevailing economic conditions and competitive pressures. Certain GCM Grosvenor Funds and certain Underlying Funds use a subscription line of credit. Performance may be favorably impacted when the GCM Grosvenor Fund or Underlying Fund uses this line of credit to facilitate portfolio investments, or to pay expenses, because it defers the calling of capital from investors. Since the internal rate of return or "IRR" generally is calculated as of the date the capital is called, rather than at the earlier time of funding the portfolio investment or payment of the expense, the use of a subscription line of credit could have a favorable impact on reported performance returns. If a line had not been used, the IRR may have been materially different due to the increased time an investor's capital was at risk.

#### *Excess Contributions and Obligations*

A GCM Grosvenor Fund may commit to invest or have investment obligations and liabilities that exceed its aggregate capital commitments or assets as a result of, among other things, the recycling and reinvestment provisions in its governing documents. In such circumstances, investors' aggregate investment exposure may exceed their aggregate capital contributions to a GCM Grosvenor Fund.

#### *Default by Another Limited Partner*

GCM Grosvenor expects that the Underlying Funds will require commitments to meet capital calls over an extended period of time. Failure by an investor in a GCM Grosvenor Fund to meet a capital call could have adverse consequences for the GCM Grosvenor Fund (including, without limitation, financial penalties and the possibility of forfeiture of the GCM Grosvenor Fund's interest in an Underlying Fund) which would result in an indirect consequence for non-defaulting investors.

#### *Use of Derivatives*

Investment Managers and GCM Grosvenor can use derivative instruments—including, without limitation, futures contracts, options on futures, options on securities, forward contracts, swaps, and credit derivatives such as CDS—, as well as derivative investment techniques—including, without limitation, synthetic short sales—, for various hedging and/or speculative purposes. The use of such instruments and techniques results in leverage, thereby exposing a GCM Grosvenor Fund to increased risks.

#### *Short Selling*

GCM Grosvenor and Investment Managers may for certain GCM Grosvenor Funds sell securities short. In order to sell a security short, the seller must borrow the security from a securities lender and deliver it to the buyer. The seller is then obligated to return the security to the lender upon its demand, although the seller remains free to return the security to the lender at any time prior to the lender's demand. The seller ordinarily fulfills his obligation to return a security previously sold

short by acquiring fungible securities in the open market. A short sale of a security ordinarily involves a judgment that subsequent to the sale of the borrowed security, the price of such security will fall over time, resulting in profits equal to the difference between the net proceeds of the sale and the cost of acquiring the security at a later date to fulfill the obligation to return the security to the lender. The principal risk in selling a particular security short is that, contrary to expectation, the price of the security could rise, resulting in a loss equal to the difference between the cost of acquiring the security, for return to the lender, plus the cost of the transaction, and the net proceeds of the short sale. This risk of loss can be theoretically unlimited, as in the case of certain securities there is no limit on the price to which the security sold short may rise.

Another risk is that the short seller may be forced to unwind a short sale at a disadvantageous time for any number of reasons. For example, although a short seller may attempt to mitigate losses by replacing the securities sold short before the market price has increased significantly, under adverse market conditions the short seller might have to sell portfolio securities that the short seller otherwise would have retained in order to raise the capital necessary to replace the securities sold short. In addition, a lender may call back a security at a time when the market for such security is illiquid or additional securities are not available to borrow, forcing the short seller to cover the short sale, by repurchasing the underlying security, at a price that results in a significant loss. From time to time, certain traders may attempt to profit by forcing short sellers to cover their short positions. These traders make large purchases of a security that has been sold short with the objective of driving up the price of such security through their purchases in the expectation that short sellers will seek to limit their losses by buying such security in the open market for return to their lenders, thereby driving the price of such security even higher: a so-called "short squeeze."

#### *Use of Margin*

There can be no assurance that a GCM Grosvenor Fund or an Underlying Fund will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the banks and dealers that provide financing to a GCM Grosvenor Fund or an Underlying Fund can apply essentially discretionary margin, haircut, financing, security, and valuation policies. Changes by banks and dealers in such financing policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory, or judicial action, can result in large margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with dealers.

#### *Possible Inefficient or Inaccurate Trade Execution*

Trading techniques used by certain Investment Managers require the rapid and efficient execution of transactions. Inefficient executions can eliminate the small pricing differentials that these techniques attempt to exploit.

#### *Concentration Risks*

GCM Grosvenor sometimes concentrates a GCM Grosvenor Fund's capital in a limited number of investments. Consequently, a loss in any such investments could result in a proportionately higher loss than if a GCM Grosvenor Fund's capital had been spread across a larger number of investments.

#### *Follow-On Investments*

A GCM Grosvenor Fund could be called upon to provide additional funding for investments in which it has made an investment or has the opportunity to increase its investment in such investments. There can be no assurance that a GCM Grosvenor Fund or an Underlying Fund will want to make additional investments or that it will have sufficient available capital or funds to do so. Any decision by a GCM Grosvenor Fund not to make additional investments or its inability to make them can have a substantial negative impact on the investment, can diminish such GCM Grosvenor Fund's ability to influence the investment's future development, or can result in reduced returns from the investment due to dilution. A GCM Grosvenor Fund may no longer be permitted to commit capital without investor approval and sufficient available capital or funds. Even with such approval and available capital or funds, the GCM Grosvenor Fund still may not be able to invest for several reasons.

#### *Controlling Interest Risk*

An investment can involve a controlling interest. The exercise of control could impose additional risks of liability for environmental damage, product defects, pension benefits, failure to supervise management, violation of governmental regulations, including securities laws, or other types of liability in which the limited liability generally characteristic of



business ownership is sometimes ignored. If these liabilities were to arise, the GCM Grosvenor Fund might suffer a significant loss.

#### *Risks upon Disposition of Investments*

In connection with the disposition of an investment or Underlying Fund, a GCM Grosvenor Fund or Underlying Fund could be required to make representations about the business and financial affairs of the investment or Underlying Fund of a type typically made in connection with the sale of any business or could be responsible for the contents of disclosure documents under applicable securities laws. A GCM Grosvenor Fund or Underlying Fund could also be required to indemnify the purchasers of such investment or the underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate, or misleading. These arrangements can result in contingent liabilities, which might ultimately have to be funded by investors. If relevant, GCM Grosvenor Fund Documents contain provisions to the effect that if there is any such claim in respect of an investment or Underlying Fund, it will be funded by the investors in such GCM Grosvenor Fund to the extent that they have received distributions from the GCM Grosvenor Fund, subject to certain limitations.

#### *Non-U.S. Investment Risk*

Underlying funds and other investments in which the GCM Grosvenor Funds invest are sometimes organized and operate outside of the United States. Such investments involve risks not typically associated with investments in securities issued by U.S. companies. For instance, investments in non-U.S. businesses:

- sometimes require significant government approvals under corporate, securities, exchange control, non-U.S. investment and other similar laws and regulations
- sometimes require financing and structuring alternatives and exit strategies that differ substantially from those commonly used in the United States
- will expose the investing GCM Grosvenor Fund to potential losses arising from changes in foreign currency exchange rates on unrealized investments, uncalled capital commitments to investments and investment reserves.

The foregoing factors, and others, can be expected to increase transaction costs and adversely impact the value of a GCM Grosvenor Fund's investments in non-U.S. investments. To the extent a GCM Grosvenor Fund or Underlying Fund invests in investments that operate in emerging market countries, those investments involve certain risks not typically associated with investments in the securities of companies in more developed markets, including the direct and indirect consequences of potential political, economic, social, and diplomatic changes in those countries. The governments in those countries typically participate to a significant degree, through ownership interests or regulation, in local business, often exercising a controlling influence in certain key sectors of the economy. In emerging markets, these risks are heightened.

#### Manager Risks

Generally, the risks associated with a GCM Grosvenor Fund's investments with Investment Managers, including:

- the fact that an Investment Manager's past performance is not necessarily indicative of such Investment Manager's future results;
- an Investment Manager's dependence on a strictly limited number of key professionals;
- significant structural changes in an Investment Manager's operations;
- fraud or misrepresentation on the part of an Investment Manager or its personnel;
- an Investment Manager's failure to comply with applicable legal, registration, tax or regulatory requirements;
- human error and/or poor judgment on the part of an Investment Manager's personnel; and
- systems malfunctions and other operational failures.

#### *Reliance on Underlying Managers*

GCM Grosvenor invests on behalf of clients in funds and companies sponsored and managed by third parties. In such cases, GCM Grosvenor may not have an active role in the management of the assets of the Underlying Funds or companies, including the valuation by the Underlying Funds of their investments. GCM Grosvenor's ability to withdraw from or transfer interests in such funds and companies may be limited. Further, the performance of each such investment made by GCM



Grosvenor depends significantly on decisions made by third parties, which could adversely affect the returns achieved by GCM Grosvenor.

#### Structural Risks

Generally, the risks arising from the organizational structure as well as the operative terms of a GCM Grosvenor Fund, a GCM Grosvenor Fund and the Underlying Funds in which a GCM Grosvenor Fund invests. The operative terms of the Underlying Funds in which a GCM Grosvenor Fund invests are necessarily reflected in the operative terms of a GCM Grosvenor Fund. Structural risks include:

- investor liquidity restrictions and the fact that there is no market for the interests;
- a GCM Grosvenor Fund is subject to significant fees and expenses;
- the performance-based compensation structure of a GCM Grosvenor Fund, if applicable, and the Underlying Funds creates an incentive for GCM Grosvenor and the Investment Managers, respectively, to invest and trade in a riskier and more speculative manner than otherwise would be the case;
- a GCM Grosvenor Fund is dependent on GCM Grosvenor and its key personnel;
- Underlying Funds' limited liquidity adversely affects the ability of a GCM Grosvenor Fund to allocate and re-allocate its capital, as well as a GCM Grosvenor Fund's ability to effect investor redemptions, where permissible;
- Underlying Fund "monetization" of "fair value" is a structural disadvantage of Underlying Funds that are hedge funds; and
- groups of investors who are in a position to control a GCM Grosvenor Fund.

#### Illiquidity Risk

An investment in a GCM Grosvenor Fund requires a long-term commitment, with no certainty of return. There most likely will be little or no near-term cash flow available to investors in GCM Grosvenor Funds. The securities issued by Underlying Funds and investments typically cannot be sold except pursuant to a registration statement filed under the U.S. Securities Act of 1933, as amended (**Securities Act**) or in a private placement or other transaction exempt from registration under the Securities Act and that complies with any applicable non-U.S. securities laws. As a result, a GCM Grosvenor Fund's investments may be highly illiquid, and there can be no assurance that any GCM Grosvenor Fund will be able to realize on such investments in a timely manner. Similarly, the interests in a GCM Grosvenor Fund generally will not be registered under the Securities Act or any other applicable securities laws. There may be no public market for such interests and none may be expected to develop. In addition, an investor in a GCM Grosvenor Fund generally may not transfer its interest in a GCM Grosvenor Fund without the consent of the manager of such GCM Grosvenor Fund, which ordinarily may be withheld by the manager in its sole discretion. Except under the circumstances permitted in the relevant GCM Grosvenor Fund Documents of such GCM Grosvenor Fund, investors in a GCM Grosvenor Fund may not withdraw capital from a GCM Grosvenor Fund.

#### Risks Associated with Portfolio Companies of Underlying Funds

The portfolio companies in which the Underlying Funds have invested or may invest may involve a high degree of business and financial risk. These companies may be in an early stage of development, may not have a proven operating history, may be operating at a loss or have significant variations in operating results, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, may have a high level of leverage, or may otherwise have a weak financial condition. In addition, these portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel. In addition, during periods of difficult market conditions or slowdowns in a particular investment category, industry, or region, portfolio companies may experience decreased revenues, financial losses, and difficulty in obtaining access to financing and increased costs. During these periods, these companies may also have difficulty in expanding their businesses and operations and may be unable to pay their expenses as they become due. A general market downturn or a specific market dislocation may result in lower investment returns for the Underlying Funds in which a client invests, which would adversely affect investment returns.

*Material Non-Public Information*

GCM Grosvenor at times possesses material non-public information or other information that could effectively limit the ability of a GCM Grosvenor Fund to make certain investments or dispose of certain investments until such time as the information became public or is deemed no longer material to preclude a GCM Grosvenor Fund from participating in, or disposing of, an investment. Disclosure of such information to a GCM Grosvenor Fund's personnel responsible for the affairs of a GCM Grosvenor Fund will be on a need-to-know basis only, and a GCM Grosvenor Fund may not be free to act upon any such information. Additionally, there could be circumstances in which one or more of certain individuals associated with GCM Grosvenor will be precluded from providing services related to a GCM Grosvenor Fund's activities because of certain confidential information available to GCM Grosvenor. Due to these and legal restrictions, a GCM Grosvenor 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. Any such restrictions can materially constrain the investment flexibility of GCM Grosvenor and/or a GCM Grosvenor Fund.

*Investor Concentration Risk*

There is no limit on the amount that an investor or a group of related investors can invest in a GCM Grosvenor Fund. If an investor or a group of related investors contribute a substantial percentage of a GCM Grosvenor Fund's capital, such investor or group of investors will be able to control the outcome of investor votes, thereby effectively controlling a GCM Grosvenor Fund. Such "controlling" investor or group of investors generally have no fiduciary duty to other investors and could make decisions that are not in the best interest of such other investors. Additionally, if a withdrawal from a GCM Grosvenor Fund is permissible, should such "controlling" investor or investors withdraw from such GCM Grosvenor Fund, which they could do for reasons entirely unrelated to the performance of a GCM Grosvenor Fund, the effect on a GCM Grosvenor Fund could be materially adverse while also effectively precluding other investors from withdrawing themselves.

Valuation Risks

Generally, the risks relating to GCM Grosvenor's reliance on Investment Managers and other third-parties to accurately value the financial instruments they manage in accordance with agreed-upon standards—which are most commonly defined by U.S. GAAP or IFRS—and procedures, including the risks that:

- a GCM Grosvenor Fund, as an investor in an Underlying Fund, could suffer economic dilution if the "fair value" of certain of such Underlying Fund's investments differs from the actual or realizable value of such investments;
- the economic dilution caused by the "fair value" or actual or realizable value disparity at the Underlying Fund level may be magnified at a GCM Grosvenor Fund level due to a GCM Grosvenor Fund's investing in numerous Underlying Funds;
- Investment Managers have an incentive to overvalue financial instruments held by the Underlying Funds they manage for a number of reasons, including to increase their management fees and performance/incentive fees as well as enhance the apparent performance of such Underlying Funds; and
- Investment Managers have an incentive to undervalue less liquid assets for a number of reasons, including to discourage redemptions.

A large percentage of assets held by GCM Grosvenor Funds and Underlying Funds are not publicly traded, and the fair value of investments that are not publicly traded may not be readily determinable.

Valuations of a GCM Grosvenor Fund's or an Underlying Fund's portfolio, which may affect the amount of the management fee or performance fee or allocation payable to us, are expected to involve uncertainties and discretionary determinations. Third-party pricing information may not be available regarding a significant portion of a GCM Grosvenor Fund's or Underlying Fund's investments in certain asset classes, and in some circumstances, we may rely on valuation models that we have created in order to value the assets and calculate the account value of the GCM Grosvenor Fund or the Underlying Fund. In addition, to the extent third-party pricing information is available, a disruption in the secondary markets for investments in Underlying Funds and other investments may limit the ability to obtain accurate market quotations for purposes of valuing investments and calculating the net asset value of a GCM Grosvenor Fund's or an Underlying Fund's investments. Further, because of the overall size and concentrations in particular markets and maturities of positions that may be held by a GCM Grosvenor Fund or an Underlying Fund from time to time, the liquidation values of a GCM Grosvenor

Fund's or an Underlying Fund's securities and other investments may differ significantly from the interim valuations of these investments derived from the valuation methods described herein.

#### *Binary Investments*

Certain investments depend on discrete events with binary outcomes in which there is potentially a material and abrupt adjustment to net asset value (a "gapping" net asset value) at the point that the result of a certain event is determined. For example, certain of a GCM Grosvenor Fund's investments can be subject to litigation, and the outcome of litigation is usually unpredictable and such proceedings will continue without resolution for extended periods of time. While the market prices of such investments could be affected by the perceived change in probability of a certain outcome, until there is a final resolution, there is a material potential uncertainty in the net asset values as currently determined.

Subscriptions and redemptions will, however, be processed at what is determined to be "fair value," which could factor in any such "gapping" which GCM Grosvenor believes cannot be reasonably predicted, much less quantified. As a result, to the extent that such investments are held in a GCM Grosvenor Fund that permits subscriptions and redemptions, subscribing and redeeming investors are subject to the risk of economic dilution, *i.e.*, to the risk of a subscription or redemption being processed in accordance with a net asset value which is suddenly and materially changed by the outcome of a certain event. The risk of such economic dilution will typically increase the nearer an outstanding transaction in which a GCM Grosvenor Fund is invested comes to its "decision date."

#### *Investments in Third-Party Legal Claims*

GCM Grosvenor and Investment Managers make investments to fund third-party legal claims in return for a share of any favorable settlement or award. Such investments create the risk of a complete loss of investment where a claim proves unsuccessful. There exists a large degree of uncertainty with respect to the outcome of any claim, including the amount of damages that can be assessed. Such uncertainties can result in a judgment or settlement for amounts lower than predicted, or a failure to reach a settlement. Finally, even if a case is resolved in favor of GCM Grosvenor's or the Investment Manager's position, there exists uncertainty with respect to the ability of the opposing party and/or its insurance company to pay a settlement or judgment. As the timing and amounts recovered in such cases are outside of GCM Grosvenor's or the Investment Manager's control, the returns on a GCM Grosvenor Fund's or the Underlying Fund's investments will be affected.

#### *Investment Manager Conflicts of Interest in Valuations*

Investment Managers have an incentive to exercise their valuation discretion in a manner that overvalues the holdings of their Underlying Funds, because overvaluations typically result in an increase in their asset-based and performance-based compensation.

Investment Managers have an incentive to overvalue their Underlying Funds for the purpose of inflating their "track records" to attract new investors and/or retain existing investors. Conversely, Investment Managers could have an incentive to exercise their valuation discretion in a manner that undervalues less liquid assets, because under valuations of these assets can discourage redemptions.

To the extent Investment Managers have authority to classify investments as so-called "designated" or "side pocket" investments, they have the incentive to so classify poorly performing illiquid assets if the effect of such classification results in higher fees to the Investment Managers or enables the Investment Managers to report better performance.

#### Operational Risks

Generally, the risks arising from the day-to-day management of commingled investment vehicles such as a GCM Grosvenor Fund and the Underlying Funds in which a GCM Grosvenor Fund invests, including:

1. trade error risks;
2. substantial withdrawals, where withdrawals are permitted, could require rapid Underlying Fund investment liquidations;
3. possible "restricted person" status of a GCM Grosvenor Fund could limit "New Issues" income; and
4. broad exculpation and indemnification of GCM Grosvenor.

*Limited Participation in New Issues*

FINRA Rules 5130 and 5131 restrict the extent to which FINRA's broker-dealer members may sell certain issues of securities (so-called **New Issues**) to private investment vehicles such as a GCM Grosvenor Fund and to Underlying Funds in which a GCM Grosvenor Fund invests. One or more Underlying Funds may elect to treat a GCM Grosvenor Fund as a "restricted investor" in its entirety, in which case the GCM Grosvenor Fund would receive no or only a *de minimis* allocation of gains and losses attributable to New Issues from the Underlying Fund, generally without any compensating adjustments to the GCM Grosvenor Fund for the use of capital to acquire New Issues. Similarly, if GCM Grosvenor determines a GCM Grosvenor Fund is not eligible to participate in New Issues, or that it is inadvisable for the GCM Grosvenor Fund to participate in New Issues for any reason, including if GCM Grosvenor determines that the administrative costs and burdens associated with establishing procedures and/or separate classes or series for properly allocating New Issue profits and losses outweighs the potential benefit of doing so, GCM Grosvenor may instruct the Underlying Funds to treat the GCM Grosvenor Fund as a "restricted person"—even if not all investors are "restricted persons. This may have the effect of limiting the amount of New Issues profits and losses that otherwise would be allocable to investors in a GCM Grosvenor Fund who are not "restricted persons" which could have a material effect on performance from time to time and over time.

*Exculpation and Indemnification*

The broad exculpatory and indemnification provisions of a GCM Grosvenor Fund's Fund Documents could make it difficult for such GCM Grosvenor Fund to recover funds from GCM Grosvenor or a person related to GCM Grosvenor in the event that one or more investors believe that GCM Grosvenor or such related person has breached a duty to the GCM Grosvenor Fund.

Other agreements to which a GCM Grosvenor Fund is a party may contain similar exculpatory language and indemnification obligations. Such exculpatory and indemnification provisions may limit the remedies that might otherwise be available to the GCM Grosvenor Fund or its investors and/or result in a reduction of the value of the GCM Grosvenor Fund due to indemnification payments.

Institutional Risks

Generally, the risks that a GCM Grosvenor Fund could incur losses due to:

1. counterparty risk, i.e., the failure of counterparties to perform their contractual commitments to a GCM Grosvenor Fund or to the Underlying Funds in which a GCM Grosvenor Fund invests;
2. the financial difficulties, fraud or misrepresentation of brokerage firms, banks or other financial institutions that hold assets of a GCM Grosvenor Fund or the Underlying Funds in which a GCM Grosvenor Fund invests;
3. the failure of exchanges and clearinghouses;
4. suspensions of trading;
5. counterparties holding assets in unregulated rather than regulated accounts;
6. natural disasters, epidemics, and terrorist attacks; and
7. cybersecurity breaches.

