

**Item 1 – Cover Page**

**Form ADV Part 2A: FIRM BROCHURE**

**GTIS PARTNERS LP**

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This Brochure provides information about the qualifications and business practices of GTIS Partners LP (“GTIS”). If you have any questions about the contents of this Brochure, please contact us at (212) 220-5200 or info@gtispartners.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

GTIS is a registered investment adviser. Registration status with the SEC does not imply a certain level of skill or training. The oral and written communications you receive from an adviser provide the basis for determinations to hire or retain the adviser.

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

## **Item 2 – Material Changes**

Since the filing of GTIS' last Brochure filing, the Firm has moved offices. The Firm's new office address is 787 Seventh Avenue, 50<sup>th</sup> Floor, New York, NY 10019.

Pursuant to SEC Rules GTIS provides a summary of material changes to its Brochure within 120 days of the close of GTIS' fiscal year. GTIS may further provide other ongoing disclosure information about material changes as deemed necessary. Additionally, GTIS will provide a new Brochure as necessary, without charge.

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## Item 4 – Advisory Business

**A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

GTIS Partners LP (the “Firm” or “GTIS”) is a global private equity real estate organization headquartered in New York, with offices in Sao Paulo, Brazil; Los Angeles, California; San Francisco, California; Atlanta, Georgia; Paris, France; and Munich, Germany. GTIS was founded in 2005 as a joint venture with GoldenTree Asset Management (“GTAM”), a SEC-registered investment adviser. In 2011 GTIS registered as its own investment adviser, with GTAM retaining a passive minority shareholder interest. GTIS pursues value-added and opportunistic real estate investments, and since inception has committed capital to residential, single family rental, retail, industrial, office, hotel, real estate debt, land development and mixed-use projects in the U.S. and Brazil.

GTIS offers investment advisory services to private investment funds (each a “Fund” and collectively, the “Funds”), to co-investment vehicles (“Co-Investment Vehicles”) and to at least one separate account mandate (“Separate Account” and together with the Funds and Co-Investment Vehicles, “Clients”). For purposes of this Brochure all references to Funds shall also include Co-Investment Vehicles. More information about the GTIS Funds is available in GTIS’ Form ADV Part 1, Schedule D, 7.B.(1).

Each Client is managed by a general partner, which has the authority to make investment decisions on behalf of such Client. Each general partner is registered under the Investment Advisers Act of 1940 (“Advisers Act”) pursuant to GTIS’ registration in accordance with SEC guidance. This Brochure also describes the business practices of each general partner, which operate as a single advisory business together with GTIS. Each general partner has contracted with GTIS or an affiliate for day-to-day management of the Clients. For more information about the general partners of each Client, please see GTIS’ Form ADV Part 1, Schedule D, 7.A.(1). and 7.B.(1).

InSite Partners LP, which is controlled and principally owned indirectly by Thomas M. Shapiro, GTIS’ President and Chief Investment Officer, is a principal owner of GTIS and has voting control over GTIS. GTAM also maintains a minority ownership interest in GTIS Partners LP. For more information about GTIS’ owners and executive officers, please see GTIS’ Form ADV Part 1, Schedules A and B.

**B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

The principal investment objective of GTIS, on behalf of its Clients, is to seek value added and opportunistic real estate related investments that have the potential for significant capital appreciation through development, redevelopment, repositioning or improved management. The investments acquired by GTIS on behalf of its Clients may include (depending upon the investment objectives/restrictions of each Client) real estate, real estate related loans and equity investments in real estate related joint ventures and operating companies. Some of these investments may be in the form of private or publicly traded debt and equity securities directly or indirectly secured by real estate.

GTIS seeks to identify investment opportunities and themes on its own or through its relationships with real estate operators and developers, and attempts to validate them with due diligence and research. GTIS' vision of where to find risk-adjusted value in real estate is constantly evolving based on the top-down findings of its dedicated research team as well as the bottom-up recommendations of its experienced investment and asset management teams. GTIS' investment opportunities typically require real estate development or re-development, obtaining zoning approvals, leasing or similarly improving the sales or operating income of the property.

GTIS seeks to apply its own real estate development, construction management and operational expertise to create value at the property level in its selection of both real estate projects and third party operating partners. Where feasible, GTIS will generally use its own development and construction personnel for its real estate projects. GTIS also uses its financial and structuring expertise to protect principal, mitigate investment risks and optimize investment returns. GTIS aims to manage its investments through its in-house capability, but also invests in projects with third party joint venture partners. Such joint venture partners manage much of the day-to-day operations of the real estate projects and add value through investment sourcing, local market knowledge, and/or specialized operational/developmental expertise. GTIS' asset management staff maintains an active oversight of the projects and GTIS retains major decision rights as defined in negotiated agreements with each of its joint venture partners.

Services for the Separate Account include acquiring, managing and disposing of assets on a non-discretionary basis using similar practices to those mentioned above.

GTIS, through a partnership with a non-affiliate provides property management, leasing, renovation management, brokerage, and repair services ("Property Management Services") to the Clients' and third party owned single family home rental portfolios.