*Natural Disasters, Epidemics and Terrorist Attacks*

A GCM Grosvenor Fund, the Underlying Funds, GCM Grosvenor and the Investment Managers are subject to risks associated with the consequences of natural disasters (e.g., fire, flood, earthquake, storm and hurricane), epidemics, pandemics and other outbreaks of serious contagious diseases (such as severe acute respiratory syndrome (SARS), avian flu, H1N1/09 flu and COVID-19 (commonly known as the Coronavirus)), terrorist attacks or the fear of or the precautions taken in anticipation of such attacks, and other acts of war (e.g., war, invasion, acts of foreign enemies, hostilities and insurrection, regardless of whether war is declared). The occurrence of a natural disaster, epidemic, terrorist attacks or other acts of war have the potential to cause severe disruptions in the economies and financial markets of many industries, countries, and regions even beyond the site of the natural disaster, epidemic, or attack in which a GCM Grosvenor Fund and the Underlying Funds invest, leading to or extending regional or global economic downturns. In particular, such events could exacerbate political, social, and economic risks, and result in significant breakdowns, delays and other disruptions to important global, local and regional supply chains affected, resulting in substantial or total losses investment and illiquidity, as well as interrupting the business continuity and operations of GCM Grosvenor and the Investment Managers. A climate

of uncertainty, including the contagion of infectious viruses or diseases, could also reduce the availability of potential investment opportunities, impair the ability to monitor and evaluate existing investments, cause substantial illiquidity in the marketplace, and reduce the accuracy of financial projections and valuations of a GCM Grosvenor Fund's (and the Underlying Fund's) portfolio.

#### *Financial Difficulties, Fraud and Misrepresentation of Custodians*

Brokerage firms, banks, and other financial institutions have custody of the assets of the Underlying Funds—including margin deposits—as well as certain assets of a GCM Grosvenor Fund. These assets often will not be registered in the name of an Underlying Fund or a GCM Grosvenor Fund. The Underlying Funds and the GCM Grosvenor Funds are subject to the risk that one or more of these financial institutions fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank, Signature Bank and Credit Suisse in early 2023. Distress events can be caused by many factors including eroding market sentiment, significant withdrawals, lack of liquidity, mismanagement, poor performance, fraud, malfeasance, or accounting irregularities. In the event a financial institution experiences a distress event, the Underlying Funds and/or a GCM Grosvenor Fund may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Financial difficulties, fraud, or misrepresentation at any of these institutions could lead to significant losses as well as impair the operational capabilities and/or capital position of the affected Underlying Fund and/or of a GCM Grosvenor Fund.

#### *Cybersecurity Breaches*

GCM Grosvenor, each GCM Grosvenor Fund, and the Underlying Funds are subject to risks associated with a breach in their cybersecurity. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems computers, programs, and data from “hacking” by other computer users, other unauthorized access, denial of service or malicious acts targeting networks, systems, computers, programs and data and the resulting damage and disruption of hardware and software systems, loss or corruption of data or business as well as misappropriation of confidential information. If a cybersecurity breach occurs, GCM Grosvenor, a GCM Grosvenor Fund or an Underlying Fund, as applicable, could incur substantial costs, including those associated with: forensic analysis of the origin and scope of the breach; increased and upgraded cybersecurity; investment losses from sabotaged trading systems; identity theft; unauthorized use of proprietary information; litigation; adverse investor reaction; the dissemination of confidential and proprietary information; and reputational damage. Any such breach could expose GCM Grosvenor, a GCM Grosvenor Fund or an Underlying Fund, as applicable, to civil liability as well as regulatory inquiry and/or action.

#### *Public Company Risk*

As a consequence of GCMG being a publicly traded company, the officers, directors, members, managers, and employees of GCM Grosvenor may have duties or incentives relating to the interests of GCMG's shareholders that could differ from, and could conflict with, the interests of our clients and their investors. Any such conflicts would not necessarily need to be taken into account if GCMG were not publicly traded.

#### Regulatory Risks

Generally, the risks associated with:

- regulatory scrutiny around public companies;
- no regulatory approval or recommendation of GCM Grosvenor or any Investment Manager;
- investing both in unregulated entities and in securities sold in unregistered offerings;
- GCM Grosvenor, GSLLC, a GCM Grosvenor Fund, the Investment Managers and the Underlying Funds operating in a changing regulatory environment, including the risks of regulatory inquiries, new legislation, new regulations and government intervention;
- recent regulatory changes and developments affecting global markets;
- a GCM Grosvenor Funds needing to comply with numerous regulations restricting its offering procedures; and
- marketing restrictions on a GCM Grosvenor Fund make it more difficult to raise capital.

Legal, Tax and Regulatory Risk

Legal, tax and regulatory developments may adversely affect a GCM Grosvenor Fund, Underlying Fund or investment during the term of the investment. The regulatory environment for private funds is evolving, and currently there are numerous legislative and regulatory proposals in the United States, Europe and other countries that could affect an Underlying Fund and its trading activities, and therefore could affect the GCM Grosvenor Funds. The GCM Grosvenor Funds themselves may also be directly affected by such legislative and regulatory proposals because they also are structured as private funds. Changes in the regulation of private funds and their trading activities may adversely affect the ability of a GCM Grosvenor Fund or Underlying Fund to pursue its investment strategy. There has been an increase in governmental, regulatory, and self-regulatory scrutiny of the alternative investment industry in general. It is impossible to predict what, if any, changes in laws and regulations may occur, but any laws and regulations that restrict the ability of a GCM Grosvenor Fund or Underlying Fund to make certain investments could have a material adverse impact on a GCM Grosvenor Fund's or Underlying Fund's portfolio.

A GCM Grosvenor Fund, an Underlying Fund, an investment, or GCM Grosvenor may also be subject to regulation in the jurisdictions in which they engage in business. Investors should understand that a GCM Grosvenor Fund's, an Underlying Fund's or an investment's business is dynamic and is expected to change over time. Therefore, a GCM Grosvenor Fund, an Underlying Fund, or an investment may be subject to new or additional regulatory constraints in the future. The offering materials and any other documents received in connection with an investment in a GCM Grosvenor Fund, an Underlying Fund, or an investment cannot address or anticipate every possible current or future regulation or negative event that may affect the GCM Grosvenor Fund, the Underlying Fund or the investment, or GCM Grosvenor or its businesses. Such regulations and events may have a significant impact on the investors or the operations of the GCM Grosvenor Fund, the Underlying Fund, or the investment.

*No Regulatory Approval or Recommendation*

Although GCMLP and GCM CFG are each registered with the SEC as an "investment adviser" under the Advisers Act and GCMLP is registered with the CFTC as a "commodity pool operator" and "commodity trading advisor" under the Commodity Exchange Act, such registrations do not imply any level of skill or training. Further, neither the SEC nor any other governmental, regulatory or self-regulatory authority or organization has in any manner passed upon or made any finding or determination as to the value or fairness of an investment in a GCM Grosvenor Fund or the adequacy or accuracy of a GCM Grosvenor Fund's Documents or made any recommendation as to such an investment.

Generally, investors in a GCM Grosvenor Fund will not receive the protection of the ICA. If a GCM Grosvenor Fund were registered as an "investment company" under the ICA, the ICA would require, among other things, that it have a board of directors comprised in significant part of "independent" directors, would compel the use of certain custodial arrangements, and would regulate its relationships and transactions with GCM Grosvenor and its related persons. Compliance with certain of such provisions could reduce certain risks of loss to which an investor is exposed, although such compliance could significantly increase the operating expenses of a GCM Grosvenor Fund as well as limit a GCM Grosvenor Fund's investment and trading activities.

*Changing Regulatory Environment*

The global financial markets have in the recent past undergone pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. This includes the Dodd-Frank Act, enacted in July 2010, which resulted in the regulation of markets, market participants and financial instruments that previously had been unregulated and substantially altered the regulation of many other markets, market participants and financial instruments. The financial crisis of 2008-2009 also resulted in unprecedented intervention by the Federal Reserve in the credit markets. As well as significant and historic steps taken by the U.S. federal government to prevent widespread foreclosures on subprime homeowners. Foreign governments also took similar measures. Future government interventions could materially adversely affect a GCM Grosvenor Fund and/or the Underlying Funds. Government intervention is subject to inherent uncertainties relating to prevailing economic conditions and political considerations.



More recently, in August 2023, the SEC adopted sweeping new rules and amendments under the Investment Adviser's Act enhancing the regulation of private fund advisors (**Private Fund Adviser Reforms**). The Private Fund Adviser Reforms, among other things, impose additional affirmative obligations on private fund advisors as well as restrict certain activities and practices. The Private Fund Adviser Reforms are expected to have a substantial impact on private fund advisors and create uncertainty regarding a variety of practices undertaken by private fund advisors across the industry in general. The impact of the Private Fund Adviser Reforms on the GCM Advisers, the Investment Managers or GCM Grosvenor Funds is uncertain, and there can be no assurance that its benefits will not outweigh the costs and any adverse consequences of the reforms on an overall basis.

It is impossible to predict what additional interim or permanent governmental restrictions will be imposed on the markets and/or the effect of such restrictions on the Underlying Funds' strategies. However, GCM Grosvenor believes that there is a likelihood of significantly increased regulation of the financial markets, and that such increased regulation could be materially detrimental to the Underlying Funds and thus a GCM Grosvenor Fund. For example, certain changes could alter an expected investment outcome, introduce new uncertainty regarding investment outcomes or reduce the utility of or eliminate investment techniques or strategies that previously were profitable.

#### *Uncertain Economic, Social, and Political Environment*

Some of the results of elections and referenda in the US, the UK, Spain, Italy, and other developed market countries in recent years have been unexpected and resulted in material market changes and increases in market uncertainty. Given recent changes in administrations and applicable laws and regulations following these votes, the future of current regulations, or the adoption of new regulations, is also uncertain. These uncertainties could have adverse impacts on the capital markets in certain geographic regions or the global markets generally, as well as on the GCM Grosvenor Fund and the Underlying Funds in which it invests. In addition, consumer, corporate and financial confidence may be adversely affected by political and social tensions around the world, fear of terrorist activity, the potential for the escalation of military conflict and future military conflicts, localized, regional or global financial or health crises or other sources of political, social, or economic unrest. Such erosion of confidence and/or the occurrence of one or more of such events could result in significant breakdowns, delays and other disruptions to important global, local, and regional supply chains, market distress or general economic downturn. A climate of uncertainty could reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners, and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn could have an adverse effect on the economy generally and on the ability of the GCM Advisers and the GCM Grosvenor Funds to execute their respective strategies and to achieve attractive returns. This could slow the rate of future investments by the GCM Grosvenor Fund and in some cases result in longer holding periods for investments. Such uncertainties, events and circumstances could result in new government regulation or interventions impacting markets, and adversely affecting the Underlying Funds and the GCM Grosvenor Fund.

#### *Sanctions Against China*

The U.S. has taken a series of trade, international treaty, and tax sanctions actions against China. These actions have in many cases triggered, or are expected to trigger, countersanctions or countermeasures from the Chinese government. The ultimate impact of these sanctions and their impact on global economic and commercial activity and conditions, and on the operations, financial condition, and performance of the GCM Grosvenor Fund is impossible to predict. Additionally, in recent years, tensions between mainland China and Taiwan have increased. In the event of an outbreak of hostilities between China and Taiwan, global manufacturers would likely lose access to advanced semiconductor chips that are sourced from Taiwan, and there could be significant disruption for industries that rely on supply chains in China. The impact of these and related events is highly uncertain and could have a negative impact on the GCM Grosvenor Fund's performance.

#### *Russian Invasion of Ukraine*

Commencing in 2021, Russian President Vladimir Putin ordered the Russian military to begin massing thousands of military personnel and equipment near its border with Ukraine and in Crimea, representing the largest mobilization since the illegal

annexation of Crimea in 2014. President Putin has initiated troop movements into the eastern portion of Ukraine and continues to threaten an all-out invasion of Ukraine. On February 22, 2022, the United States and several European nations announced sanctions against Russia in response to Russia's actions. On February 24, 2022, President Putin commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine, which could have a negative impact on the global economy and business activity around the world, including in the countries in which the Underlying Funds invests, and therefore could adversely affect the performance of the GCM Grosvenor Fund's investments. Furthermore, the conflict between the two nations and the varying involvement of the United States and other North Atlantic Treaty Organization (NATO) countries could preclude prediction as to their ultimate adverse impact on global economic and market conditions, and, as a result, presents material uncertainty and risk to the Underlying Funds and the performance of their investments or operations, and the ability of the Underlying Funds and the GCM Grosvenor Fund to achieve their investment objectives. Additionally, to the extent that third parties, investors, or related customer bases have material operations or assets in Russia or Ukraine, they may have adverse consequences related to the ongoing and escalating conflict in Ukraine and the continued and increasing sanctions being imposed on Russia, its businesses, and its people in the country and abroad.

#### *Israel and Hamas*

In October 2023, Hamas launched an attack on Israel, which led to a strong military response from Israel that closed borders and airspace, damaged infrastructure and resulted in significant civilian and military casualties in Israel and the Gaza Strip. The conflict has reignited regional tensions that threaten to involve other countries and factions. The extent and duration of the conflict are impossible to predict. The continuing conflict and its escalation have had a significant adverse effect on the regional economy, currency, and companies. These events may negatively impact other regional and global economic markets of the world. Accordingly, the hostilities may have a negative effect on the Underlying Funds beyond any direct or indirect exposure the Underlying Funds may have in Israel or adjoining geographic regions. These and any related events could have a significant negative impact on investments made by the Underlying Funds and the GCM Grosvenor Funds.

#### *Brexit*

On January 31, 2020, the United Kingdom (the UK) officially withdrew from the European Union (the EU). This was subsequent to the UK and EU having agreed on the wider terms of the UK's withdrawal from the EU pursuant to the Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (2020), which provided for a period from February 1, 2020 until December 31, 2020, during which EU law continued to apply in the UK (the **Transitional Period**). On December 24, 2020, the EU and the UK reached an agreement in principle on the terms of certain agreements and declarations governing the ongoing relationship between the EU and the UK, including the European Union-United Kingdom Trade and Cooperation Agreement (the TCA). The TCA is limited in its scope primarily to the trade of goods, transport, energy links and fishing; in particular, the TCA does not make meaningful provision for the financial services sector.

#### *MiFID II*

The EU Markets in Financial Instruments Directive (Directive 2014/65/EU) and Markets in Financial Instruments Regulation (Regulation (EU) No 600/2014) (together, **MiFID II**) governs the provision of investment services and activities in relation to, as well as the organized trading of, financial instruments such as shares, bonds, units in collective investment schemes and derivatives. MiFID II was required to be implemented in EU member states from January 3, 2018. Although GCM Grosvenor Funds generally are not organized in the EU and are not authorized or regulated by any EU member state financial services regulator, certain aspects of MiFID II may have an impact on the GCM Grosvenor Funds.

MiFID II imposes certain restrictions as to the trading of shares and derivatives, which could apply to transactions made by or with GCM Grosvenor Funds and Underlying Funds. Subject to certain conditions and exceptions, GCM Grosvenor Funds or Underlying Funds may be unable to trade shares or derivatives with affected counterparties other than as provided by MiFID II. MiFID II also applies position limits to the size of a net position that a person can hold at all times in commodity derivatives traded on EU trading venues and in "economically equivalent" OTC derivatives.

More generally, EU regulated firms that have trading relationships with the GCM Grosvenor Funds or Underlying Funds may be obliged by MiFID II to impose certain requirements on the GCM Grosvenor Funds or Underlying Funds, or they may seek



to do so contractually, with a view to satisfying their own compliance obligations. It is difficult to predict the full impact of MiFID II. Prospective investors should also be aware that there may be costs, whether direct or indirect, of compliance with MiFID II.

The UK has equivalent rules to those in MiFID II. Accordingly, similar consequences to those discussed above would arise when trading with or through UK-regulated firms and/or holding positions in commodity derivatives traded on UK trading venues and in economically equivalent OTC derivatives.

#### *European Market Infrastructure Regulation*

The European Market Infrastructure Regulation (Regulation (EU) No 648/2012) (**EMIR**) entered into force on August 16, 2012. EMIR introduced certain requirements in respect of derivative contracts, which apply primarily to “financial counterparties” such as EU authorised investment firms, credit institutions, insurance companies, UCITS and alternative investment funds managed by EU authorised alternative investment fund managers (**FCs**), and “non-financial counterparties” (being an EU entity which is not a financial counterparty) (**NFCs**). Additionally, amendments made to EMIR in 2019 introduced relief from central clearing requirements for those FCs which do not exceed prescribed clearing thresholds (**FC-s**). EMIR’s requirements in respect of derivative contracts include: (i) mandatory clearing of OTC derivative contracts declared subject to the clearing obligation; (ii) risk mitigation techniques in respect of uncleared OTC derivative contracts, including the mandatory margining of uncleared OTC derivative contracts; and (iii) reporting and record-keeping requirements in respect of derivative contracts.

Where a GCM Grosvenor Fund or Underlying Funds transact with in-scope EU counterparties, such counterparties could require a GCM Grosvenor Fund or Underlying Funds, to comply with certain provisions of EMIR so that the EU counterparty can fulfil its regulatory obligations and reasonably ensure that the transaction is EMIR-compliant. As a result, a GCM Grosvenor Fund or Underlying Funds could become subject to additional obligations and/or costs that might not otherwise have applied. The extent to which these requirements apply is dependent on the classification of the EU counterparties as FCs, NFCs above EMIR’s prescribed clearing threshold (NFC+s) or NFCs below EMIR’s prescribed clearing threshold (NFC-s) and the classification of a GCM Grosvenor Fund or Underlying Fund if it was established in the EU.

The EU regulatory framework and legal regime relating to derivatives is set out not only by EMIR but also by MiFID II. In particular, MiFID II requires transactions between FC+s and NFC+s in certain sufficiently liquid OTC derivatives to be executed on a trading venue which meets the requirements of the MiFID II regime (the **Derivatives Trading Obligation** or **DTO**). This trading obligation will also extend to FC+s and NFC+s which trade with third country counterparties that would be classed as FC+s or NFC+s if they were established in the EU.

The UK has equivalent rules to those in EMIR (**UK EMIR**), since EMIR has been retained as UK law by the European Union (Withdrawal) Act 2018 (the **EUWA**), and also UK rules equivalent to that of the DTO under MiFID II (**UK DTO**).

#### *Risks Related to Sustainability*

Sustainability risk means an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a GCM Grosvenor Fund’s investment. Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. Sustainability risks may have an impact on long-term risk adjusted returns for investors. Assessment of sustainability risks is complex and may be based on environmental, social and governance data, which is difficult to obtain and incomplete, estimated, out of date or may be otherwise materially inaccurate. Even when identified, there can be no guarantee that this data will be correctly assessed.

The management of sustainability risk typically forms a part of the due diligence process implemented by GCM Grosvenor in selecting Investment Managers and Underlying Funds. When considering whether to cause a GCM Grosvenor Fund to invest in a particular Underlying Fund, one consideration of GCM Grosvenor is the extent to which the Investment Manager evaluates the sustainability risk associated with the investments made for a GCM Grosvenor Fund, namely the risk that the value of such underlying investments could be materially negatively impacted by an environmental, social or governance event or condition. While GCM Grosvenor views sustainability considerations as having the potential to contribute to a portfolio’s long-term performance, there is no guarantee that such results will be achieved.

### *ERISA Matters*

Most U.S. pension and profit sharing plans, individual retirement accounts and other tax-advantaged retirement funds are subject to provisions of the Code, ERISA or both, which may be relevant to a decision as to whether such an investor should invest in the GCM Grosvenor Fund. There may, for example, be issues as to whether such an investment is prudent or whether it results in prohibited transactions. Prospective investors should consult with their own independent legal counsel before investing in the GCM Grosvenor Fund.

### Tax Risks

Generally, the risks and special tax considerations arising from the operation of an investment vehicle, including:

- tax treatment;
- material tax considerations for an investment in a GCM Grosvenor Fund;
- a GCM Grosvenor Fund's investments not being tax-driven;
- an Underlying Fund could, in an effort to minimize taxation, take certain tax positions and/or use certain tax structures that might in the future be disallowed or reversed, which could result in material tax expenses to such Underlying Fund.

### Tax Treatment

There may be changes in tax laws or interpretations of such tax laws adverse to a GCM Grosvenor Fund, an Underlying Fund, an investment, or its investors. There can be no assurance that the structure of a GCM Grosvenor Fund, an Underlying Fund or an investment will be tax efficient to any particular investor. Also, there can be no assurance that a GCM Grosvenor Fund will have sufficient cash flow to permit it to make annual distributions in the amount necessary to permit its investors to pay all tax liabilities resulting from their interests in such GCM Grosvenor Fund. Prospective investors in GCM Grosvenor Funds are urged to consult their tax own advisers with reference to their specific tax situations. An Underlying Fund may, in an effort to minimize taxation, take certain tax positions and/or use certain tax structures that may in the future be disallowed or reversed, which could result in material tax expenses to such Underlying Fund.

### *Material Tax Considerations*

An investment in a GCM Grosvenor Fund involves a number of material tax-related considerations. Tax laws are subject to change, and tax liabilities could be incurred by investors in a GCM Grosvenor Fund as a result of any such changes. Investors must consult their own tax advisors concerning such considerations. GCM Grosvenor accepts no responsibility for the tax consequences resulting from an investment in a GCM Grosvenor Fund.

### *Investments Not Tax-Driven*

A substantial portion of a GCM Grosvenor Fund's income could constitute short-term capital gain or ordinary income in the form of dividends and interest, all of which are subject to income tax at the highest applicable rate. Furthermore, the Investment Managers' trading decisions will be based primarily on economic, and not tax, considerations. This could result, from time to time, in adverse tax consequences to investors.

### *Underlying Funds' Tax Expenses*

An Underlying Fund could, to minimize taxation, take certain tax positions and/or use certain tax structures that might in the future be disallowed or reversed, which could result in material tax expenses to such Underlying Fund.

### Conflicts of Interest

In addition, GCMLP, GCM CFGI, affiliated entities and related persons are subject to certain actual or potential conflicts of interest in conducting its business and making investment decisions for the GCM Grosvenor Funds, and the Investment Managers are subject to similar as well as certain additional actual and/or potential conflicts of interest in managing their respective Underlying Funds. Some of these conflicts have been discussed throughout. Certain of these actual and potential conflicts of interest are discussed herein and in the current GCM Grosvenor Fund's constituent or offering documents (**GCM Grosvenor Fund Documents**) provided to each prospective investor in a particular GCMLP-advised fund or GCM CFGI-advised fund, and/or in the document entitled *GCM Grosvenor – Supplemental Disclosures Regarding Conflicts of Interest*, a copy of which is available from us upon request.

GCM Grosvenor currently provides or plans in the future to provide a broad spectrum of financial services, including, without limitation, investment advisory, broker-dealer, asset management, loan origination, capital markets, and idea generation services, to a variety of clients, including GCM Grosvenor Funds and funds-of-one. GCM Grosvenor expects to sponsor, manage, and/or advise additional GCM Grosvenor Funds in the future, including GCM Grosvenor Funds that have investment objectives, programs, strategies, and positions that are similar to or have interests adverse to each other. Because GCM Grosvenor has different financial services businesses and sponsors, manages, and/or advises multiple GCM Grosvenor Funds, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than those to which it would otherwise be subject if it had only one line of business or sponsored, managed and/or advised only a single GCM Grosvenor Fund. Even if one GCM Grosvenor Fund has investment objectives, programs or strategies that are similar to those of another GCM Grosvenor Fund, GCM Grosvenor still gives advice or takes action with respect to the investments held by, and transactions of, the other GCM Grosvenor Funds that may differ from the advice given or the timing or nature of any action taken with respect to the investments held by, and transactions of, such GCM Grosvenor Fund for a variety of reasons, including, without limitation, differences between the investment strategy, financing terms, regulatory treatment, and tax treatment of the other GCM Grosvenor Funds and such GCM Grosvenor Fund. As a result, one GCM Grosvenor Fund and another GCM Grosvenor Fund will likely have substantially different portfolios and investment returns.

Prospective and existing investors in a GCM Grosvenor Fund should generally understand that (i) the relationships among such GCM Grosvenor Fund, the other GCM Grosvenor Funds and GCM Grosvenor are complex and dynamic; and (ii) as GCM Grosvenor's and GCM Grosvenor Funds' businesses change over time, GCM Grosvenor and its personnel will likely be subject, and such GCM Grosvenor Fund will likely be exposed, to new or additional conflicts of interest. In the ordinary course of business, and in particular in managing and making investment decisions for GCM Grosvenor Funds, GCM Grosvenor engages in activities in which its interests or the interests of certain GCM Grosvenor Funds conflict with the interests of other GCM Grosvenor Funds and the investors in such GCM Grosvenor Funds. Such conflicts of interest could affect the objectivity of GCM Grosvenor and adversely affect one or more of the GCM Grosvenor Funds and/or the performance of the GCM Grosvenor Funds or returns to their investors. Certain of these actual and potential conflicts are summarized herein. In addition, each investor and prospective investor in a GCM Grosvenor Fund is urged to review carefully any relevant GCM Grosvenor Fund Documents for additional information regarding GCM Grosvenor's business, such GCM Grosvenor Fund, and the conflicts of interest to which GCM Grosvenor is subject.

GCM Grosvenor maintains policies and procedures that address actual and potential conflicts of interest. If a conflict of interest arises, GCM Grosvenor will generally attempt to resolve such conflict in accordance with such policies and procedures and in a manner designed to be fair and equitable, on a case-by-case basis. GCM Grosvenor will take into consideration the interests of the relevant parties, including the interests of GCM Grosvenor, and the circumstances giving rise to the conflict in its resolution of conflicts. GCM Grosvenor will have the power to resolve, or consent to the resolution of, conflicts of interest on behalf of, and such resolution will be binding on, the GCM Grosvenor Funds. These resolutions include, without limitation, refraining from investing in or disposing of the investment giving rise to the conflict of interest, appointing an independent party to provide approval on behalf of the relevant GCM Grosvenor Fund or consulting an investor advisory committee.

GCM Grosvenor has an inherent conflict of interest when identifying an issue as a conflict and when resolving conflicts of interest that involve its own interests. While GCM Grosvenor will always seek to resolve conflicts in a manner that is fair and equitable to all clients, there can be no assurance that any actual or potential conflict of interest will not result in a less favorable outcome for the GCM Grosvenor Fund than if such conflict of interest did not exist. By investing in a GCM Grosvenor Fund, each investor will be deemed to have acknowledged and consented specifically to (i) the existence of such actual, apparent and potential conflicts of interest, as are described herein and/or in the relevant GCM Grosvenor Fund Documents; and (ii) the actions taken by GCM Grosvenor to address such conflicts as described herein and/or in the relevant GCM Grosvenor Fund Documents.

### GCM Grosvenor Policies and Procedures

Policies and procedures implemented by GCM Grosvenor to reduce or mitigate actual or potential conflicts of interest and/or address certain regulatory requirements and contractual restrictions reduce the synergies that would otherwise exist across its various businesses and that GCM Grosvenor could otherwise draw on in pursuing attractive investment opportunities for GCM Grosvenor Funds. GCM Grosvenor has established compliance functions to administer GCM Grosvenor's information sharing policies and procedures and to identify and monitor actual and potential conflicts of interest. Although GCM Grosvenor Funds generally seek to leverage GCM Grosvenor's firm-wide resources to help source, conduct due diligence on, structure, and create value for GCM Grosvenor Funds' investments, the information sharing policies and procedures referenced, as well as certain legal, contractual, and tax constraints and other considerations could significantly limit GCM Grosvenor Funds' ability to do so. For example, GCM Grosvenor sometimes comes into possession of possible material non-public information about (i) companies in which a GCM Grosvenor Fund is invested or is considering investing (each, a **Portfolio Company**); and/or (ii) companies that are current GCM Grosvenor clients. Due to the receipt of such information, GCM Grosvenor could be restricted from sharing such information with the GCM Grosvenor professionals responsible for making GCM Grosvenor Funds' investment or divestment decisions or from making such investments or divestments, even where the disclosure of such information would be in the best interest of one or more GCM Grosvenor Funds or would otherwise influence the decisions taken by such investment professionals with respect to such actual or potential investment or divestment. Additionally, the terms of confidentiality or other agreements with or related to companies in which GCM Grosvenor has entered, either on its own behalf or on behalf of advisory clients of GCM Grosvenor, sometimes restrict or otherwise limit the ability of a GCM Grosvenor Fund to make investments in or otherwise engage in businesses or activities competitive with such companies. GCM Grosvenor may also enter one or more strategic relationships (e.g., in certain regions or with respect to certain types of investments) that, while intended to provide greater opportunities for a GCM Grosvenor Fund, could require such GCM Grosvenor Fund to share such opportunities or otherwise limit the amount of certain, or all such opportunities the GCM Grosvenor Fund could otherwise take. Accordingly, there can be no assurance that GCM Grosvenor Funds will be able to fully leverage the available resources and industry expertise of GCM Grosvenor. Additionally, there could be circumstances in which one or more individuals associated with GCM Grosvenor cannot provide services to one or more GCM Grosvenor Funds because of certain confidential information available to those individuals.

### Multiple GCM Grosvenor Funds

GCM Grosvenor sponsors, manages, and/or advises multiple GCM Grosvenor Funds. The investment strategies pursued, and types of investments made, by the various GCM Grosvenor Funds can be similar to one another. Therefore, certain GCM Grosvenor Funds compete with other GCM Grosvenor Funds and/or Underlying Funds in identifying and seeking to acquire investments.

GCM Grosvenor and its related persons might have an incentive to favor certain GCM Grosvenor Funds over other GCM Grosvenor Funds. For example, with regard to the selection of investment opportunities or the allocation of investment opportunities that have limited investment capacity, GCM Grosvenor has an incentive to favor those GCM Grosvenor Funds from which GCM Grosvenor receives either greater compensation or compensation in more favorable structures. GCM Grosvenor and its related persons also have an incentive to favor certain GCM Grosvenor Funds over other GCM Grosvenor Funds if GCM Grosvenor or its related persons have investments in such favored GCM Grosvenor Funds.

Additionally, certain GCM Grosvenor Funds invest in other GCM Grosvenor Funds, and GCM Grosvenor will be authorized to vote with respect to the interests held by such investing GCM Grosvenor Funds and otherwise act as their representative with respect to GCM Grosvenor Funds in which such other GCM Grosvenor Funds invest (including, without limitation, serving as such investing GCM Grosvenor Funds' representative on an advisory or similar committee). Investors of any GCM Grosvenor Fund that invests in any other GCM Grosvenor Fund will not have any direct rights or privity with respect to such other GCM Grosvenor Fund and certain events that occur with respect to a GCM Grosvenor Fund (e.g., expiration or suspension of the commitment period, removal of the general partner, or dissolution) may not necessarily cause similar events to occur with respect to any other GCM Grosvenor Fund in which it invests (and vice versa).

As a result of certain restrictions imposed by the U.S. ICA on GCM Grosvenor Funds that are registered investment companies under the ICA (each, a **RIC**) U.S. ICA on GCM Grosvenor RICs Funds that are registered investment companies under the ICA (each, a **RIC**) and on affiliated persons (as that term is defined in the ICA) of such RICs, it is possible that if a GCM Grosvenor Fund invests in an Underlying Fund in which a RIC managed by GCM Grosvenor is also an investor, such GCM Grosvenor Fund may be required to forego some or all of its voting rights associated with such investment. In addition, in situations where a RIC that GCM Grosvenor manages and other GCM Grosvenor Funds own, in the aggregate, 25% or more of the interests in a particular Underlying Fund, GCM Grosvenor Funds may be precluded from making additional investments in such Underlying Fund, even though GCM Grosvenor deems it would be appropriate for GCM Grosvenor Funds to make additional investments in such Underlying Fund. In seeking to not limit certain GCM Grosvenor Funds' investment activities as a result of this restriction, GCM Grosvenor may choose to not invest RIC assets in certain Underlying Funds. Moreover, in the event that such aggregate ownership in an Underlying Fund equals or exceeds the 25% threshold, for example, due to redemptions by non-GCM Grosvenor investors in an Underlying Fund, GCM Grosvenor would likely redeem a portion of the aggregate RIC and GCM Grosvenor Funds' capital from the Underlying Fund to reduce the aggregate ownership level below that threshold.

#### Investment in Different Parts of the Capital Structure

At times, GCM Grosvenor Funds invest in companies in which GCM Grosvenor or one or more other GCM Grosvenor Funds also invest, either directly or indirectly through an Underlying Fund. Investments in a company by certain GCM Grosvenor Funds may be made prior to the investment by other GCM Grosvenor Funds, concurrently, including as part of the same financing plan or after the investments by such other GCM Grosvenor Funds. Any such investment by a GCM Grosvenor Fund could consist of securities or other instruments of a different class or type from those in which other GCM Grosvenor Funds are invested and may entitle the holder of such securities or other instruments to greater control or to rights that otherwise differ from those to which such other GCM Grosvenor Funds are entitled. In connection with any such investments—including as they relate to acquisition, owning, and disposition of such investments—the GCM Grosvenor Funds have conflicting interests and investment objectives, and any difference in the terms of the securities or other instruments held by such parties will raise additional conflicts of interest for the GCM Grosvenor Funds and GCM Grosvenor. For example, certain GCM Grosvenor Funds sometimes invest in the common equity of a company that subsequently issues debt that is held, directly or indirectly, by one or more other GCM Grosvenor Funds; the interests of these two groups of investors in the company under certain circumstances can be unaligned or adverse—particularly in times of stress for the company. This conflict will be exacerbated to the extent that representatives of GCM Grosvenor serve on an advisory or other board or committee related to such company or GCM Grosvenor Funds' investment in such company. In certain instances, GCM Grosvenor Funds and/or GCM Grosvenor invest as a minority investor as part of a larger investing group or syndicate. In such cases, the financial sponsor, and not GCM Grosvenor, will be in the position to negotiate and potentially make decisions on behalf of the holders of the relevant class of equity or debt holders.

#### Conflicts Regarding Debt and Credit Investments

A particular GCM Grosvenor Fund's debt or credit investments may result in actual or potential conflicts of interest with other GCM Grosvenor Funds to the extent that those other GCM Grosvenor Funds have invested in, or are allocated, any equity securities or warrants received in connection with such debt or credit investment made by such particular GCM Grosvenor Fund (e.g., an allocation away from the GCM Grosvenor Fund that made such debt or credit investment could limit its potential upside). Furthermore, GCM Grosvenor has a conflict of interest in exercising any applicable rights on behalf of a GCM Grosvenor Fund that made a debt or credit investment to the extent such rights may adversely impact other GCM Grosvenor Funds, which may not be fully mitigated in cases where there is overlapping membership on the relevant investment committees. Additional conflicts of interest may also arise to the extent that the principals, officers, employees, or other personnel of GCM Grosvenor hold different levels of economic stakes via investments made by particular GCM Grosvenor Funds, which could impact their decision-making in respect of such investments. In addition to the foregoing, if various GCM Grosvenor Funds have co-invested directly or indirectly in an issuer that files for bankruptcy or reorganization, the claims of a particular GCM Grosvenor Fund to the assets of the issuer may have a different priority than that of other GCM Grosvenor Funds (if, for example, one or more GCM Grosvenor Funds has purchased equity

securities in an issuer while another GCM Grosvenor Fund invests in debt or refinanced or originated debt securities of the same issuer). In any such circumstances, the applicable GCM Grosvenor Funds would have different interests and investment objectives, including with respect to the targeted returns from the investment, the timeframe for disposing of the investment, and the manner in which to pursue a return on the investment, especially if the issuer becomes distressed and is unable to satisfy its obligations to all of its creditors. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to any particular GCM Grosvenor Fund. For example, GCM Grosvenor may take an action on behalf of a GCM Grosvenor Fund, as a senior creditor or preferred equityholder (e.g., with respect to remedies upon breaches of covenants), that is contrary to the interests of a GCM Grosvenor Fund, as a junior creditor or common equityholder. On the other hand, GCM Grosvenor may have an incentive to be more passive in enforcing any applicable rights held by a particular GCM Grosvenor Fund as a senior creditor, in light of the potential for GCM Grosvenor to seek to preserve the interests held by any other GCM Grosvenor Fund in its role as a junior creditor. 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 distressed 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 have the potential to raise conflicts of interest, particularly with respect to GCM Grosvenor Funds that have invested in different securities within the same issuer. There can be no assurance that any of these conflicts will be resolved favorably for any particular GCM Grosvenor Fund.

In addition to the foregoing, if various GCM Grosvenor Funds have co-invested directly or indirectly in an issuer that files for bankruptcy or reorganization, the claims of a particular GCM Grosvenor Fund to the assets of the issuer may have a different priority than that of other GCM Grosvenor Funds (if, for example, one or more GCM Grosvenor Funds has purchased equity securities in an issuer while another GCM Grosvenor Fund invests in debt or refinanced or originated debt securities of the same issuer). In any such circumstances, the applicable GCM Grosvenor Funds would have different interests and investment objectives, including with respect to the targeted returns from the investment, the timeframe for disposing of the investment, and the manner in which to pursue a return on the investment, especially if the issuer becomes distressed and is unable to satisfy its obligations to all of its creditors. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to any particular GCM Grosvenor Fund. For example, GCM Grosvenor may take an action on behalf of a GCM Grosvenor Fund, as a senior creditor or preferred equityholder (e.g., with respect to remedies upon breaches of covenants), that is contrary to the interests of a GCM Grosvenor Fund, as a junior creditor or common equityholder. On the other hand, GCM Grosvenor may have an incentive to be more passive in enforcing any applicable rights held by a particular GCM Grosvenor Fund as a senior creditor, in light of the potential for GCM Grosvenor to seek to preserve the interests held by any other GCM Grosvenor Fund in its role as a junior creditor. 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 distressed 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 have the potential to raise conflicts of interest, particularly with respect to GCM Grosvenor Funds that have invested in different securities within the same issuer. There can be no assurance that any of these conflicts will be resolved favorably for any particular GCM Grosvenor Fund.

#### Carried Interest, Performance-Based Fees and Allocations and Management Fees

Except as may otherwise be agreed, GCM Grosvenor often receives carried interest or other performance-based fees or allocations that will create an incentive for GCM Grosvenor to make more speculative investments and determinations, directly or indirectly on behalf of GCM Grosvenor Funds, or otherwise take or refrain from taking certain actions than it would otherwise make in the absence of such carried interest or performance-based fees or allocations. In addition, GCM Grosvenor could have an incentive to make exit determinations based on factors and tax results that maximize economics in favor of GCM Grosvenor or its employees. Certain employees or related persons of GCM Grosvenor can receive directly a portion of GCM Grosvenor's carried interest or performance-based fees or allocations with respect to one or more GCM Grosvenor Funds, which could similarly influence such employees' or related persons' judgments. In connection therewith, any clawback obligation may create an incentive for GCM Grosvenor to defer disposition of one or more investments if such



disposition would result in a realized loss and/or the finalization of dissolution and liquidation of a GCM Grosvenor Fund where a clawback obligation would be owed.

GCM Grosvenor receives management fees for certain GCM Grosvenor Funds on an as invested basis or only in respect of invested capital where GCM Grosvenor has an incentive to make investments more quickly, or at all, or defer disposition or the write-off of investments, for such GCM Grosvenor Funds to earn management fees that it otherwise would not, absent such a fee arrangement. In addition, management fees or other compensation is sometimes calculated on a basis that includes unrealized appreciation and thus might be greater than if the compensation were based solely on realized gains. Unrealized appreciation is determined based on GCM Grosvenor's internal valuation policies and procedures, however, such values are based on estimates and include assumptions. There is no guarantee that unrealized appreciation will ultimately be realized and lead to realized gains.

In certain instances, the management fees and/or carried interest or other performance-based fees or allocations payable to GCM Grosvenor in respect of a particular GCM Grosvenor Fund is offset by the management fees and/or incentive compensation payable to Investment Managers of Underlying Funds in which such GCM Grosvenor Funds invest. In such instances, we will have an incentive to invest directly rather than with an Investment Manager, even if the GCM Grosvenor Fund would be better served by investing with an Investment Manager, or to invest with Investment Managers that charge lower fees or to otherwise structure compensation arrangements with Investment Managers that reduce the amount of these offsets, which in each case could affect the quality of the Investment Managers with whom such GCM Grosvenor Funds invest.

#### Other Fees

GCM Grosvenor earns fees or similar compensation in a variety of ways, including from or in connection with services provided or related to portfolio investments or in connection with actual or potential investments, including, without limitation, board of directors' fees and supervisory/monitoring fees with respect to investments and other fees, break-up and similar transaction fees, and, subject to applicable laws and rules, may receive these fees on an accelerated basis in connection with certain transactions. Except as otherwise disclosed, GCM Grosvenor Fund investors will not receive the benefit of fees or other compensation received by GCM Grosvenor in connection with the provision of services by GCM Grosvenor to GCM Grosvenor Funds or third parties.

#### Other GCM Grosvenor Business Activities

GCM Grosvenor and its related persons may engage in any activities, including, without limitation, a broad range of advisory, capital markets, and other businesses or ventures. GCM Grosvenor has no obligation to make investment or other opportunities in any such businesses or ventures available to any GCM Grosvenor Fund or to the investors in any GCM Grosvenor Fund. Except to the extent GCM Grosvenor determines otherwise, in connection with its other businesses and ventures, GCM Grosvenor could enter into agreements related to clients or potential investments, restricting the ability of the GCM Grosvenor Funds to make certain investments or engage in certain activities, which would otherwise be of benefit to the GCM Grosvenor Funds. In addition, from time to time, GCM Grosvenor will provide services beyond those currently provided. GCM Grosvenor Funds will not participate in the risks or rewards of such businesses or ventures and the investors in the GCM Grosvenor Funds will not receive a benefit from fees generated by such activities. Further, such businesses and ventures (i) compete with the GCM Grosvenor Funds for GCM Grosvenor's time and attention, as well as the time and attention of GCM Grosvenor's related persons; and (ii) potentially create additional conflicts of interest or raise other special considerations.

Conflicts of interest resulting from the foregoing include the allocation of management time among GCM Grosvenor Funds and other clients of GCM Grosvenor. Nothing in the governing documents of any GCM Grosvenor Fund generally (i) requires GCM Grosvenor and its affiliates to devote their full business time to the business and affairs of any particular GCM Grosvenor Fund or to the business and affairs of the GCM Grosvenor Funds in general; (ii) limits or restricts GCM Grosvenor or its related persons from engaging in and devoting time and attention to other businesses or ventures or from rendering services of whatever kind or nature; or (iii) restricts GCM Grosvenor or its related persons from forming additional investment funds, from entering into investment advisory relationships or from engaging in other business activities. As GCM Grosvenor sponsors, advises, and/or manages numerous GCM Grosvenor Funds, the officers, and employees of GCM



Grosvenor may not spend a significant portion of their time on matters related to any particular GCM Grosvenor Fund, and GCM Grosvenor or its personnel may have financial or other incentives to favor certain GCM Grosvenor Funds over other GCM Grosvenor Funds. Additionally, potential investments by GCM Grosvenor Funds are subject to approval by a GCM Grosvenor investment, operations, or other committees, whose professionals serve this function for all or certain GCM Grosvenor Funds. It is expected that an investment, operations or other committees and its professionals will face additional conflicts of interest in allocating their time, attention, and potential investment opportunities among GCM Grosvenor Funds.

In addition, to the extent permitted by applicable law, GCM Grosvenor and its related persons, in investing and trading for its proprietary accounts may make use of information obtained by GCM Grosvenor while investing for the GCM Grosvenor Funds. GCM Grosvenor does not generally establish information barriers between internal investment teams. GCM Grosvenor and its related persons will have no obligation to compensate any GCM Grosvenor Fund—or any investor therein—in any respect for its receipt of such information or to account to any GCM Grosvenor Fund—or any investor therein—for any profits earned from GCM Grosvenor’s or its related persons’ use of such information.

While GCM Grosvenor maintains compliance policies and procedures, including personal trading policies, which seek to reduce actual and potential conflicts of interest, GCM Grosvenor employees in certain circumstances are permitted to invest in alternative investment funds and other investment vehicles, including GCM Grosvenor Funds and potential competitors of GCM Grosvenor Funds. Investors will not receive any benefit from any such investments. The records of any such investments by GCM Grosvenor’s employees generally will not be open to inspection by the investors. GCM Grosvenor and its employees give advice or act for their own accounts that could differ from, conflict with, or be adverse to advice given or action taken for a GCM Grosvenor Fund. These activities create conflicts of interest for the employees in providing services with respect to the GCM Grosvenor Funds and could further adversely affect the prices and availability of other investments held by or potentially considered for purchase by such GCM Grosvenor Fund.

#### Access to Information

In the ordinary course of its investment activities on behalf of GCM Grosvenor Funds, GCM Grosvenor receives investment-related information. GCM Grosvenor does not generally establish information barriers between internal investment teams. To the extent permitted by applicable law, investment professionals, including SIG Professionals, have access to and make use of such investment-related information in making investment decisions for GCM Grosvenor Funds. Therefore, information related to investments made on behalf of a particular GCM Grosvenor Fund could inform investment decisions made in respect of another GCM Grosvenor Fund. The access and use of this information creates conflicts between GCM Grosvenor Funds, and no GCM Grosvenor Fund, or any investor therein, is entitled to any compensation for any profits earned by another GCM Grosvenor Fund based on GCM Grosvenor’s use of investment-related information received in connection with managing such GCM Grosvenor Fund.

#### Credit Issues

The GCM Grosvenor Funds will be required to establish business relationships with their counterparties based on the GCM Grosvenor Funds’ own credit standing. Neither GCM Grosvenor nor any of its affiliates will have any obligation to allow its credit to be used in connection with a GCM Grosvenor Fund’s establishment of its business relationships, nor is it expected that any GCM Grosvenor Fund’s counterparties will rely on the credit of GCM Grosvenor or its affiliates in evaluating the GCM Grosvenor Fund’s creditworthiness.

#### Future GCM Grosvenor Services

GCM Grosvenor could expand, either directly or indirectly through majority or minority interests in separate businesses, into new investment strategies, geographic markets, and businesses and seek to provide certain products or perform certain services such as investment banking, lending, advisory, and other services to corporations, financial sponsors, management, or other persons, including Underlying Funds managed by Investment Managers, Portfolio Companies, or other parties. Such services could be provided to an Investment Manager, an Underlying Fund, a Portfolio Company, an investor, another transaction party or a third party that may have interests that differ from the interests of the GCM

Grosvenor Funds, Investment Managers, Underlying Funds, or Portfolio Companies. GCM Grosvenor and its employees' compensation for such services could include: (i) financial advisory or structuring fees; (ii) fees for restructuring, merger and acquisition advice for underwriting or placement activities; (iii) financing or commitment fees; (iv) director fees and monitoring or consulting fees; (v) brokerage fees; (vi) interest; and (vii) other fees or forms of compensation, including appreciation of its investment in a company that provides such services. Certain fee income earned by GCM Grosvenor with respect to GCM Grosvenor Fund investments will offset management fees payable by the GCM Grosvenor Funds to the extent set forth in the GCM Grosvenor Fund Documents or required by applicable law. Except as otherwise agreed, other income, including investment banking and other financial services compensation earned by GCM Grosvenor, will not do so and will not be shared with the GCM Grosvenor Funds or any GCM Grosvenor Fund investor. Subject to applicable laws and rules, payment of certain fee income due to GCM Grosvenor with respect to GCM Grosvenor Fund investments could be accelerated in connection with certain events related to such investments (e.g., strategic sales). Except as provided herein, GCM Grosvenor is not restricted in the scope of its business or in the provision and performance of any service, even if such activities could give rise to conflicts of interest, and whether such conflicts are described here. GCM Grosvenor also has a conflict of interest in allocating fee offsets among various GCM Grosvenor Funds participating in a particular investment. Additionally, GCM Grosvenor has, and will continue to develop, relationships with a significant number of companies, financial sponsors, and their senior managers, including relationships with clients who hold or have held investments like those intended to be made by GCM Grosvenor Funds. These clients may themselves represent appropriate investment opportunities for certain GCM Grosvenor Funds or sometimes compete with certain GCM Grosvenor Funds for investment opportunities. Additional conflicts arise if GCM Grosvenor provides services to, and is compensated by, third parties that are otherwise suitable investments opportunities for one or more GCM Grosvenor Funds.

In connection with any future investment banking, lending, advisory, underwriting, and other businesses, GCM Grosvenor could come into possession of information that limits its ability to engage in certain transactions. There could be circumstances in which one or more of certain individuals associated with GCM Grosvenor will be precluded from providing services related to the GCM Grosvenor Funds' activities because of certain confidential information available to those individuals or to other parts of GCM Grosvenor.

In the regular course of its other businesses, GCM Grosvenor represents potential purchasers, sellers, and other involved parties, such as corporations, financial buyers, management, shareholders, and institutions, with respect to investments that are suitable for the GCM Grosvenor Funds. In such a case, GCM Grosvenor's client would typically require GCM Grosvenor to act exclusively on its behalf, thereby precluding the GCM Grosvenor Funds from acquiring such assets. GCM Grosvenor will be under no obligation to decline any such engagements in order to make the investment opportunity available to the GCM Grosvenor Funds. The GCM Grosvenor Funds could be forced to sell or hold existing investments as a result of relationships that GCM Grosvenor has or transactions or investments GCM Grosvenor makes.

#### GCM Grosvenor Special Relationships

GCM Grosvenor enters strategic partnerships, co-investments or other multi-strategy or multi-asset class arrangements with investors that commit capital to a range of GCM Grosvenor's platform of products, investment ideas, and asset classes, including the strategy of one or more GCM Grosvenor Funds. Such arrangements sometimes include GCM Grosvenor granting certain preferential terms to such investors.

#### Joint Ventures

GCM Grosvenor Funds sometimes enter joint ventures with Investment Managers or other persons with respect to the management of specified portfolio investments or categories of portfolio investments. In connection therewith, such Investment Managers or other persons receive management fees and/or performance-based fees or allocations such as a carried interest in vehicles through which such joint ventures invest. GCM Grosvenor Funds also hold certain portfolio investments through investment vehicles managed in whole or in part by Investment Managers or other persons where GCM Grosvenor determines this is necessary or appropriate due to regulatory or other reasons. Any compensation of such Investment Managers or of joint venture partners, which will reduce the GCM Grosvenor Funds' returns from the relevant

portfolio investments, may not offset carried interest, performance-based fees or allocations or management fees due to GCM Grosvenor and will increase the cost of the investors' investment in the GCM Grosvenor Funds.

#### Broker-Dealer Activities

GCM Grosvenor has affiliated broker-dealers that, at times, provide services to the GCM Grosvenor Funds or investments of the GCM Grosvenor Funds. Such broker-dealers, including respective related lending vehicles: (i) may manage or otherwise participate in underwriting syndicates and/or selling groups with respect to issuers of the GCM Grosvenor Funds' investments; (ii) may otherwise be involved in the private placement of debt or equity securities or instruments issued by the issuers and non-controlling entities in or through which the GCM Grosvenor Funds may invest; or (iii) may otherwise arrange or provide financing for portfolio investments alone or with other lenders, which may include the GCM Grosvenor Funds. Affiliated broker-dealers may, because of such activities, hold positions in instruments and securities issued by the issuers of the GCM Grosvenor Funds' portfolio investments and may engage in transactions that may also be appropriate investments for the GCM Grosvenor Funds. Subject to applicable law, such broker-dealers may receive underwriting fees, placement commissions, financing fees, interest payments or other compensation with respect to such activities, which are not required to be shared with the GCM Grosvenor Funds or the investors. Where a GCM Grosvenor broker-dealer serves as underwriter with respect to an issuer's securities, the GCM Grosvenor Funds may be subject to a lock-up period following the offering under applicable regulations or agreements during which time its ability to sell securities that it continues to hold is restricted.

#### Portfolio Entity Relationships

GCM Grosvenor enters strategic partnerships or other arrangements with certain Underlying Funds or Investment Managers as part of an integrated overall arrangement with such Underlying Fund or Investment Manager. Such an agreement would typically involve granting to GCM Grosvenor and/or certain GCM Grosvenor Funds preferential terms or co-investment opportunities based on the size, length, or other characteristic of a single GCM Grosvenor Fund's or the aggregate GCM Grosvenor Funds' investment in such Underlying Fund and/or with such Investment Manager. The existence of such strategic partnership or arrangement creates actual and potential conflicts of interest for GCM Grosvenor with respect to the allocation and management of investments, including, without limitation, an incentive for GCM Grosvenor to increase or make commitments by one or more GCM Grosvenor Funds to such Underlying Funds or to delay or preclude one or more GCM Grosvenor Funds from withdrawing capital from or redeeming its interests in the relevant Underlying Funds.

GCM Grosvenor Funds' Portfolio Companies could be counterparties or participants in agreements, transactions, or other arrangements, with Portfolio Companies of other Underlying Funds in portfolios managed by GCM Grosvenor, which might not have otherwise been entered into, but for the affiliation with GCM Grosvenor. These agreements, transactions or other arrangements could involve fees and/or servicing payments to GCM Grosvenor-affiliated entities that may not be subject to management fee offset provisions. Additionally, GCM Grosvenor could hold equity or other investments in companies or businesses—even if they are not affiliates of GCM Grosvenor—that provide services to or otherwise contract with Portfolio Companies. GCM Grosvenor could enter relationships with companies and, in connection with such relationships, make referrals and/or introductions to Portfolio Companies, which sometimes result in financial incentives, including additional equity ownership, and/or milestones benefitting GCM Grosvenor that are tied or related to participation by Portfolio Companies. The GCM Grosvenor Funds and the investors will not share in any fees or economics accruing to GCM Grosvenor as a result of these relationships and/or participation by Portfolio Companies.

With respect to transactions or agreements with future Portfolio Companies, GCM Grosvenor, in certain instances, negotiates and executes agreements between GCM Grosvenor and/or the GCM Grosvenor Funds on the one hand, and the Portfolio Companies or their affiliates, on the other hand, which could entail a conflict of interest in seeking to enter into terms that are at arm's length.

GCM Grosvenor frequently seeks to obtain agreements from Investment Managers under which Underlying Funds managed by such Investment Managers agree to accept specified dollar amounts of capital from GCM Grosvenor Funds, considered in the aggregate, at specified investment dates and/or over specified time periods. In cases where GCM Grosvenor is able to

negotiate capacity of this type for the GCM Grosvenor Funds with respect to a particular Underlying Fund, such capacity is not reserved solely for those GCM Grosvenor Funds that are in existence on the date that GCM Grosvenor negotiated such capacity. Similarly, to the extent such capacity is allocated to a GCM Grosvenor Fund that was in existence on the date that GCM Grosvenor negotiated such capacity, such allocation is not reserved solely for persons who were investors in such GCM Grosvenor Fund on that date. Instead, such capacity is made available to all GCM Grosvenor Funds that want to invest in such Underlying Fund, based on the allocation decisions of their respective portfolio management teams and the application of GCM Grosvenor's capacity allocation guidelines. To the extent that such capacity is allocated to a GCM Grosvenor Fund that existed on that date, all investors in such GCM Grosvenor Fund participate in such capacity in accordance with their respective economic interests in such GCM Grosvenor Fund, even if such investors invested in such GCM Grosvenor Fund subsequent to that date.

#### Legal Interpretation

In the course of its business, GCM Grosvenor interprets the terms of applicable legal documentation, including but not limited to the GCM Grosvenor Funds, Underlying Funds, and/or Portfolio Companies. GCM Grosvenor has an incentive to favor certain interpretations over others if one interpretation results favorably for GCM Grosvenor or the GCM Grosvenor Funds. Subject to applicable fiduciary duties, there will be times where GCM Grosvenor interprets legal and regulatory restrictions in a way that is more favorable to GCM Grosvenor than to the GCM Grosvenor Funds or their investors.

#### Advisors and Operating Partners

GCM Grosvenor engages and retains strategic advisors, consultants, operating partners, and professionals who are generally not employees or affiliates of GCM Grosvenor and who, from time to time, receive payments from, or allocations with respect to, Underlying Funds, and/or Portfolio Companies, and GCM Grosvenor or the GCM Grosvenor Funds. These advisors, consultants, operating partners, and/or other professionals could have the right or could be offered the ability to co-invest alongside the GCM Grosvenor Funds, including in those investments in which they are involved, or otherwise participate in equity plans for management of any such Portfolio Company. Such co-investment and/or participation generally could reduce the amount invested by the GCM Grosvenor Funds in any investment. In certain instances, GCM Grosvenor has formal arrangements with these advisors, consultants, operating partners, and/or other professionals, and in other cases, the relationships are more informal. They are either compensated, including pursuant to retainers and expense reimbursement, from GCM Grosvenor, the GCM Grosvenor Funds, Underlying Funds, and/or Portfolio Companies or otherwise uncompensated unless and until an engagement with a Portfolio Company develops. Additionally, they could have certain attributes of GCM Grosvenor employees even though they are not GCM Grosvenor employees, affiliates, or personnel for purposes of the GCM Grosvenor Funds' agreements and related management fee offset provisions. Payments or allocations of costs and expenses in respect of GCM Grosvenor's advisors, consultants, operating partners, and/or other professionals will generally not be subject to any offset provisions. Additionally, there can be no assurance that any of the senior advisors, consultants, operating partners and/or other professionals will continue to serve in such roles and/or continue their arrangements throughout the term of the GCM Grosvenor Funds. In certain circumstances, as agreed in connection with a particular GCM Grosvenor Fund, GCM Grosvenor could employ one or more persons to serve as strategic advisors, consultants, operating partners, or other similar roles or in other similar capacities in respect of one or more Underlying Funds and/or Portfolio Companies. In such situations, the relevant GCM Grosvenor Fund will reimburse GCM Grosvenor for the compensation it provides such persons.

#### Allocation of Costs and Expenses

GCM Grosvenor has a conflict of interest in determining whether certain costs and expenses are incurred while operating the GCM Grosvenor Funds should be paid by the GCM Grosvenor Funds or by GCM Grosvenor (for example, the costs arising from newly imposed regulations and self-regulatory requirements). The GCM Grosvenor Funds will generally pay or otherwise bear legal, accounting, filing, and other expenses incurred in connection with organizing and establishing the GCM Grosvenor Funds and the offering of interests in the GCM Grosvenor Funds. In addition, the GCM Grosvenor Funds will generally pay expenses related to the operation of the GCM Grosvenor Funds and their investment activities as described in the GCM Grosvenor Fund Documents applicable to each GCM Grosvenor Fund. In addition, certain compensation costs

payable to GCM Grosvenor employees and other internal costs may be charged to certain GCM Grosvenor Funds. GCM Grosvenor will also determine, in its sole discretion, the appropriate allocation of investment-related expenses, including broken deal expenses, incurred in respect of unconsummated investments and expenses more generally relating to a particular investment strategy, among the GCM Grosvenor Funds, vehicles and accounts participating or that would have participated in such investments or that otherwise participate in the relevant investment strategy, as applicable. This could result in one or more GCM Grosvenor Funds bearing more or less of these expenses than other investors or potential investors in the relevant investments or a GCM Grosvenor Fund paying a disproportionate share, including some or all, of the broken deal expenses or other expenses incurred by potential investors.

GCM Grosvenor Fund Documents identify non-exclusive lists of the costs and expenses to be paid by each GCM Grosvenor Fund. However, questions of interpretation can arise in connection with determining whether a certain cost or expense has, in fact, been so identified as well as whether newly arising and/or unanticipated costs or expenses fit within the non-exclusive categories of costs and expenses described. GCM Grosvenor does not in all cases resolve such questions so that it—as opposed to the GCM Grosvenor Funds—is wholly, or even partially, responsible for such cost or expense.

Expenses related more generally to a particular investment or investment strategy, including, without limitation, broken deal expenses, certain organizational expenses, fees and expenses of consultants (e.g., senior advisors, industry advisors and other consultants) and costs and expenses of research and due diligence relating to such investment or strategy could be allocated to the GCM Grosvenor Funds and, if applicable, GCM Grosvenor proprietary entities participating, or proposed to participate, in the relevant investment or investment strategy. The allocation of such expenses among investors in each investment or strategy will be based upon relevant factors, including, without limitation, the capital committed to the investment or strategy. While, as a general matter, the significant majority of such expenses will typically be borne by the primary investment vehicles or accounts for such investment or strategy, the proportion of such expenses allocated to any relevant fund, vehicle or account is likely to vary from period to period and for certain investments or strategies, resulting in one or more GCM Grosvenor Funds bearing more of the expense than others. GCM Grosvenor may also have an incentive to allocate expenses to a particular fund, vehicle or account rather than another fund, vehicle or account to the extent that such allocation, as a whole, results in an economic benefit for GCM Grosvenor. Further, in the event that any GCM Grosvenor Fund has multiple series of interests with different economic terms, the allocation of expenses among such series causes similar conflicts of interest.

GCM Grosvenor receives complimentary or discounted use of third-party software, or payments to offset technology development or workstation costs, from banking institutions in exchange for maintaining cash deposits or cash-equivalent investments (e.g., money market accounts) with such institutions, resulting in an actual or potential conflict of interest when determining where to make such deposits or investments.

It should be noted that GCM Grosvenor can make different determinations with respect to costs and expenses, including, without limitation, in connection with determining whether a certain cost or expense is to be paid by a GCM Grosvenor Fund and the way such costs and expenses are allocated among the GCM Grosvenor Funds. Additionally, and without limitation, GCM Grosvenor could agree to bear certain costs and/or expenses for some but not all GCM Grosvenor Funds.

#### Allocation of Investment Opportunities

GCM Grosvenor will, from time to time, be presented with investment opportunities that fall within the investment objectives of multiple GCM Grosvenor Funds. In such circumstances, GCM Grosvenor will seek to allocate such opportunities among the eligible GCM Grosvenor Funds on a basis that GCM Grosvenor reasonably determines in good faith to be fair and equitable, and could take into account a variety of relevant factors in determining eligibility, including the investment team primarily responsible for sourcing or performing due diligence on the transaction, the nature of the investment focus of each GCM Grosvenor Fund, the relative amounts of capital available for investment, anticipated expenses to the applicable GCM Grosvenor Fund and/or to GCM Grosvenor with regard to investment by the various GCM Grosvenor Funds, the investment pacing and timing of the GCM Grosvenor Funds and other considerations deemed relevant by GCM Grosvenor. In certain cases, pursuant to its policies and procedures and/or applicable agreements, GCM Grosvenor may be obligated to offer an investment opportunity to one or more particular GCM Grosvenor Funds or GCM

Grosvenor clients, including in connection with such clients' direct investments, in priority to or in addition to other GCM Grosvenor Funds. In the case of any such limited opportunity, certain GCM Grosvenor Funds may not be allocated the full investment level in any investment opportunity or may be unable to participate in certain investments due to contractual constraints on the availability of such investments. If a GCM Grosvenor Fund is subject to terms, which are less favorable to us than the economic terms applicable to other GCM Grosvenor Funds, it could create an incentive for GCM Grosvenor to prioritize the allocation of certain investments to such other GCM Grosvenor Funds. Such less favorable terms include, for example, lower fees, lower carried interest, lower performance-based fees or allocations or greater expenses borne by GCM Grosvenor.

#### Co-Investment Allocations

GCM Grosvenor will offer to GCM Grosvenor Funds, GCM Grosvenor Fund investors and/or other parties certain co-investment opportunities presented to GCM Grosvenor by Investment Managers or otherwise, in accordance with GCM Grosvenor's policies and procedures. There is no assurance that any particular GCM Grosvenor Fund or GCM Grosvenor Fund investor will be granted any co-investment opportunities, even if a particular GCM Grosvenor Fund's investment in a particular Underlying Fund forms part or all of the basis on which an Investment Manager makes a particular co-investment opportunity available to GCM Grosvenor. GCM Grosvenor will allocate this investment opportunity in accordance with its policies and procedures, which sometimes results in such GCM Grosvenor Fund or investor receiving a smaller, or no, allocation to the particular investment opportunity.

Co-investment opportunities are considered by some to be highly attractive investment opportunities, in part because such opportunities represent a potential opportunity to gain exposure to particular investments sourced and diligenced by Investment Managers while, in some cases, paying such Investment Managers less or no asset-based fees, carried interest or performance-based fees or allocations in connection with such co-investments. This perceived attractiveness by some investors, combined with the co-investment allocation policies of certain Investment Managers, creates certain incentives for GCM Grosvenor. For instance, among other things, GCM Grosvenor is sometimes offered co-investment opportunities in connection with investments in a particular Underlying Fund, which increases GCM Grosvenor's incentive to invest GCM Grosvenor Fund assets in such Underlying Fund. In addition, GCM Grosvenor could be incentivized to cause the GCM Grosvenor Funds to make a larger capital commitment to a particular Underlying Fund than it originally anticipated, to accept a particular co-investment opportunity and/or to participate on a limited partner advisory committee in hopes of receiving preferential or additional co-investment rights. In addition to the fact that there are no assurances made that any such co-investment opportunities—or any related economic benefits—will be made available to any particular GCM Grosvenor Fund or GCM Grosvenor Fund investor, this could create additional risks for the GCM Grosvenor Funds, such as greater exposure to an Underlying Fund than GCM Grosvenor would have taken absent such potential co-investments. The fact that GCM Grosvenor sponsors or advises, and receives compensation from, GCM Grosvenor Funds with a significant or exclusive investment focus on co-investment opportunities exacerbates GCM Grosvenor's conflicts with respect to co-investments. Also, while GCM Grosvenor's investment allocation policy is intended to allocate co-investment opportunities in a fair and equitable basis, there is an incentive for GCM Grosvenor to allocate co-investment opportunities in a manner that favors certain GCM Grosvenor Funds over others.

Certain investors co-investing with the GCM Grosvenor Funds invest on different and more favorable terms than the GCM Grosvenor Funds and have interests or requirements that conflict with and adversely impact the GCM Grosvenor Funds. Examples include investors' liquidity requirements, available capital, the timing of acquisitions and dispositions or control rights. GCM Grosvenor will generally seek to reasonably ensure that GCM Grosvenor, the GCM Grosvenor Funds, GCM Grosvenor proprietary entities, and investors participate in any co-investment and any related transactions on comparable economic terms to the extent GCM Grosvenor determines appropriate, subject to legal, tax, and regulatory considerations. Investors should note, however, that such participation could not be appropriate in all circumstances and that one or more GCM Grosvenor Funds could participate in such investment on different and potentially less favorable economic terms than such parties if GCM Grosvenor deems such participation as being otherwise in such GCM Grosvenor Funds' best interests. Additionally, a co-investment opportunity could be structured such that investors that have committed to the co-



investment opportunity do not share in any broken deal expenses. This could have an adverse effect on the GCM Grosvenor Funds.

From time to time, GCM Grosvenor has the opportunity to offer certain investment opportunities to GCM Grosvenor Fund investors or other parties on an overage basis after GCM Grosvenor Funds have received what GCM Grosvenor determines to be an appropriate allocation to such opportunities. GCM Grosvenor could offer and allocate such overage investment opportunities to any parties in its sole discretion and on such terms and conditions that GCM Grosvenor and such parties agree. There is no assurance that any GCM Grosvenor Fund investor will be granted any such opportunity offered by GCM Grosvenor, even if the investment of a particular GCM Grosvenor Fund in which such investor invests contributed, in whole or in part, to such overage opportunity. GCM Grosvenor will consider various facts and circumstances deemed relevant by it when determining the allocation of overage opportunities. Such factors include, among others, (i) whether a potential overage investor has expressed an interest in evaluating such opportunities; (ii) whether a potential overage investor has a history of participating in such opportunities with GCM Grosvenor; (iii) the size of the interest and opportunity; (iv) the economic terms applicable to such overage investment for such investor and GCM Grosvenor; (v) whether allocating to a potential overage investor will help establish, recognize, strengthen and/or cultivate relationships with an existing or prospective investor; and (vi) such other factors GCM Grosvenor deems relevant under the circumstances. The allocation of overage investment opportunities by GCM Grosvenor sometimes involves a benefit to GCM Grosvenor including, without limitation, management fees, carried interest or performance-based fees or allocations from an overage opportunity. GCM Grosvenor Fund investors or other parties that seek to participate in a potential overage opportunity may not share in any broken deal expenses in the event such opportunity is not consummated.

In certain circumstances, GCM Grosvenor, its affiliates and their respective employees or any designee thereof and other companies, partnerships or vehicles affiliated with GCM Grosvenor may be permitted to co-invest side-by-side with the GCM Grosvenor Funds and may consummate an investment in an investment opportunity otherwise suitable for a GCM Grosvenor Fund.

#### Board and Advisory Committee Seats

Persons designated by GCM Grosvenor serve as GCM Grosvenor's representatives on an advisory committee or member of a board of directors, or participate in an equivalent body, of Underlying Funds or Portfolio Companies (collectively, **GCM Board Representatives**). Consequently, these GCM Board Representatives stand to receive information other investors would not and could potentially control or influence their policies and operations. This creates actual and potential conflicts of interest. For example, there could be a conflict of interest between a GCM Board Representative's duties and responsibilities to the applicable GCM Grosvenor Funds that invest in such Underlying Fund or Portfolio Company and the duties and responsibilities, if any, such GCM Board Representative has to the other investors in such Underlying Fund or Portfolio Company. A GCM Board Representative also has a conflict of interest in discharging such representative's duties and responsibilities in respect of a particular Underlying Fund or Portfolio Company to the extent that multiple GCM Grosvenor Funds invest in such Underlying Fund or Portfolio Company and such GCM Grosvenor Funds themselves have conflicting interests in respect of such Underlying Fund or Portfolio Company. Certain actions of an Underlying Fund or Portfolio Company could be in the interests of one GCM Grosvenor Fund but adverse to the interest of others. For example, GCM Grosvenor Funds often invest in the same Underlying Funds or co-investments at different times and/or under different terms, and therefore have different investment horizons or objectives (e.g., different GCM Grosvenor Funds investing on a primary basis versus on a secondary basis in an Underlying Fund). Among other things, a GCM Board Representative has a conflict in making decisions to extend commitment periods or terms or approve decisions regarding the disposition of Underlying Fund assets in such circumstances. Similarly, GCM Grosvenor Funds could invest, directly or indirectly, in different types of securities of the same issuers as other GCM Grosvenor Funds. To the extent that the GCM Grosvenor Funds hold interests that are different, or more senior, than those held by such other vehicles, accounts, and clients, GCM Grosvenor may be presented with decisions involving circumstances where the interests of such vehicles, accounts and clients are in conflict with those of the GCM Grosvenor Funds. Furthermore, it is possible that the GCM Grosvenor Funds' interests would be subordinated or otherwise adversely affected by virtue of such other GCM Grosvenor Fund's involvement and actions relating to its investment. Such situations give rise to actual and potential conflicts of



interest in respect of GCM Grosvenor or a GCM Board Representative discharging its duties and responsibilities in respect of such Underlying Fund or Portfolio Company. For example, GCM Board Representatives could be asked to vote on acquisition decisions, executive compensation, valuations, restructurings, and the terms of additional financings in respect of a Portfolio Company, which could have a disparate impact on GCM Grosvenor Fund investors in such Portfolio Company. See also *Investments by Other GCM Grosvenor Funds*, herein. GCM Grosvenor has developed protocols for addressing conflicts involving GCM Grosvenor Fund investment decisions where interests between GCM Grosvenor Funds may be adverse.

Certain multi-investor GCM Grosvenor Funds appoint advisory committees, or equivalent bodies, for purposes of GCM Grosvenor's presenting and seeking approval or consent for certain GCM Grosvenor Fund actions or for purposes of generally providing advice and counsel to GCM Grosvenor in connection with actual and potential conflicts of interest and certain other matters relating to GCM Grosvenor Funds. GCM Grosvenor Fund advisory committee members, which are generally representatives of investors in the applicable GCM Grosvenor Fund, are typically authorized to act in the self-interest of the investors which they represent, without fiduciary obligations to any other investors. Such persons typically have an incentive to base their decisions on personal considerations related to the investor they represent rather than on the best interests of the relevant GCM Grosvenor Funds. Consequently, a GCM Grosvenor Fund advisory committee's decision may not itself assure an equitable resolution—at least insofar as investors are concerned—of any conflicts of interest or other issues in question.

#### Principal and Cross Transactions

When permitted by applicable law, the terms of the relevant GCM Grosvenor Fund Documents and the applicable policies and procedures of GCM Grosvenor, certain GCM Grosvenor Funds invest in Portfolio Companies in which GCM Grosvenor or one or more other GCM Grosvenor Funds have an equity, debt or other interest, or engage in investment transactions that could result in such Portfolio Company or other GCM Grosvenor Fund being relieved of obligations or otherwise exiting investments, in a manner which benefits GCM Grosvenor or such other GCM Grosvenor Funds.

GCM Grosvenor could cause certain GCM Grosvenor Funds to engage in transactions with or through GCM Grosvenor. Sometimes, these transactions are referred to as principal transactions. When permitted by applicable law, the terms of the relevant GCM Grosvenor Fund Documents and the applicable policies and procedures of GCM Grosvenor, the GCM Grosvenor Funds may also engage in transactions in which GCM Grosvenor advises both sides of the transaction (cross transactions) and acts as broker for, and may receive a commission from, a GCM Grosvenor Fund on one side of a transaction and a party on the other side of the transaction (agency cross transactions). See also *Transfers of Interests in Underlying Funds*, herein.

There are actual and potential conflicts of interest and/or regulatory restrictions relating to principal, cross and agency cross transactions that could limit GCM Grosvenor's ability to engage in these transactions. GCM Grosvenor will likely have a conflict of interest and responsibilities to the parties in such transactions and has developed policies and procedures in relation to such transactions and conflicts.

#### Transfers of Interests in Underlying Funds

From time to time, to the extent permitted by applicable law, the terms of the relevant GCM Grosvenor Fund Documents and the applicable policies of GCM Grosvenor, GCM Grosvenor determines that it is appropriate for one or more GCM Grosvenor Funds to dispose of, or decrease, their investments in a particular Underlying Fund as of a particular date, while also determining that it is appropriate for one or more other GCM Grosvenor Funds to invest, or increase their investments, in such Underlying Fund as of the same date. GCM Grosvenor will potentially face conflicts of interest in connection with such transactions, including for the consideration offered by, and the obligations of, GCM Grosvenor and the applicable GCM Grosvenor Funds. GCM Grosvenor sometimes is required, under the GCM Grosvenor Funds' Documents, to obtain the consent of a limited partner advisory committee to enter certain of the GCM Grosvenor Funds' potential investments, and the failure of any such advisory committee to grant such consent would prevent the relevant GCM Grosvenor Fund from consummating such investments and could adversely affect such GCM Grosvenor Fund.

In no instance does any party, including GCM Grosvenor or the Investment Manager of any affected Underlying Fund, receive any additional compensation specifically as a result of any such transfer. However, the practice of engaging in transfers could create certain risks for investors in affected GCM Grosvenor Funds. In certain cases, GCM Grosvenor is able to negotiate arrangements with Investment Managers—either at the inception of its relationship with an Investment Manager or on a case-by-case basis after GCM Grosvenor has established such a relationship—that permit a transferee GCM Grosvenor Fund to “stand in the shoes” of a transferor GCM Grosvenor Fund for purposes of determining such business terms as the duration of any lock-up period, the continuation of any performance/incentive compensation loss carryforwards, the applicability of withdrawal charges, etc. GCM Grosvenor generally intends to take advantage, to the fullest extent permitted by law, of the ability of transferee GCM Grosvenor Funds to receive carryover business terms. In certain cases, however, regulatory considerations and/or contractual arrangements prohibit GCM Grosvenor from effecting transactions in which business terms are carried over from the transferor GCM Grosvenor Fund to the transferee GCM Grosvenor Fund.

#### Continuation Funds

The Investment Manager of an Underlying Fund (a Transferring Fund) may determine to engage in a “GP-led secondary” transaction, in which such Transferring Fund sells and transfers all or a portion of certain of its assets to another Underlying Fund managed by the same Investment Manager or an affiliate thereof (a Continuation Fund) and whereby investors in such Transferring Fund may elect to sell all or a portion of their interests in the Transferring Fund or roll all or a portion of such interests into such Continuation Fund. The lead investors (or their representatives) in such Continuation Fund may negotiate the price and terms of such transaction with the Investment Manager of the Transferring Fund and may enforce the purchase agreement on behalf of such Continuation Fund.

In the event that a GCM Grosvenor Fund is an investor in a Transferring Fund and a GCM Grosvenor Fund is an investor in the corresponding Continuation Fund, GCM Grosvenor will have conflicts of interest, including, without limitation, in advising a GCM Grosvenor Fund that is an investor in a Transferring Fund to make an election to sell or roll its interest and in negotiating the terms of any GCM Grosvenor Fund’s investment in such Continuation Fund, including in connection with the purchase price to be paid to the Transferring Fund and the other terms of the overall transaction. For example, a lower price would benefit GCM Grosvenor Funds that invest in a Continuation Fund (but would not benefit GCM Grosvenor Funds that elect to sell their interests in the Transferring Fund) and a higher price would benefit GCM Grosvenor Funds that elect to sell their interests in the Transferring Fund (but not GCM Grosvenor Funds that invest in such Continuation Fund). In addition, to the extent that a GCM Grosvenor Fund elects to sell its interest in the Transferring Fund, such GCM Grosvenor Fund will generally not participate in future gains or losses associated with the investment transferred to the Continuation Fund, and to the extent that a GCM Grosvenor Fund elects to roll its interest into a Continuation Fund or makes a new investment in such Continuation Fund, such GCM Grosvenor Fund will generally participate in such future gains or losses. GCM Grosvenor is not required to make the same sell/roll election for all GCM Grosvenor Funds. For instance, GCM Grosvenor may elect for certain GCM Grosvenor Funds to sell their interests in connection with these transactions, while electing for other GCM Grosvenor Funds to roll their interests into a Continuation Fund or to make new investments into a Continuation Fund, and in making such decision, GCM Grosvenor has certain conflicts of interest (as such decisions may crystallize any carried interest payable and/or may result in an increase to the carried interest or management fees payable). GCM Grosvenor Funds that are “rolling investors” in a Continuation Fund will also have different economic and other terms than GCM Grosvenor Funds that are new investors in such Continuation Fund and GCM Grosvenor may have conflicts of interest in agreeing to such terms.

In the event that GCM Grosvenor or an employee thereof is a lead investor representative or advisory committee member of any Continuation Fund, it may have certain rights that it may exercise on behalf of one or more GCM Grosvenor Funds or investors in such Continuation Fund (which potentially include enforcing any rights on behalf of the Continuation Fund to seek recourse against any Transferring Fund) and may have conflicts of interest as a result, including, with respect to divergent interests among GCM Grosvenor, GCM Grosvenor Funds that are invested in such Continuation Fund (whether as new or rolling investors), and any GCM Grosvenor Funds that elected to sell their interests in such Transferring Fund. GCM Grosvenor may syndicate a portion of any Continuation Fund transaction to one or more co-investors, who may or

may not be GCM Grosvenor Funds. Such syndication may benefit GCM Grosvenor to the extent that it establishes potentially new business relationships with such co-investors or provides additional fee revenue to GCM Grosvenor.

#### Reputational Matters

GCM Grosvenor may have a conflict of interest between acting in what might be the best interest for the GCM Grosvenor Funds or certain employees and reasonably ensuring that GCM Grosvenor avoids publicity or any reputational harm. For example, there may be certain positions which other market participants take, and which may benefit the GCM Grosvenor Funds, but which GCM Grosvenor does not take for the GCM Grosvenor Funds due to GCM Grosvenor's determination that such position may be seen as inappropriate in certain regulatory contexts or otherwise unadvisable. In addition, GCM Grosvenor could decide not to make certain investments, or otherwise take or fail to take certain actions, on behalf of GCM Grosvenor Funds to the extent that such investments, actions, or inactions could subject GCM Grosvenor or its related persons to reputational risk, even if such investments, actions, or inactions would be appropriate or potentially favorable for a GCM Grosvenor Fund. Certain existing or potential GCM Grosvenor Fund investments could require GCM Grosvenor to make public or potentially public disclosures about itself, its business and/or its related persons that GCM Grosvenor may not want to make public, and GCM Grosvenor may therefore determine not to make such investment or to seek a potentially premature exit from such investment for a GCM Grosvenor Fund in order to avoid such public disclosure.

#### Public Company

Because GCM Grosvenor Inc. (GCMG) is a public company, the officers, directors, members, managers and employees of GCM Grosvenor may have duties or incentives relating to the interests of GCMG's shareholders that may differ from, and could conflict with, the interests of the GCM Grosvenor Funds.

#### GCM Grosvenor Fund Investor Interests

Investors in GCM Grosvenor Funds could have conflicting regulatory, legal, investment, tax, and other interests with respect to their investments in such GCM Grosvenor Funds relative to the interests of other investors in GCM Grosvenor Funds that participate in the same investments. The conflicting interests of individual GCM Grosvenor Fund investors with respect to other investors in such GCM Grosvenor Fund and relative to investors in other GCM Grosvenor Funds may relate to or arise from, among other things, the nature and tax profile of the investors themselves, the nature of investments made by such GCM Grosvenor Fund and such other GCM Grosvenor Funds, the structuring or the acquisition of investments and the timing of disposition of investments, and internal investment policies of the GCM Grosvenor Fund investors and their target risk/return profiles. Consequently, conflicts of interest may arise in connection with the decisions made by GCM Grosvenor that may be more beneficial for one investor than for another investor, especially with respect to an investor's individual tax situation. Since GCM Grosvenor makes meaningful capital commitments to certain GCM Grosvenor Funds, conflicts may arise between its own interests and those of the GCM Grosvenor Fund investors in relation to such decisions, and similar conflicts may arise if GCM Grosvenor allocates carried interest or performance-based fees or allocation distributions to one or more third parties, including a GCM Grosvenor Fund investor. In selecting and structuring investments appropriate for the GCM Grosvenor Funds, GCM Grosvenor will typically consider the investment and other objectives of the GCM Grosvenor Funds and their investors as a whole, not the investment or other objectives of any investor individually. Additionally, GCM Grosvenor in its sole discretion in certain circumstances, could elect to exclude certain investors from particular investments, including participation in New Issues as such term is defined under the rules of the U.S. Financial Industry Regulatory Authority, for legal or regulatory reasons applicable to any such investment, in which case non-excluded investors in the applicable GCM Grosvenor Fund may be allocated a greater proportionate interest in such investment. Similarly, GCM Grosvenor may, in its sole discretion for any reason including for convenience or otherwise, elect for a GCM Grosvenor Fund to be treated as restricted from participating in New Issues even though some or all of the investors in such GCM Grosvenor Fund are unrestricted, which would result in such GCM Grosvenor Fund being allocated less interest in New Issues investments than it otherwise would receive had GCM elected for such GCM Grosvenor Fund to be treated as unrestricted.

Not all investors monitor their investments in vehicles such as the GCM Grosvenor Funds in the same manner. GCM Grosvenor also has a conflict of interest in determining whether to disclose certain information to certain, but not other, investors. For example, certain investors request from GCM Grosvenor, periodically or contractually, information regarding the GCM Grosvenor Funds and/or has yet to be set forth in the reporting and other information required to be delivered to all investors of the relevant GCM Grosvenor Fund. In such circumstances, GCM Grosvenor often provides such information to such investor, but providing such information to one or more investors does not mean GCM Grosvenor will be obligated to affirmatively provide such information to all investors. As a result, certain investors could have more information about the GCM Grosvenor Funds than other investors, and GCM Grosvenor will have no duty to reasonably ensure investors seek, obtain, or process the same information, or to reasonably ensure that investors with more information about the GCM Grosvenor Funds not use such information for purposes of trading, either in interests of a GCM Grosvenor Fund or otherwise.

For certain GCM Grosvenor Funds, GCM Grosvenor may have the discretion to determine the amount of true-up contributions (and interest thereon) required to be made by subsequent investors upon admission or to determine the valuation as of which such subsequent investors will participate in existing investments of such GCM Grosvenor Funds. GCM Grosvenor has a conflict of interest in making such determinations as GCM Grosvenor may be incentivized to increase the fees it receives by offering more attractive subscription terms to subsequent investors in order to entice them to invest, to the detriment of earlier investors.

#### Series of Interests

Certain GCM Grosvenor Funds may have multiple series of interests with different economic and investment terms and with management fees and/or carried interest calculated, determined and tracked separately on a series-by-series basis. As a result, GCM Grosvenor has a conflict of interest associated with managing these GCM Grosvenor Funds as certain decisions may impact the management fees and carried interest it receives (including decisions relating to the categorization of certain investments as attributable to a particular series, the allocation of expenses and fee offsets among series, and recycling proceeds generated from investments associated with one series into investments of another series).

#### Treatment of the GCM Grosvenor Funds Collectively for Certain Transactions

Although each investment in an Underlying Fund by a GCM Grosvenor Fund is a distinct transaction, in certain cases Underlying Funds agree to treat all investments made by GCM Grosvenor Funds as if they had been made by the same investor for purposes of applying certain business terms, such as “gates.” GCM Grosvenor enters these types of arrangements because it believes that, in most cases, they can be expected to benefit all participating GCM Grosvenor Funds. For example, under arrangements such as these, certain GCM Grosvenor Funds could make complete withdrawals or redemptions from an Underlying Fund than it otherwise would have been permitted to make if other GCM Grosvenor Funds do not withdraw or redeem, as the former GCM Grosvenor Funds could make use of the withdrawal or redemption capacity allocable to the GCM Grosvenor Funds on a collective basis. However, these arrangements also have certain drawbacks. For example, if one GCM Grosvenor Fund were to withdraw or redeem from an Underlying Fund (e.g., because such GCM Grosvenor Fund received significant redemption requests, determined to rebalance its portfolio or otherwise requires liquidity), its withdrawal or redemption could reduce withdrawal or redemption capacity for other GCM Grosvenor Funds. In this example, depending on the actual terms of the applicable gate, a particular GCM Grosvenor Fund would be entitled to receive less withdrawal or redemption proceeds in respect of a particular withdrawal or redemption than would otherwise be the case.

In certain cases, we can negotiate favorable investment terms with the Investment Managers of Underlying Funds, but often on the condition that our accounts, which could include GCM Grosvenor proprietary accounts, collectively maintain an aggregate minimum level of invested capital in each Underlying Fund or group of Underlying Funds managed by the same Investment Manager. This may create a conflict of interest in determining how much a GCM Grosvenor Fund should invest in an Underlying Fund, or, if permissible, redeem from a given Underlying Fund.

Although GCM Grosvenor enters into the types of arrangements outlined above because it believes they generally can be expected to benefit all GCM Grosvenor Funds, there may be particular facts and circumstances under which certain GCM Grosvenor Funds would receive more favorable treatment had they not participated in such arrangements.

#### Investments in Investment Managers

Certain GCM Grosvenor Funds and/or GCM Grosvenor and its related persons could, for their own accounts (i) invest in Investment Managers and in investment vehicles or accounts managed or advised by such firms; (ii) enter into fee-, revenue-, and/or profit-sharing agreements or other arrangements with Investment Managers and/or with investment vehicles or accounts managed or advised by such firms; and/or (iii) operate and/or manage Investment Managers. Investments in Investment Managers may be made in exchange for seeding or otherwise funding such firms' operations. In connection with such seed investments, GCM Grosvenor may (i) receive economic participation in the form of profit sharing, equity interests, or other contractual means of participating in the business of the Investment Managers; and (ii) a variety of other rights and entitlements with respect to such Investment Managers or their Underlying Funds, such as investing on terms that are more favorable than those typically offered by such Investment Managers.

GCM Grosvenor and its related persons may from time to time invest, for their respective proprietary accounts, in early-stage or emerging Underlying Funds, including GCM Grosvenor-Administered Funds, as defined herein, at times when investments in such Underlying Funds would not be appropriate for the GCM Grosvenor Funds. If GCM Grosvenor should subsequently determine, in accordance with its then current criteria applicable to the selection of Underlying Funds, that such an Underlying Fund is an appropriate investment for the GCM Grosvenor Funds, GCM Grosvenor and its related persons will not be required to restructure the terms of their original investment in such Underlying Fund in order to make investments in such Underlying Fund available to the GCM Grosvenor Funds even if, for regulatory or other reasons, the GCM Grosvenor Funds would be, or, in GCM Grosvenor's reasonable determination, could be, precluded from investing in such Underlying Fund in the absence of such restructuring.

Other than as expressly provided by the relevant GCM Grosvenor Fund Documents, GCM Grosvenor and its related persons have no obligation to make investment opportunities in other investment management firms available to GCM Grosvenor Funds or any GCM Grosvenor Fund investor. Because of certain legal restrictions imposed on certain GCM Grosvenor Funds or due to other considerations, GCM Grosvenor in certain cases can be restricted from causing such GCM Grosvenor Funds to invest with Investment Managers with which GCM Grosvenor or other GCM Grosvenor Funds have a Project Agreement or in which GCM Grosvenor, one or more of its related persons and/or one or more other GCM Grosvenor Funds invest.

GCM Grosvenor's or the GCM Grosvenor Funds' interest in an Investment Manager as described herein could create a greater incentive for GCM Grosvenor to invest on behalf of a GCM Grosvenor Fund in such Investment Manager's Underlying Fund than would exist absent GCM Grosvenor's or other GCM Grosvenor Funds' economic interest in such Investment Manager. If a GCM Grosvenor Fund does invest with Investment Managers with which GCM Grosvenor has Project Agreements, this likely will result in additional compensation to GCM Grosvenor or one or more of the other GCM Grosvenor Funds. Except as otherwise disclosed, the investing GCM Grosvenor Fund and GCM Grosvenor Fund investors will not receive the benefit of the additional compensation arrangements of GCM Grosvenor or such other GCM Grosvenor Funds.

GCM Grosvenor also has a conflict of interest in determining whether to cause GCM Grosvenor Funds to withdraw capital from an Investment Manager's Underlying Fund because GCM Grosvenor has a financial incentive not to exercise such right—even if it otherwise believes that a withdrawal is appropriate under the circumstances—because by reducing the capital under the management of such Investment Manager could reduce the fees, revenues or profits earned by such Investment Manager and thus reduce the amount of such fees, revenues or profits to which GCM Grosvenor or GCM Grosvenor Funds are entitled under the Project Agreement relating to such Underlying Fund.

#### Follow-On Investments

Certain Underlying Funds employ a long-term approach, whereby investments in Portfolio Companies are typically held for a number of years, and there could be follow-on investments in Portfolio Companies in which other GCM Grosvenor Funds

and/or Underlying Funds sponsored by the same Investment Manager have previously made investments. Such follow-on investments in existing Portfolio Companies may be attractive investment opportunities, and sometimes dilute the earlier investments made by such other GCM Grosvenor Funds and/or Underlying Funds if such other GCM Grosvenor Fund and/or Underlying Funds either do not have or do not exercise anti-dilution rights in respect of such Portfolio Companies. Such dilution could be extreme if, without the follow-on investment, the Portfolio Company would suffer significant negative consequences or fail, so that the terms on which such follow-on investment is made may be highly beneficial to the subsequent investors.

GCM Grosvenor may also allocate follow-on opportunities to GCM Grosvenor Funds that did not participate in the original investments and GCM Grosvenor has a conflict of interest in making such decisions as GCM Grosvenor may receive greater economic benefits as a result thereof and such follow-on investments may support, protect, or enhance the investments previously made by other GCM Grosvenor Funds.

Follow-on investments in a Portfolio Company could be made either at a higher or a lower valuation than prior investments that were made in such Portfolio Company. When subsequent investments are “down financing rounds,” conflicts can be exacerbated, as the down financing rounds will often result in earlier investment value being substantially degraded due to the deterioration of the financial condition of the Portfolio Company.

#### Investments by Other GCM Grosvenor Funds

In addition to follow-on investments, GCM Grosvenor Funds make debt, equity, or other investments in companies in which GCM Grosvenor or one or more other GCM Grosvenor Funds also invest, either directly or through an Underlying Fund. Such investments by a GCM Grosvenor Fund can be made prior to the investment by other GCM Grosvenor Funds, concurrently as part of the same financing plan or after the investment by such GCM Grosvenor Fund. Any such investment by a GCM Grosvenor Fund could consist of securities, loans, or other investments of a different class or type from those in which other GCM Grosvenor Funds are invested and that could entitle the holder of such investments to greater control or to rights that otherwise differ from those to which such GCM Grosvenor Fund is entitled. In connection with any such investments, the GCM Grosvenor Funds could have conflicting interests and investment objectives, and any difference in the terms of the investments held by such parties may raise additional conflicts of interest for the GCM Grosvenor Funds and GCM Grosvenor.

#### Investments in Other GCM Grosvenor Funds

From time to time, to the extent permitted by applicable law, the terms of the relevant GCM Grosvenor Fund Documents and the applicable policies of GCM Grosvenor, a GCM Grosvenor Fund could acquire investments, on a secondary basis or otherwise, in funds for which GCM Grosvenor serves as the promoter, general partner, investment manager, or in a similar capacity, whether from such other GCM Grosvenor Fund, from GCM Grosvenor or from another party. If a GCM Grosvenor Fund purchases an investment from or securities in such other GCM Grosvenor Fund, GCM Grosvenor or a client of GCM Grosvenor, conflicts of interest could arise, and there can be no assurance that the interests of one GCM Grosvenor Fund would not be subordinated to those of the other parties or that GCM Grosvenor will resolve such conflicts of interest in a manner that is equitable or favorable to all parties involved.

If a GCM Grosvenor Fund were an investor in another investment fund established by GCM Grosvenor, GCM Grosvenor has conflicting division of loyalties and responsibilities regarding such GCM Grosvenor Fund and such other investment fund, and certain other conflicts of interest would be inherent in the situation. In certain cases, a GCM Grosvenor Fund acquires secondary investments from other funds established, managed, or advised by GCM Grosvenor and similar conflicts of interest would arise. In addition, if a GCM Grosvenor Fund purchases an investment from a client of GCM Grosvenor, conflicts of interest may arise due to GCM Grosvenor’s relationship with such client, and there can be no assurance that the interests of the GCM Grosvenor Fund would not be subordinated to those of such client.

#### Investments in GCM Grosvenor-Administered Underlying Funds and GCM Strategic Entities

To the extent permitted by applicable law, the terms of the relevant GCM Grosvenor Fund Documents and the applicable policies of GCM Grosvenor, GCM Grosvenor and its related persons will from time to time invest, for their respective



proprietary accounts, in Underlying Funds that GCM Grosvenor administers, but does not manage, and from which GCM Grosvenor receives administrative or similar fees (**GCM Grosvenor-Administered Funds**). Such investments may be made at times when investments in the GCM Grosvenor-Administered Funds are not appropriate for the GCM Grosvenor Funds. If GCM Grosvenor should subsequently determine, in accordance with its then current criteria applicable to the selection of the Underlying Funds, that such a GCM Grosvenor-Administered Fund is an appropriate investment for a GCM Grosvenor Fund, GCM Grosvenor may determine to cause such GCM Grosvenor Fund to invest in such GCM Grosvenor-Administered Fund. GCM Grosvenor will not be required to reduce, eliminate, or restructure the administrative or similar fees it receives from such GCM Grosvenor-Administered Fund in response to such GCM Grosvenor Fund's investment or in order to make investments in such GCM Grosvenor-Administered Fund available to the GCM Grosvenor Funds, even if, for regulatory or other reasons, the GCM Grosvenor Funds would be, or in GCM Grosvenor's reasonable determination may be, precluded from investing in such GCM Grosvenor-Administered Fund in the absence of such fee reduction, elimination or restructuring.

GCM Grosvenor and its related persons will from time to time invest, for their respective proprietary accounts, in Underlying Funds through one or more collective entities managed or advised by GCM Grosvenor (each, a **GCM Strategic Entity**) for legal, tax, regulatory, strategic, or other applicable reasons to facilitate certain investments. GCM Grosvenor has an incentive to allocate the GCM Grosvenor Fund's assets to one or more GCM Strategic Entities since GCM Grosvenor has a direct or indirect financial interest in the success of such funds. Further, GCM Grosvenor could cause one or more GCM Grosvenor Funds to invest in a GCM Strategic Entity, including in a GCM Strategic Entity in which such GCM Grosvenor Funds are already invested. In certain cases, a GCM Strategic Entity could be established to serve as investment vehicles not only for GCM Grosvenor Funds, but also for outside investors. GCM Grosvenor will not be obligated to make investment opportunities in GCM Strategic Entities available to the GCM Grosvenor Funds or GCM Grosvenor Fund investors. GCM Grosvenor generally does not expect to receive any additional compensation for investments made by the GCM Grosvenor Funds in GCM Strategic Entities though GCM Grosvenor may have an incentive to invest the assets of the GCM Grosvenor Funds in one or more GCM Strategic Entities, including as a means of helping to establish and promote such GCM Strategic Entity, which may subsequently serve as a means of attracting fee-paying capital for GCM Grosvenor from outside investors. In certain instances, GCM Grosvenor may limit a GCM Grosvenor Fund's non-fee paying exposure to a particular GCM Strategic Entity, whereby such exposure may be less than what may be deemed optimal from a portfolio management perspective. To the extent GCM Grosvenor limits non-fee paying exposure to a particular GCM Strategic Entity, GCM Grosvenor has a conflict in determining where to set such limitation. If required, GCM Grosvenor will make appropriate disclosure to and, if required by law or the GCM Grosvenor Fund Documents, receive consent from GCM Grosvenor Fund investors.

#### Ability to Redeem from Investments in which GCM Grosvenor Funds Invest

Certain GCM Grosvenor Funds could want to redeem from an Underlying Fund at the same time that other GCM Grosvenor Funds or GCM Grosvenor wants to redeem from such Underlying Fund. The ability to redeem from any Underlying Fund could differ materially from investor to investor due to the timing of their respective investments in such Underlying Fund, the different classes of interests in such Underlying Fund in which they invest, special arrangements negotiated with the Investment Manager of such Underlying Fund and other factors. The reasons why certain GCM Grosvenor Funds or GCM Grosvenor may wish to or be compelled to withdraw or redeem from a particular Underlying Fund as of a particular date also may differ materially from the reasons why other GCM Grosvenor Funds or GCM Grosvenor may wish to or be compelled to redeem from such Underlying Fund as of such date. Redemptions or contributions/subscriptions by GCM Grosvenor Funds or GCM Grosvenor from or to a particular Underlying Fund could in certain cases adversely affect other GCM Grosvenor Funds that are invested in such Underlying Fund. Significant redemptions or contributions/subscriptions could, for example, cause portfolio damage, portfolio dilution, depletion of liquidity, costly portfolio rebalancing, imposition of redemption gates and under-allocation to certain positions. It could also cause an Underlying Fund to make in-kind, as opposed to cash, distributions. In cases such as these, GCM Grosvenor has a conflict of interest in making redemptions or contributions/subscriptions for the GCM Grosvenor Funds. This conflict of interest could be exacerbated in situations where one or more GCM Grosvenor Fund or GCM Grosvenor redeem from a particular Underlying Fund on a date as of which one or more other GCM Grosvenor Funds are not able to do so. For example, certain GCM Grosvenor Funds or GCM Grosvenor



could have invested in a particular Underlying Fund pursuant to a lock-up that has expired, whereas one or more other GCM Grosvenor Funds may still be subject to lock-ups in connection with their investments in such Underlying Fund because they either:

- purchased their interests in such Underlying Fund after the time that certain other GCM Grosvenor Funds or GCM Grosvenor purchased their interests in such Underlying Fund
- opted for liquidity classes in such Underlying Fund that are different from the liquidity classes owned by such other GCM Grosvenor Funds or GCM Grosvenor

In addition, certain redemption gates are, for example, calculated based on redemptions during an entire quarter or other period. Accordingly, if certain GCM Grosvenor Funds or GCM Grosvenor redeem during a quarter, this could prevent one or more other GCM Grosvenor Funds from redeeming during that period, whereas the earlier redemptions are unaffected.

Because the ability to redeem from any Underlying Fund may differ materially from investor to investor due to the timing of their respective investments in such Underlying Fund, the different classes of interests in such Underlying Fund in which they invest, special arrangements negotiated with the Investment Manager of such Underlying Fund and/or other factors, certain GCM Grosvenor Funds (and/or GCM Grosvenor and its related persons) may have redemption rights that differ from those of other GCM Grosvenor Funds, and the exercise of such rights could have a materially adverse effect on such other GCM Grosvenor Funds.

#### Investments in Underlying Funds Managed by Clients

Certain of the Underlying Funds in which the GCM Grosvenor Funds invest may be managed by Investment Managers owned in whole or in part by GCM Grosvenor clients or may hold notes or other securities issued by such clients, and GCM Grosvenor may be aware of such holding. Such relationship could compromise GCM Grosvenor's objectivity in determining whether to invest in such Underlying Funds. GCM Grosvenor and the GCM Grosvenor Funds will not be precluded from investing in such client-managed funds.

#### Investments by Underlying Funds in Securities Issued by a GCM Grosvenor Affiliate

Certain of the Underlying Funds in which the GCM Grosvenor Funds invest also invest in various parts of GCM Grosvenor's or its Affiliates' capital structures, including in GCMG's public shares or in notes or other debt or equity securities issued from time to time by GCM Grosvenor or its Affiliates. Transactions entered into and/or investments made by such Underlying Funds may, directly or indirectly, affect GCM Grosvenor, the performance of the GCM Grosvenor Funds and the value of the debt or equity securities issued by GCM Grosvenor or its Affiliates, including GCMG's public shares. The fact that certain of the Underlying Funds invest in various parts of GCM Grosvenor's or its Affiliates' capital structures creates conflicts of interests, including conflicts that potentially compromise GCM Grosvenor's objectivity in determining whether to invest in or, where possible, redeem from such Underlying Funds.

#### Stapled Investments and Secondaries

In order to participate in a particular investment opportunity or otherwise, GCM Grosvenor Funds may be required to make separate commitments to another Underlying Fund or investment often managed by the Investment Manager or sponsor whose consent is required for the GCM Grosvenor Fund to participate in the investment opportunity. Such requirements are sometimes communicated verbally and not documented in writing. In instances where this occurs, GCM Grosvenor will consider the particular investment opportunity together with the required separate commitment to another Underlying Fund or investment in determining whether to pursue or forego the investment opportunity. Furthermore, such new, current, or future Underlying Fund or investment that is "stapled" to the particular investment opportunity may prove to be a less attractive opportunity than the opportunity chosen by the GCM Grosvenor Fund as part of its own independent investment strategy and may not produce positive investment returns. Ultimately, such a separate commitment requirement, if present, may negatively, or positively, impact the GCM Grosvenor Fund's returns. Additionally, such separate commitment requirement may be made by a different GCM Grosvenor Fund than the one participating in the original investment opportunity, which would result in additional conflicts.

#### Investment Managers and Co-Investment Sponsors

The Investment Managers and sponsors of co-investment opportunities are likely to be subject to many of the same types of conflicts of interest to which GCM Grosvenor is subject. For example, such Investment Managers and sponsors are involved in other business ventures, including the management and/or administration of other investment funds and accounts whose investment objectives are identical or substantially like those of the Underlying Funds. These Underlying Funds will not share in the risks or rewards of such other ventures. In addition, such other ventures may compete with the Underlying Funds for the time and attention of the relevant sponsors and might create additional conflicts of interest and/or raise other special considerations.

To the extent that the Investment Managers and sponsors of co-investment opportunities also manage other accounts, including other accounts in which they could have an interest, they could have financial and other incentives to favor such accounts over the Underlying Fund. Investment Managers and co-investment sponsors typically must allocate to a limited number of co-investment opportunities, and the scarcity of such opportunities may exacerbate such Investment Managers' and sponsors' conflicts of interest in determining whether to allocate these investments to the GCM Grosvenor Funds, in whole or in part, and on what terms.

In addition, in connection with investing for other accounts, Investment Managers and co-investment sponsors may make use of information obtained by them in connection with the GCM Grosvenor Fund's investments. They will have no obligation to compensate the GCM Grosvenor Funds for their receipt of such information or to account to the GCM Grosvenor Funds for any profits earned from their use of such information.

Investment Managers and co-investment sponsors determine the value of the illiquid investments in a variety of different ways and have considerable discretion in doing so. Investment Managers and sponsors could have conflicts of interest in arriving at such valuations. For example, such valuations could affect the amount of advisory compensation received by such Investment Managers and sponsors, and this may in turn affect the performance of the GCM Grosvenor Funds. As GCM Grosvenor will generally rely on the valuations provided by such Investment Managers and sponsors when determining valuations for the GCM Grosvenor Funds, erroneous valuations by such Investment Managers or sponsors could have an adverse impact on the GCM Grosvenor Funds (see *Valuation Matters*, herein). In addition, if GCM Grosvenor has a GCM Board Representative on a limited partner advisory committee or similar board of an Underlying Fund or co-investment, GCM Grosvenor also has a conflict of interest in determining valuations for such Underlying Fund or co-investment to the extent such valuations indirectly improve the performance of the GCM Grosvenor Funds.

#### Relationships with Service Providers, Investment Managers, and Consulting Firms

Certain persons employed by or otherwise associated with GCM Grosvenor are related to, or otherwise have business, personal, political, financial, or other relationships with, persons employed by or otherwise associated with i) service providers engaged for GCM Grosvenor Funds; ii) Investment Managers of existing or prospective Underlying Funds or other investments and/or iii) investment consulting firms engaged by one or more existing or prospective GCM Grosvenor Fund investors.

In providing services to the GCM Grosvenor Funds, GCM Grosvenor could face conflicts of interest in selecting service providers for the GCM Grosvenor Funds. Certain advisors and other service providers, or their affiliates, including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, investment or commercial banking firms and certain other advisors and agents, to the GCM Grosvenor Funds may also provide goods or services to or have business, personal, political, financial, or other relationships with GCM Grosvenor. Such advisors and service providers may be investors in certain GCM Grosvenor Funds, affiliates of GCM Grosvenor, sources of investment opportunities or investors, or counterparties therewith. These relationships could influence GCM Grosvenor in deciding whether to select or recommend such a service provider to perform services for a particular GCM Grosvenor Fund, the cost of which will generally be borne directly or indirectly by such GCM Grosvenor Fund. Notwithstanding the foregoing, investment transactions for the GCM Grosvenor Funds that require the use of a service provider will generally be allocated to service providers on the basis of GCM Grosvenor's judgment as to seeking to obtain best execution, the evaluation of which generally includes, among other considerations, such service provider's provision of certain other services or items that GCM Grosvenor believes to be of benefit to the GCM Grosvenor Fund. In certain

circumstances, advisors and service providers, or their affiliates, may charge different rates or have different arrangements for services provided to GCM Grosvenor as compared to services provided to the GCM Grosvenor Funds, which may result in more favorable rates or arrangements than those payable by the GCM Grosvenor Funds and may create an incentive for GCM Grosvenor to select such advisor or for such service provider to provide services to one or more GCM Grosvenor Funds.

In cases where persons employed by or otherwise associated with GCM Grosvenor have relationships with persons employed by or otherwise associated with Investment Managers of existing or prospective Underlying Funds or other third parties that provide or contemplate providing services to us and/or one or more GCM Grosvenor Funds, such GCM Grosvenor persons have an incentive to base their decisions, including decisions to hire or to not terminate, on personal considerations rather than on the best interests of the affected GCM Grosvenor Funds. GCM Grosvenor, however, monitors relationships of these types with a view to determining whether there is a reasonable likelihood that such persons will base their decisions on personal considerations rather than on the best interests of the affected GCM Grosvenor Funds and will take appropriate action and may ask an employee to recuse themselves from certain decisions, if GCM Grosvenor determines that such a reasonable likelihood exists.

From time to time, GCM Grosvenor personnel attend or speak at conferences and programs for potential investors interested in investing in funds. The conferences are sometimes sponsored by investment firms that either provide services to the GCM Grosvenor Funds or have a relationship with GCM Grosvenor. Through such capital introduction events, prospective investors in the GCM Grosvenor Funds can meet with GCM Grosvenor. However, such events and other services could influence GCM Grosvenor in deciding whether to do business with or employ the services of such investment firms.

GCM Grosvenor may have or may develop relationships with Portfolio Companies, in which the GCM Grosvenor Funds make direct or indirect investments, and their representatives. Such relationships include serving as a member of the board of directors or advisory committee of a Portfolio Company, seeking a buyer or equity investor on behalf of such Portfolio Company, and advising such Portfolio Company as to appropriate candidates, other than the GCM Grosvenor Funds, for such acquisition or investment. Such persons employed by or otherwise associated with GCM Grosvenor may have an incentive to base their decisions on personal considerations rather than on the best interests of the affected GCM Grosvenor Funds.

Persons employed by or otherwise associated with consulting firms have an incentive to select or recommend GCM Grosvenor as a prospective manager of the assets of clients of such consulting firms and/or recommend that such clients continue to retain GCM Grosvenor. GCM Grosvenor from time to time enters arrangements with consulting firms that represent existing and prospective clients, pursuant to which such consulting firms provide GCM Grosvenor certain performance or other data on the alternative investment industry. GCM Grosvenor may compensate such consulting firms for such services on an annual flat-fee or other basis. GCM Grosvenor requires that any consulting firm that provides services to GCM Grosvenor for compensation disclose that fact to clients to which it recommends GCM Grosvenor.

#### Gifts, Meals, and Entertainment

Persons employed by or otherwise associated with GCM Grosvenor sometimes receive gifts, meals, or entertainment from current or prospective service providers of GCM Grosvenor or the GCM Grosvenor Funds, including, existing or potential Investment Managers. GCM Grosvenor maintains policies and procedures that it believes are reasonably designed to preserve its objectivity with respect to the selection, retention, and termination of service providers, notwithstanding the receipt of gifts, meals, and/or entertainment by its personnel from such service providers. However, notwithstanding these policies and procedures, to the extent that employees of GCM Grosvenor or its related persons receive gifts, meals, or entertainment from a service provider or prospective service provider, such individual has an incentive to seek to cause GCM Grosvenor or the GCM Grosvenor Funds to enter into a business relationship with, or to sustain or expand an existing business relationship with, such service provider even if doing so is not in the best interests of the GCM Grosvenor Funds.

GCM Grosvenor from time to time provides meals and entertainment to, or contributes to events sponsored by, persons employed by or otherwise associated with existing or prospective Investment Managers, consultants, financial advisers,

clients, and prospective clients, which sometimes include investors in the GCM Grosvenor Funds. In certain cases, GCM Grosvenor provides such contributions, meals, and entertainment to clients or prospective clients at the request of consultants, financial planners or other third parties. It is possible that such contributions and providing meals and entertainment to such persons could affect their decision-making responsibilities.

#### Charitable and Philanthropic Activities

GCM Grosvenor and persons employed by or otherwise associated with GCM Grosvenor engage in philanthropic activities through contributions of their time and/or financial resources to charitable organizations. Investment Managers, service providers, investors in the GCM Grosvenor Funds, consultants, and financial advisors to prospective and existing investors in the GCM Grosvenor Funds and the respective principals of the foregoing may engage in similar philanthropic activities. GCM Grosvenor and its related persons, on the one hand, and such other entities and their principals, on the other hand, from time to time ask each other to participate in their respective philanthropic activities. It is GCM Grosvenor's policy that any such participation or lack thereof will not be a factor in the investment management process; however, such charitable and philanthropic activities could create actual and potential conflicts of interest.

#### Engagement in Political Activities Conflict

GCM Grosvenor and some of its employees have personal relationships with elected and non-elected government officials and sometimes engage in political activities, which include making contributions to certain political figures or organizations, coordinating and soliciting on behalf of a political figure or organization, or volunteering on behalf of a campaign committee. GCM Grosvenor requires employees to obtain pre-approval from the Firm's Legal and Compliance Department prior to engaging in these political activities. As possible, the Firm's Legal and Compliance Department monitors employee political activities. While GCM Grosvenor allows employees to engage in such political activities, GCM Grosvenor has policies and procedures in place that seek to prevent violating applicable rules and regulations. Furthermore, GCM Grosvenor is mindful when permitting employees to engage in political activities that could create actual or potential conflicts of interest or may not be in the best interest of the GCM Grosvenor Funds. GCM Grosvenor can and will make the determination not to seek or pursue business in a particular state or local jurisdiction to avoid any actual or perceived conflict.

#### Valuation Matters

The fair value of investments or of property received in exchange for any of GCM Grosvenor Fund investments will be determined by GCM Grosvenor in accordance with its policies and procedures and the relevant GCM Grosvenor Fund Documents. Accordingly, the carrying value of an investment may not reflect the price at which it could be sold in the market, and the difference between the carrying value and the ultimate sales price could be material. In addition, GCM Grosvenor's objectivity in determining valuations, whether at the GCM Grosvenor Fund or the Underlying Fund level, could be qualified by GCM Grosvenor's incentive to present positive investment results. The valuation of investments will also affect the dilution of existing investors, the amount and timing of GCM Grosvenor's carried interest or performance-based fees or allocations and, in many circumstances, the amount of management fees payable to GCM Grosvenor. The valuation of investments could also affect the ability of GCM Grosvenor to raise successor funds to one or more GCM Grosvenor Funds. As a result, there are circumstances where GCM Grosvenor is incentivized to determine valuations that are higher than the actual fair value of investments.

In certain circumstances, GCM Grosvenor may revalue a GCM Grosvenor Fund's investments in connection with a subsequent closing in the event of a material change or significant event relating to such investments between their acquisition and the subsequent closing. Existing investors in such GCM Grosvenor would be diluted less to the extent that a higher value is assigned to such investments and would be diluted more to the extent that a lower value is assigned to such investments. GCM Grosvenor has a conflict of interest in determining whether to assign a higher value to such investments, since that may be a disincentive to new investors subscribing to the GCM Grosvenor Fund. GCM Grosvenor may exercise, or elect not to exercise, this discretion and may also exercise it in a manner which may not accurately reflect the value of the GCM Grosvenor Fund's assets, at a time when markets are depressed, or in a manner which is less beneficial to existing

investors in such GCM Grosvenor Fund. In any such event, the interests of the investors admitted at, or prior to, the subsequent closing may be adversely affected.

#### Brokerage and Research Services; “Soft Dollars”

GCM Grosvenor may in the future select service providers, including affiliates of GCM Grosvenor, that furnish GCM Grosvenor with proprietary or third-party brokerage and research services that provide, in GCM Grosvenor’s view, appropriate assistance to GCM Grosvenor in its investment advisory process. GCM Grosvenor may pay for such brokerage and research services with “soft” or commission dollars.

#### Trade and Clerical Errors

Pursuant to the standard of care provisions of the GCM Grosvenor Fund Documents, GCM Grosvenor will reimburse a GCM Grosvenor Fund for losses sustained by such GCM Grosvenor Fund because of any trade or clerical error that is caused by GCM Grosvenor’s failure to adhere to the standard of care set forth in such provisions. Subject to its fiduciary obligations, GCM Grosvenor will determine: (i) whether any trade or clerical error is required to be reimbursed in accordance with such standard of care provisions; and (ii) if so, the extent of the loss that has been incurred by the relevant GCM Grosvenor Fund. GCM Grosvenor has an inherent conflict of interest with respect to determining whether a trade or clerical error is required to be reimbursed in accordance with the applicable standard of care provisions and with respect to determining the extent of the loss that has been incurred by the relevant GCM Grosvenor Fund.

If a trade or clerical error occurs other than because of GCM Grosvenor’s failure to adhere to the applicable standard of care, GCM Grosvenor, in its sole discretion, reserves the right to reimburse the relevant GCM Grosvenor Fund for any losses sustained by such GCM Grosvenor Fund because of such trade or clerical error. GCM Grosvenor’s reimbursement of a GCM Grosvenor Fund for a trade or clerical error in such a situation will not constitute a waiver of GCM Grosvenor’s general policy to cause such GCM Grosvenor Fund to bear the losses associated with other trade or clerical errors that occur other than because of our failure to adhere to the applicable standard of care. Any net gain resulting from trade or clerical errors will be for the benefit of the relevant GCM Grosvenor Fund and will not be retained by GCM Grosvenor.

Subject to the considerations set forth above, GCM Grosvenor is under no obligation to reimburse any GCM Grosvenor Fund for any errors or mistakes made by GCM Grosvenor, its employees or its agents with respect to placing or executing trades for such GCM Grosvenor Fund or for any other administrative or clerical errors or mistakes made by the foregoing.

#### Certain Disclosure Issues

GCM Grosvenor could have a conflict of interest in determining whether to disclose certain information not otherwise required to be disclosed by the relevant GCM Grosvenor Fund Documents, applicable laws, or regulations concerning GCM Grosvenor to existing or prospective investors. In certain cases, GCM Grosvenor may conclude that such disclosure could be damaging to its business, which would give GCM Grosvenor an incentive to determine that such information is not material and need not be disclosed to investors or prospective investors even though it might be of interest to them.

In addition, GCM Grosvenor sometimes possesses material non-public information or other confidential proprietary information that effectively limits the ability of certain GCM Grosvenor Funds to make certain investments or dispose of certain investments until such time as the information became public or is deemed no longer material to preclude GCM Grosvenor Funds from participating in, or disposing of, an investment. Disclosure of such information to GCM Grosvenor’s personnel responsible for the affairs of certain GCM Grosvenor Funds will be on a business need to know basis only, and the GCM Grosvenor Funds might not be free to act upon any such information. Additionally, there could be circumstances in which one or more of certain individuals associated with GCM Grosvenor will be precluded from providing services related to the GCM Grosvenor Funds’ activities because of certain confidential information available to GCM Grosvenor. Therefore, the GCM Grosvenor Funds may not have access to material non-public information in the possession of GCM Grosvenor which might be relevant to an investment decision to be made by the GCM Grosvenor Funds, and the GCM Grosvenor Funds may initiate a transaction or sell an investment which, if such information had been known to it, may not have been undertaken. Due to these and legal restrictions, the GCM Grosvenor Funds 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. Any such restrictions may materially constrain the investment flexibility of GCM Grosvenor or the GCM Grosvenor Funds.

#### No Independent Advice

In the case of multi-investor GCM Grosvenor Funds, the terms of the agreements and arrangements under which such GCM Grosvenor Funds are established and will be operated have been or will be established by GCM Grosvenor and are not the result of arm's length negotiations or representations of the investors by separate counsel. Prospective investors in a multi-investor GCM Grosvenor Fund should therefore seek their own legal, tax and financial advice before making an investment in a GCM Grosvenor Fund.

#### Side Letters

GCM Grosvenor and the GCM Grosvenor Funds have and will continue to enter into side letters or other similar agreements with certain investors in connection with their admission to or continuing investment in the GCM Grosvenor Funds. These side letters have the effect of establishing rights under, altering, waiving, or supplementing the terms of the applicable GCM Grosvenor Fund Documents with such investors in a manner more favorable to such investors than those applicable to other investors. Any rights or terms so established with an investor will govern solely with respect to such investor, but generally not any of such investor's assignees or transferees (unless otherwise agreed). Certain rights afforded to investors in side letters could be limited to investors with a certain commitment level or which have subscribed for interests in the GCM Grosvenor Fund by a particular date or otherwise only made available subject to certain conditions, restrictions, or limitations. There can be no assurance that any such arrangements will not have an adverse effect on the GCM Grosvenor Funds or affect the returns of the investors therein.

#### Special Treatment for Certain Investors

GCM Grosvenor has various rights to take certain actions with respect to particular investors in a GCM Grosvenor Fund. For instance, GCM Grosvenor may be able to impose certain penalties on defaulting investors, excuse or exclude an investor from particular investments, mandatorily withdraw or redeem an investor, grant consent to a transfer by an investor, or permit disclosure of confidential information by an investor. Except as required by applicable law or otherwise agreed, GCM Grosvenor is generally not obligated to exercise such rights in similar manner among investors, even if the circumstances are similar, and may generally choose to exercise (or not exercise) such rights based on such factors, including its own interests, as it determines.

#### Legal Representation

A number of law firms represent GCM Grosvenor in a variety of different matters. Unless otherwise agreed, none of these law firms represent any GCM Grosvenor Fund investors in connection with matters relating to the GCM Grosvenor Funds or their investments. These law firms represent GCM Grosvenor, including with respect to their role in relation to the GCM Grosvenor Funds. It is not anticipated that, in connection with the organization or operation of the GCM Grosvenor Funds, GCM Grosvenor will have the GCM Grosvenor Funds engage counsel separate from counsel to GCM Grosvenor. Such counsel will not however be acting as counsel for any GCM Grosvenor Fund investor. Furthermore, in the event a conflict of interest or dispute arises between GCM Grosvenor and the GCM Grosvenor Funds or any GCM Grosvenor Fund investor it will be accepted that counsel to GCM Grosvenor is not counsel to the GCM Grosvenor Funds or any GCM Grosvenor Fund investor. However, in certain cases, such counsel's fees are paid through or by the GCM Grosvenor Funds and therefore in effect by the GCM Grosvenor Fund investors.

## Item 9 – Disciplinary Information

---

We are required to disclose to you legal and disciplinary events relating to us or to our personnel that are material to your evaluation of our advisory business or the integrity of our management.



To the best of our knowledge, there are no legal or disciplinary events relating to us or our personnel that are material to your evaluation of our advisory business or the integrity of our management.

## Item 10 – Other Financial Industry Activities and Affiliations

---

GCM LP is registered with the Commodity Futures Trading Commission as a commodity pool operator and a commodity trading advisor and is a member of the National Futures Association.

### Affiliated Registered Investment Adviser

The GCM Advisers are under common control and are affiliates. The GCM Advisers manage a number of investment vehicles, including closed-end investment companies, unit investment trusts, private investment companies, and offshore funds.

### Affiliated Investment Managers

GCM Investments UK LLP (**GCM UK**), an affiliate of GCM Grosvenor, is a UK-based firm that provides certain services to GCM Grosvenor. GCM UK is authorized and regulated by the UK Financial Conduct Authority to provide investment advisory and arranging services to professional investors. GCM UK seeks to obtain information on and access to UK and Europe based investment managers and to furnish GCM Grosvenor advice to such managers. In addition, employees of GCM UK meet with existing and prospective clients of GCM Grosvenor in the UK and Europe and assist employees of GCM Grosvenor when they are present in the UK. As compensation for the services GCM UK performs, GCM Grosvenor pays GCM UK a service fee based on a percentage mark-up over the cost of providing such services.

GCM UK has an incentive to introduce GCM Grosvenor Funds to GCM UK's clients because additional investments in such products will result in additional investment management or advisory fees for GCM Grosvenor. In cases where GCM UK provides investment advisory or arranging services to investors, such investors will be informed of the affiliation between GCM Grosvenor and GCM UK, and thus will be aware of this incentive prior to the time they invest in a GCM Grosvenor Fund.

GCM Investments Hong Kong Limited (**GCM HK**), an affiliate of GCM Grosvenor, is in Hong Kong. GCM HK is licensed to deal in securities (Type 1) and advise on securities (Type 4) by the Hong Kong Securities and Futures Commission. It seeks to obtain information on and access to Asia-based investment managers and provides GCM Grosvenor advice to such managers. In addition, employees of GCM HK provide ongoing client service to GCM Grosvenor clients in Asia and assistance to employees of GCM Grosvenor when they are traveling in Asia. As compensation for the services GCM HK performs, GCM Grosvenor pays GCM HK a service fee based on a percentage mark-up over the cost of providing such services.

### Affiliated Placement Agents/Distributor

The GCM Advisers' affiliate, GRV Securities LLC (**GSLLC**), serves as placement agent or distributor for certain GCM Grosvenor Funds.

GSLLC is registered as a broker-dealer with the SEC under the U.S. Securities Exchange Act of 1934 and with 53 U.S. state and territorial jurisdictions and is a member of the U.S. Financial Industry Regulatory Authority, Inc.

GSLLC's sole functions are to:

- act as a private placement agent for certain securities (including interests in certain GCM Grosvenor Funds)
- provide wholesaling and distribution services to closed-end RICs sponsored and advised or managed by us
- provide certain support services to third-party selling agents that market the RICs
- provide wholesaling services to open end RICs advised or sub-advised by us

Pursuant to a Master Placement Agent Agreement, the GCM Advisers compensate GSLLC on a flat annual fee basis for the placement agent and distribution services provided by GSLLC, regardless of the success of GSLLC's services. GSLLC has no employees. However, certain of our employees, including many of our executive-level employees, are registered as representatives of GSLLC so those individuals engage in private placement activities on behalf of certain GCM Grosvenor



Funds. We are exclusively responsible for compensating such employees, and neither we nor GSLLC pays any sales commissions to any such employees in connection with the private placement activities they perform on behalf of the GCM Grosvenor Funds.

GCM Investments Japan K.K. (**GCM Japan**), an affiliate of GCM Grosvenor, is in Tokyo, Japan. GCM Japan is registered as a financial instruments business operator under Japan's Financial Instruments and Exchange Act to conduct a Type I financial instruments business—engaging in securities business handling liquid securities such as trust or corporate type funds—, a Type II financial instruments business—engaging in securities business handling illiquid securities such as limited partnership funds—and a Discretionary Investment Management. GCM Grosvenor compensates GCM Japan for such placement agent services with an asset-based fee and may compensate GCM Japan for ongoing client and research services based on a percentage mark-up over the cost of providing such services. GCM Japan is exclusively responsible for compensating its employees, and neither GCMLP or GCM CFG, nor GCM Japan, pays any sales commissions to such employees in connection with the private placement activities they perform.

GSLLC and GCM Japan have an incentive to introduce GCM Grosvenor Funds to prospective investors, because additional investments in such products will result in additional investment management or advisory fees for GCM Grosvenor. However, prospective investors are informed of the affiliation between GCM Grosvenor and GSLLC or GCM Japan, as applicable under the circumstances, and are thus aware of this incentive prior to the time they invest funds in a GCM Grosvenor Fund.

#### Other Affiliates

GCM Investments (Korea) Co. Ltd. (**GCM Korea**), an affiliate of GCM Grosvenor, is in Seoul, South Korea. The activities of GCM Korea are not regulated in South Korea. GCM Korea provides ongoing services to Korean clients in investment vehicles or accounts managed by GCM Grosvenor. In addition, employees of GCM Korea provide assistance to employees of GCM Grosvenor when they are present in South Korea. GCM Grosvenor may compensate GCM Korea for ongoing client services based on a percentage mark-up over the cost of providing such services. GCM Korea does not introduce GCM Grosvenor Funds to prospective Korean clients.

GCM Grosvenor Holdings (Canada) ULC (**GCM Canada**) is an unregistered office located in Toronto, Ontario, Canada. Employees of GCM Canada conduct fundraising activities on behalf of its U.S. affiliate as well as provide ongoing client services to GCM Grosvenor's Canadian clients.

GCM Grosvenor (Deutschland) GmbH (**GCM Germany**) is located in Frankfurt, Germany. GCM Germany furthers the economic and legal interests of GCM Grosvenor and its affiliates.

GCM Grosvenor (Australia) Pty Ltd. (**GCM Australia**) is located in Sydney, Australia. This entity furthers the economic interests of GCM Grosvenor and its affiliates in the region.

#### Affiliated General Partners

The GCM Advisers are affiliated with the general partners (as disclosed in the ADV Part 1 Schedule D Section 7.A.1) of certain GCM Grosvenor Funds. Such affiliated general partners are ultimately controlled by GCM Grosvenor.

The management and control of each GCM Grosvenor Fund is vested exclusively in its general partner or similar managing entity (each, a **GP or Manager**). We use the term GP or Manager also to apply to the managing entity of a GCM Grosvenor Funds that is not structured as a partnership, such as the managing member of a GCM Grosvenor Fund that is structured as a limited liability company. Typically, the GP or Manager of each GCM Grosvenor Fund is our affiliate. The investors in the GCM Grosvenor Funds generally have no part in the management or control of the GCM Grosvenor Funds and have no authority or right to act on behalf of the GCM Grosvenor Funds in connection with any matter.

Where the Manager of a GCM Grosvenor Fund is not a GCM Adviser, the Manager of such GCM Grosvenor Fund has delegated certain of its rights, power, authority, duties, and responsibilities to a GCM Adviser pursuant either to:

- such GCM Grosvenor Fund's Documents, including any applicable side letter agreements, which are negotiated on a case-by-case basis

- an investment advisory or investment management agreement.

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

---

### Code of Ethics

GCM Grosvenor has adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act and Rule 17j-1 under the ICA (**Code of Ethics**). The Code of Ethics outlines the Firm's duties of care and loyalty; the standards of conduct required of covered persons; and the requirements applicable to outside business activities, conflicts of interest, and personal trading.

GCM Grosvenor personnel have several basic obligations under the Code of Ethics:

- act consistently with our fiduciary duties to our clients
- comply with applicable federal securities and commodities laws
- understand and adhere to the Firm's compliance policies and procedures
- periodically submit certain statements or certifications to us
- obtain pre-clearance from us in connection with certain types of activities and transactions (**Pre-Clearance Transactions**), including investments in securities issued in private placements
- refrain from engaging in certain types of prohibited transactions and activities

Compliance could deny an employee's request to engage in a Pre-Clearance Transaction or revoke approval of a previously approved Pre-Clearance Transaction if they determine:

- such employee is delinquent in filing reports required to be filed by such employee pursuant to the Code of Ethics
- such transaction or activity involves a company on the Restricted List
- such employee may unfairly benefit from such transaction or activity at the expense of our or our affiliate's clients
- such employee may benefit from such transaction or activity because of information that is proprietary to us, any of our affiliates or any of our affiliates' clients
- such transaction or activity involves, or appears to involve, a conflict between the interests of such employee or us and those of any of our or our affiliates' clients
- such transaction or activity involves undue litigation, regulatory, enforcement, or reputational risk to us
- such transaction or activity is otherwise prohibited, or conflicts with the terms and conditions of the Code of Ethics

In applying the foregoing criteria, Compliance will take such facts and circumstances into account as appropriate.

We will provide you with a copy of our Code of Ethics upon your request.

### Our Ability to Invest in the Same Securities in which the GCM Grosvenor Funds Invest

GCM Grosvenor may for its own account invest in GCM Grosvenor Funds for its own account alongside investors who are not related to us. When GCM Grosvenor does so, GCM Grosvenor participates in the investment opportunities in which such GCM Grosvenor Funds participate, alongside the other investors in such GCM Grosvenor Funds.

In addition, GCM Grosvenor may for its own account place assets under the management of—or otherwise procure investment advisory or investment management services from—any Investment Manager directly or indirectly used by one or more GCM Grosvenor Funds. For example, GCM Grosvenor may invest in an Underlying Fund for its own account in which one or more GCM Grosvenor Funds invest. Further, GCM Grosvenor may invest in an Underlying Fund at or about the same time one or more GCM Grosvenor Funds invest in such Underlying Fund.

GCM Grosvenor for its own account and one or more GCM Grosvenor Funds that place assets under the management of, or otherwise procure investment advisory or investment management services from, any Investment Manager directly or indirectly used by one or more other GCM Grosvenor Funds may do so on terms—including terms relating to fees, liquidity and transparency—that are the same as or more advantageous than those applicable to the investments that may be made by such other GCM Grosvenor Funds with such Investment Manager. To the extent that GCM Grosvenor invests for its own account with a given Investment Manager on terms that are more advantageous than those on one or more GCM

Grosvenor Funds may invest with such Investment Manager, GCM Grosvenor may have an incentive to maintain or increase the investment by such GCM Grosvenor Funds with such Investment Manager to obtain or maintain such advantageous terms for the benefit of GCM Grosvenor.

#### [Serving as Directors of Public Companies](#)

Certain employees of GCM Grosvenor serve as directors of public companies. GCM Grosvenor requires the approval of GCM Grosvenor's Global Chief Compliance Officer prior to any employee's serving as a director of any public company.

## Item 12 – Brokerage Practices

---

#### [Our Brokerage Practices](#)

When the GCM Grosvenor Funds invest in Underlying Funds—which typically constitutes their principal business activity—the GCM Grosvenor Funds typically contract directly with the Underlying Funds without the involvement of a financial intermediary such as a broker-dealer. Commissions are not payable in connection with such investments.

GCM Grosvenor Funds may from time to time acquire or dispose of interests in Underlying Funds in private secondary market transactions. In general, the number of financial intermediaries active in the private fund secondary market is small. The commissions charged by such intermediaries may vary significantly from intermediary to intermediary, and from transaction to transaction.

To the extent that GCM Grosvenor Funds managed on a discretionary basis purchase or sell investments other than investments in Underlying Funds, a GCM Adviser has the authority to determine the financial intermediaries to be used in connection with such purchases or sales and to negotiate the commissions or other transactional compensation to be paid to such intermediaries in connection with such purchases or sales—which commissions or other compensation are borne by the affected GCM Grosvenor Funds. In determining which intermediaries to use, to effect purchases and sales of securities on behalf of the GCM Grosvenor Funds, a GCM Adviser focuses on the quality of the execution-related services provided by the intermediaries, often called best execution. Best execution generally includes a variety of factors such as price quotes, execution quality, including the applicable spread or commission and commission rates among brokers, the extent to which the broker-dealer makes a market in the securities involved or has access to such markets, financial responsibility, responsiveness to GCM Grosvenor, and the broker-dealer's ability to accommodate any special execution or order handling requirements associated with a particular transaction. Best execution does not necessarily mean always obtaining the best price for any single transaction. GCM Advisers do not necessarily select those that charge the lowest commissions or other transactional costs. GCM Advisers sometimes recommend trades in the same security for several different GCM Grosvenor Funds. Rather than placing trades individually, GCM Advisers will seek to aggregate trades together for multiple GCM Grosvenor Funds to reduce commission rates, fulfill best execution, and reasonably ensure fair and equitable pricing. To fulfill its fiduciary duty, GCM Grosvenor reasonably ensures that the aggregation of trades does not purposely favor one client over others, treats clients fairly over time, accurately maintains records of trades, allocations, and positions, and identifies potential conflicts related to trading, taking reasonable steps to address those conflicts.

To the extent that the GCM Grosvenor Funds that we advise on a non-discretionary basis engage in transactions in investments other than investments in Underlying Funds, GCM Grosvenor does not have the authority to determine the financial intermediaries used in connection with such transactions or to negotiate the commissions or other transactional compensation to be paid to such intermediaries in connection with such transactions, unless the client expressly confers that authority on us and GCM Grosvenor agrees to accept such authority. In such cases, the commissions or other compensation are borne by the client.

We do not separately compensate financial intermediaries for the provision of non-execution related services, and we do not believe that we pay up for such services. However, from time to time, we do use financial intermediaries that provide research-related products or services to most or all their customers, and—although we do not request research-related products or services from such financial intermediaries—on occasion, we receive and use research provided by such intermediaries. In this situation, we receive a benefit because we do not have to produce or pay for the research.

Accordingly, we could have an incentive to select financial intermediaries based on our interest in receiving the research or other products or services rather than on our clients' interest in receiving the most favorable execution. However, since the research provided is not material in nature and quantity and is provided without our request, the receipt of such research does not have a material effect on our selection of financial intermediaries.

GCM Grosvenor could service providers that furnish GCM Grosvenor with proprietary or third-party brokerage and research services that provide, in GCM Grosvenor's view, appropriate assistance to GCM Grosvenor in its investment advisory process. GCM Grosvenor could choose to pay for such brokerage and research services with "soft" or commission dollars.

To the extent that the GCM Grosvenor Funds engage in secondary market transactions in interests in Underlying Funds, we generally have limited ability to select the financial intermediaries involved in connection with any proposed transaction or to negotiate the commissions or other transactional compensation to be paid to such intermediaries in connection with such transactions. The commissions charged by such intermediaries sometimes vary significantly from intermediary-to-intermediary, and from transaction-to-transaction.

#### Brokerage Practices of Investment Managers of Underlying Funds

Investment Managers of the Underlying Funds in which the GCM Grosvenor Funds invest select the financial intermediaries that execute transactions for their respective Underlying Funds and negotiate the related brokerage commissions and other transactional costs paid to such intermediaries.

In selecting financial intermediaries or in negotiating commissions and other compensation with them, such Investment Managers, subject to their overall duty in seeking to obtain best execution of transactions for the Underlying Funds they manage:

- have authority to and consider the full range and quality of the services and products provided by the intermediaries, including factors such as the ability of the intermediaries to execute transactions efficiently, their responsiveness to instructions, their facilities, reliability and financial responsibility and the value of any research or other services or products they provide
- do not necessarily select intermediaries that charge the lowest transaction costs. In this regard, Investment Managers engage in the practice known as "paying up," whereby the Investment Managers cause their Underlying Funds to pay higher transaction costs than they would otherwise pay so that the Investment Managers could receive certain non-execution related products and services provided by or through the intermediaries, so-called soft dollar benefits

The practices discussed above create conflicts between the interests of an Investment Manager and the interests of the Underlying Funds managed by such Investment Manager. An Investment Manager that receives soft dollar benefits receives a benefit that it does not have to purchase out of its own resources. This benefit, in turn, could create an incentive to utilize particular intermediaries based not on the interest of the Underlying Funds in seeking to obtain best execution of their transactions, but on the Investment Manager's interest in receiving benefits for which it does not have to pay out of its own resources.

Further, an Investment Manager could cause an Underlying Fund managed by such Investment Manager to pay transaction costs to a financial intermediary even though such Investment Manager or clients of such Investment Manager other than such Underlying Fund are the exclusive beneficiaries of soft dollar benefits provided by the intermediary.

A GCM Adviser is ordinarily authorized to consent—on behalf of GCM Grosvenor Funds that it manages on a discretionary basis—to practices in which the Investment Managers of the Underlying Funds in which such GCM Grosvenor Funds invest receive soft dollar benefits from the financial intermediaries selected by such Investment Managers to effect transactions in securities or other financial instruments for such Underlying Funds subject to the Investment Managers' overall duty to seek to obtain best execution of transactions for the Underlying Funds they manage. This is the case regardless of whether such Investment Managers' soft dollar practices conform to the requirements of the so-called "safe harbor" provided by Section 28(e) of the Exchange Act, except where regulatory considerations do not permit such Investment Managers to engage in such practices. However, most of the Underlying Funds in which the GCM Grosvenor Funds invest either do not engage in soft dollar practices or do so within the safe harbor provisions of Section 28(e) of the Exchange Act. In those cases

where the Investment Manager of an Underlying Fund indicates that it may engage in soft dollar practices outside of the safe harbor, we obtain information concerning such soft dollar practices and make an assessment as to whether such practices are appropriate and reasonable under the circumstances.

## Item 13 – Review of Accounts

---

### Account Reports and Reporting Packages

#### Basic Account Reports

Except where the GCM Adviser expressly agrees otherwise with a client, the GCM Adviser delivers or causes to be delivered—generally quarterly—to each person who was an investor in a GCM Grosvenor Fund, or their designated representative, at any time during the relevant reporting period a written report setting forth:

- an unaudited statement of the estimated return of the GCM Grosvenor Fund for the period covered by the report—except in the case of GCM Grosvenor Funds that are RICs
- the estimated value of the investor’s investment in the GCM Grosvenor Fund as of the end of such period
- such other financial reports and information as we may deem appropriate

For each GCM Grosvenor Fund that is an entity, and for which a GCM Adviser has custody (as further described in Item 15 – Custody), as soon as reasonably practicable after the end of such GCM Grosvenor Fund’s fiscal year, the relevant GCM Adviser delivers or causes to be delivered to each person who was an investor in such GCM Grosvenor Fund at any time during such fiscal year a written report containing audited financial statements of the GCM Grosvenor Fund for such fiscal year. Such audited financial statements generally include or are accompanied by:

- › a statement of assets, liabilities and investors’ capital including a condensed schedule of investments in the case of GCM Grosvenor Funds that are not RICs, and a schedule of investments for GCMLP-advised funds that are RICs
- › a statement of operations
- › a statement of changes in investors’ capital
- › a statement of cash flows
- › the financial statements of any GCM Grosvenor Fund in which such GCM Grosvenor Fund invests

Clients or their designated representatives generally access reports and, where available, analytical tools, online via our client web portal or a designated third-party client web portal. The types of information that may be available may include portfolio, investment manager, and industry information. Reporting may vary by investment size, structure, and investment vertical.

#### Exceptions to Investment Constraints

To the extent that a review by the Portfolio Management Team indicates an exception to a GCM Grosvenor Fund’s compliance with applicable investment constraints, the Portfolio Management Team assigned to such GCM Grosvenor Fund and certain other members of the deal teams review the exception to determine what action, if any, is required to remedy the exception.

#### Investment Committee Changes in Strategy and/or Allocation Guidelines

If an Investment Committee changes one or more strategy and/or allocation guidelines, manager allocation guidelines or the approval status of certain Investment Managers, the assigned Portfolio Management Team and certain other members of the Investments Department or Investment Committee review the changes to determine what action, if any, is required to adjust the portfolios of the GCM Grosvenor Funds considering the changes.

#### Capital Inflows/Outflows

To the extent there are capital inflows or outflows with respect to a GCM Grosvenor Fund, the Portfolio Management Team assigned to such GCM Grosvenor Fund reviews the portfolio of such GCM Grosvenor Fund to determine what changes are required to accommodate such capital flows.

#### Portfolio Management Team Proposed Changes in Allocations

If the Portfolio Management Team assigned to a GCM Grosvenor Fund decides to propose changes to the portfolio allocations of such GCM Grosvenor Fund based on its assessment of specific Investment Manager opportunities or market opportunities, certain members of the Investments Department review such GCM Grosvenor Fund to determine whether the proposed changes would be consistent with such GCM Grosvenor Fund's investment constraints.

The personnel who are responsible for the reviews discussed above include persons who are at levels including Analysts, Associates, Principals, Executive Directors, or Managing Directors.

#### Different Reporting Packages

Different investors, including different investors in the same GCM Grosvenor Fund, as well as certain other persons, including (i) persons to whom the GCM Adviser provides investment advisory services on a non-discretionary basis and (ii) persons who currently have, or who previously have had, an interest in us or who otherwise currently are, or who previously have been, associated with us, receive oral and/or written reports from us that differ in form, substance, level of detail, timing and/or frequency.

If you are a recipient of our oral or written reports, we strongly urge you to review your own policies and procedures relating to the possible receipt of confidential or material, non-public information to reasonably ensure that any information that you receive from us relating to particular securities and/or the issuers thereof will not be used in any manner that conflicts with applicable laws.

## Item 14 – Client Referrals and Other Compensation

---

#### Receipt of Payments from Third Parties

We serve as a sub-adviser to certain investment vehicles that are managed by independent third parties. These independent third parties compensate us, either directly out of the investment management fees they receive from such investment vehicles or otherwise, out of their own resources or indirectly from the relevant investment vehicles, for the sub-advisory services we provide to such investment vehicles.

#### Payment of Compensation for Client Referrals

As discussed in greater detail in Item 10 under the heading Affiliated Placement Agents/Distributors, we compensate certain affiliated entities for referring prospective investors to certain GCM Funds

From time to time, we engage non-affiliated placement, distribution, or similar agents (**Third-Party Solicitors**), who may be deemed to be providing testimonials or endorsements to assist us in marketing our investment services or investment products other than RICs. We make cash payments to Third-Party Solicitors, which are subject to requirements under applicable laws, including Rule 206(4)-1 under the Advisers Act, when applicable. These payments generally differ by Third-Party Solicitor and are negotiated based on a range of factors, including but not limited to: target markets; nature and size of potential client relationships; quality of service and industry reputation. In general, a Third-Party Solicitor is compensated based (i) on a fixed periodic fee that is not contingent upon any person referred to us by such referrer becoming a client of ours; or (ii) on a percentage of the amount of the referred client's investment with us over some set period. Some Third-Party Solicitors or their affiliates receive a retainer amount against which future payments are offset. Third-Party Solicitors also sometimes receive reimbursement for certain expenses related to their activities associated with referring clients to us. If required, information regarding such payments will be disclosed to parties that Third-Party Solicitors solicit on our behalf. If a Third-Party Solicitor recommends our investment products or recommends that you engage us for our investment services, you should not view such recommendation as being disinterested, as we generally will pay them for the introduction. Also, you should consider that the Third-Party Solicitor has an incentive to recommend that you retain your interest in our investment products, because we may pay a portion of our compensation to such agent during all periods in which you invest in our products or engage our investment services.

Unaffiliated consultants that are retained by clients or prospective clients also refer clients to us. While we do not make payments to these consultants for client referrals, we may pay to participate in investment advisory searches conducted by



certain consultants on behalf of their clients as well as in conferences and other events sponsored by certain consultants. We may also purchase products and services from such consultants or their affiliates.

Our participation in conferences and other events sponsored by consultants, or by industry-related organizations to which we pay a fee for membership, helps us interact with investment industry participants and develop an understanding of industry trends and the points of view of and challenges facing industry participants. Conference and other event participants sometimes include trustees, fiduciaries, consultants, administrators, state and municipal personnel and other clients or prospective clients.

In addition, we or one of our affiliates pay compensation or commissions from our own resources, either at the time of sale or on an ongoing basis, to intermediaries for sales by such intermediaries of interests in certain RICs, as well as for ongoing investor servicing. Such payments, sometimes referred to as “revenue sharing,” are generally made from the investment advisory fees we receive from the RICs for the provision of sales training, product education and access to sales staff, the support and conduct of due diligence, balance maintenance, the provision of information and support services to investors, inclusion on preferred provider lists and the provision of other services. GSLLC also receives distribution and service fees (Rule 12b-1 fees) from a RIC. GSLLC uses the Rule 12b-1 fees to compensate intermediaries for marketing, promotional and overhead expenses incurred in connection with the distribution of the RIC and for providing personal and account maintenance services to shareholders. The receipt of revenue sharing payments or Rule 12b-1 fees could create an incentive for the intermediaries to offer or recommend a RIC instead of similar investments where such payments are not received. Such payments may be different for different intermediaries.

We may from time to time compensate unaffiliated third parties in connection with our participation in investor introduction conferences sponsored by such third parties in which we meet with prospective investors introduced to us by such third parties.

## Item 15 – Custody

---

Pursuant to the Advisers Act—which imposes certain requirements on SEC-registered investment advisers that have custody of client funds or securities—each GCM Adviser is deemed to have custody of the funds and securities of certain GCM Grosvenor Funds it advises even though:

- subject to certain SEC-permitted exceptions, we and our affiliates do not physically hold the funds or securities of such GCM Grosvenor Funds
- the funds and securities of such GCM Grosvenor Funds are not held or registered in a GCM Adviser’s name or in the name of any of its affiliates

Although GCM Grosvenor is deemed, under applicable rules, to have custody of the funds and securities of certain GCM Grosvenor Funds that are entities, GCM Advisers are generally excepted from many of the provisions of the custody rule because we undertake to deliver to the investors, within a prescribed amount of time after the end of the fiscal year of such GCM Grosvenor Fund, financial statements that are:

- prepared in accordance with U.S. GAAP, or with accounting principles other than U.S. GAAP under certain circumstances
- audited by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board

## Item 16 – Investment Discretion

---

GCM Grosvenor manages most GCM Grosvenor Funds on a discretionary basis, which means that a GCM Adviser has the authority to decide which securities to purchase and sell for such GCM Grosvenor Funds. In certain cases where GCM Grosvenor has been granted discretionary investment authority over GCM Grosvenor Funds, the investors, or participants in those GCM Grosvenor Funds, have informally reserved the right to approve or not approve its investment decisions for those GCM Grosvenor Funds prior to the implementation of such decisions.



GCM Grosvenor manages, on a discretionary basis, many GCM Grosvenor Funds that are designed for multiple investors. In these cases, we determine the **Investment Guidelines** that will apply to management of the GCM Grosvenor Fund. These restrictions typically do not include restrictions on the GCM Grosvenor Fund's ability to make investments in particular securities or particular types of securities. Further, investors in the GCM Grosvenor Fund are not afforded the opportunity to place restrictions on the GCM Grosvenor Fund's ability to make particular investments or particular types of investments, or otherwise to place additional material limitations on the relevant GCM Adviser's exercise of discretionary authority over such GCM Grosvenor Fund. We re-evaluate Investment Guidelines from time to time based on various factors, including its assessment of market conditions, and amend or modify the Investment Guidelines from time to time based on such re-evaluations. Such modifications could be made without notice to investors in such GCM Grosvenor Funds.

We also manage, on a discretionary basis, many GCM Grosvenor Funds that are designed for single investors or groups of related investors. In these cases, prior to the launch of the GCM Grosvenor Fund, we propose to the single investor or group of investors the Investment Guidelines that will apply to our management of the GCM Grosvenor Fund, and the investor is afforded the opportunity to review and suggest changes to such guidelines, including restrictions on the GCM Grosvenor Fund's ability to make particular investments or particular types of investments. If we agree to be bound by such changes, we will follow them in connection with managing such GCM Grosvenor Fund.

## Item 17 – Voting Client Securities

---

Our Proxy Voting Policies and Procedures (**Proxy Voting Policy**) set forth the policies and procedures by which we exercise our authority to vote on, or make recommendations on how to vote on, proxy requests relating to securities held by GCM Grosvenor Funds (**Proxy Requests**), including standards for the proxy voting process, management of related conflicts of interest, and client disclosure. Our Proxy Voting Policy addresses proxy voting broadly as an investor's right to vote for or against matters that may have an impact on their investment, including with respect to portfolio companies and Underlying Funds obligations.

Investors can request a copy of the Proxy Voting Policies and Procedures or request an opportunity to review the proxy voting records, by contacting the Firm (telephone: +1.855.426.9321; e-mail: [client.services@gcmlp.com](mailto:client.services@gcmlp.com)).

### Background

Certain GCM Grosvenor Funds invest in underlying third party-managed private funds which issue shares or limited partnership interests. Investors holding voting securities of a private fund are entitled to vote on fund-level proxies. The most common fund-level proxies include the approval of amended fund terms, including extension of the investment period, extension of the fund term, extension of final closing, approval of new key persons, changes to fee or liquidity provisions, and approval of new share classes; approval of potential conflicts of interest; and approval of certain corporate actions, including director or auditor appointments for the private fund and share capital increases.

Certain GCM Grosvenor Funds invest directly in securities and other financial instruments of portfolio companies and therefore are entitled to vote on company-level proxies. Company-level proxies relate to matters which may potentially influence a company's operations, governance, and other initiatives. The most common company-level proxies include items such as the election of the board of directors or the appointment of auditors for the annual audit. More significant proxies may include a vote on major corporate actions, such as a merger or acquisition. Company-level proxies may also involve initiatives proposed by a company's management team or shareholders.

### Authority to Vote and Make Recommendations

Our authority to vote on or make voting recommendations on Proxy Requests for GCM Grosvenor Funds is based on regulatory requirements, any arrangements made with the client, and whether we have investment discretion. For some GCM Grosvenor Funds, we must notify the client, or obtain affirmative or negative consent from the client, before responding to certain Proxy Requests or inform the client, after responding to certain Proxy Requests, of what actions have been taken.

### General Voting Standards

We seek to take action on Proxy Requests in the best interests of the GCM Grosvenor Funds consistent with their investment objectives and constraints.

Unless we've agreed with an eligible GCM Grosvenor Fund to do otherwise, we do not vote for or make voting recommendations for Proxy Requests on behalf of GCM Grosvenor Funds that involve a potential sacrifice of investment returns from the investment or assumption of greater investment risks for the purpose of promoting environmental, social, or governance goals.

However, when evaluating whether voting on or making a voting recommendation on a Proxy Request will be in the best interests of a GCM Grosvenor Fund, we may treat environmental, social, or governance goals as economic factors when we believe that the goals present material business risks or opportunities that investment professionals, in general, would treat as economic considerations under generally accepted investment theories. A belief that advancing environmental, social, or governance goals will promote positive general market trends or industry growth that might benefit a particular issuer does not qualify as an economic factor.

When we determine that voting on or making a voting recommendation on a Proxy Request is in the best interests of a GCM Grosvenor Fund, we may take such action even though doing so might also advance environmental, social, or governance goals that are not economic factors.

### Reasonable Best Efforts to Vote and Abstentions

We use our reasonable best efforts to vote on or make voting recommendations on Proxy Requests in a timely manner. However, we may abstain from acting on Proxy requests under certain circumstances such as the following.

#### *Timeliness of Receipt of Materials*

We may abstain from voting on or making voting recommendations on a Proxy Request when we do not receive the Proxy Request with sufficient time prior to the voting cut-off date to consider the impact of the proposals and complete its evaluation procedures.

#### *Lack of Adequate Information*

We may abstain from voting on or making voting recommendations on a Proxy Request when we do not believe that the Proxy Request provides sufficient detail to support a decision.

#### *Abstentions Where Cost of Consideration Outweighs Benefit*

We may abstain from voting on or making voting recommendations on a Proxy Request when we believe that the expected cost or administrative burden of giving due consideration to the proposal does not justify the potential benefits to the affected GCM Grosvenor Fund that might result from adopting or rejecting the proposal in question.

#### *Public Companies – Share Blocking and Re-Registration*

In certain countries, shareholders that vote on an issuer's proxy must deposit their shares with a designated depository prior to the date of the meeting. The owner may not sell its shares until after the meeting when the shares are returned to the custodian. In countries that require shares to be blocked, we will consider the potential benefit of taking action on Proxy Requests and the resulting share blocking of the security to determine if we will consider voting.

In certain countries, an owner of a company's shares must re-register the shares in order to take action on a proxy. Similar to share blocking, re-registration temporarily prevents a shareholder from selling shares. In countries that require re-registration, we will consider the potential benefit of taking action on Proxy Requests to determine if we will consider voting and re-registering the security.

### *In-Kind Distributions*

When GCM Grosvenor Funds receive publicly traded securities from Underlying Funds as in-kind distributions, we generally dispose of such securities as promptly as practicable under the circumstances. In these cases, we generally do not act on a related Proxy Request because we have no intention to hold such investments for long-term investment purposes. In circumstances where the Investment Committee elects to retain such securities, we would generally act on a Proxy Request.

### *Conflicts of Interest*

We take measures to identify and address conflicts of interest with respect to Proxy Requests. Generally, the proxy voting coordinator notifies the Investment Committee, the Operations Committee, and the Global CCO when it identifies a potential conflict of interest. In addition, an Investment Committee may identify conflicts of interest and notify the Global CCO or the proxy voting coordinator. Lastly, individuals that make decisions on how to vote proxies whether in their own capacity or as part of a committee, escalate to the Global CCO or the proxy voting coordinator any potential conflicts of interest they have with respect to a Proxy Request on which they are considering action.

The proxy voting coordinator, together with the Global CCO, determines the actions to be taken to address any conflicts of interest, which may include:

- excluding a conflicted party from the decision-making process
- for GCM Grosvenor Funds for which GCM makes voting recommendations on Proxy Requests, disclosing the conflicts to the appropriate parties
- for GCM Grosvenor Funds for which GCM has the authority to take action on Proxy Requests, disclosing the conflict to the appropriate parties and obtaining consent to take specific action on the proposals
- engaging an independent third party to recommend or determine the actions to be taken in response to the Proxy Request

## Item 18 – Financial Information

---

The GCM Advisers are required to disclose any financial condition that is reasonably likely to impair their ability to meet contractual commitments to their clients.

The GCM Advisers do not have any financial condition that impairs or is reasonably likely to impair their ability to meet contractual commitments to their clients, and neither GCM Adviser has ever been the subject of any bankruptcy petition.