GTIS also engages in non-material, non-advisory real estate-related services to a third party in a consulting capacity. Such consulting services include general market and real estate investment advice.

**C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

GTIS does not tailor its advisory services to the individual needs of investors (“Investors”) in its Clients; GTIS’ investment advice and authority for each Client are tailored to the investment objectives of that Client. These objectives are described in the private placement memorandum, limited partnership agreement, investment management agreement and other governing documents of the relevant Client (collectively, “Governing Documents”).

Investors in Clients generally participate in the overall investment program for the applicable partnership. GTIS may enter into side letters or similar agreements with certain limited partners that have the effect of establishing rights under, or altering or supplementing, a Client’s partnership agreement. Examples of side letter restrictions and limitations entered into include prohibitions on investing in a particular country, a limitation on how much capital may be invested in a single investment or a limitation on the incurrence of unrelated business taxable income. For more information on side letters, please see Item 16, below.

In addition, GTIS advises a Separate Account on a non-discretionary basis on behalf of limited partnerships and other types of pooled investment vehicles in which investment funds managed by GTAM and GTAM Funds (“GTAM Entities”) invest. GTAM Funds may also own an investment directly, and GTIS does not maintain custody over the securities and funds of the GTAM Funds with respect to such direct investments. The GTAM Entities also have specific investment restrictions and limitations, which are typically set forth in agreements negotiated between GTIS and GTAM. Certain GTAM Entities invest with certain GTIS Clients on a side-by-side basis, and these GTAM Entities have a different management fee structure than those of the Clients, as described more fully below in Item 5.C.

**D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts and (2) explain that you receive a portion of the wrap fee for your services.**

GTIS does not participate in wrap fee programs.

**E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.**

As of December 31, 2016, GTIS has regulatory assets under management of approximately \$3,620,856,000. Of this amount, \$3,620,394,000 is managed on a discretionary basis and \$462,000 is managed on a non-discretionary basis.

## Item 5 – Fees and Compensation

### **A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

In consideration for the investment management services provided, GTIS charges management fees (“Management Fees”) to its Clients. GTIS may also receive an incentive fee (“Incentive Fee” and together with Management Fees, “Compensation”) from its Clients. GTAM, through its ownership interest in GTIS, also indirectly receives a portion of certain Compensation from the Clients, as described in Item 10.D, below.

The Compensation charged to Clients is typically determined through negotiations with the Client Investors. A Client’s Governing Documents will generally afford GTIS or the relevant Client general partner the ability to waive or reduce all or part of the Compensation with respect to investments made by certain Client Investors without waiving or reducing the Compensation charged to other Client Investors. For example, GTIS or the relevant Client general partner may waive or reduce all or part of the Compensation. GTIS may elect for some Clients, per the Governing Documents of such Client, to apply the Management Fee payable by a Client to satisfy the capital contribution obligations of the Client sponsor (GTIS).

Generally, Fund Management Fees range from 1.25% to 2.00% per annum of (i) committed capital of the Client for the investment period and (ii) net equity invested of the Client, which may in some cases include reserve future commitments for investments, after the investment period. The Management Fees that GTIS charges to Co-Investment Vehicles range from approximately .50% to 2.0% and these fees are often based on the invested capital or net asset value of the Co-Investment Vehicle.

Incentive Fees which GTIS may be entitled to, depending on performance, are generally 20% of cumulative realized Client profits following the return of Client capital (and the exceeding of a preferred return on such capital), which is paid in compliance with Rule 205-3 promulgated under the Advisers Act. The description of each Client’s Compensation is set forth in such Client’s Governing Documents.

Separate Account Management Fees generally range from 0.70% to 1.5% per annum of the net asset value of the Separate Account Client’s aggregate investments under management with GTIS. GTIS may also be entitled to receive an Incentive Fee in a range of 10% to 35% of cumulative net realized and unrealized profits based on a third party’s determination of the fair market value of the Separate Account Client’s aggregate net assets under management with GTIS, which is paid in compliance with Rule 205-3 promulgated under the Advisers Act, and is subject to a high water mark. The description of the Separate Account’s Compensation is set forth in such Separate Account’s Governing Documents.

Management Fees are negotiated on a Client-by-Client basis and are often times dependent upon the size of the Investor commitments within each Client; payments are scheduled either quarterly in arrears to quarterly in advance, as stated in the applicable Governing Documents.

In certain cases related to Clients who only hold single family home rental properties, in lieu of a Management Fee, GTIS receives Portfolio Services Fees. Currently, the Portfolio Services Fees represent 1.5% of Net Equity Invested, as defined in the Client's governing documents, for services including acquisition services, renovation management, oversight of leasing services, oversight of property management services, accounting and reporting related to underlying joint ventures or subsidiaries, and disposition services.

**B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

Management Fees are accrued and payable by the Clients quarterly in advance or quarterly in arrears, depending on the Client and as detailed in each Client's Governing Documents. In most cases, Management Fees are either paid directly by the Client as a result of a capital call to its Investors or deducted from distributions to Client Investors and remitted to GTIS. Management Fees for the Separate Account are either paid as described above or paid directly to GTIS. In the case of the Separate Account, the Client either utilizes the methods above generally pays such fees directly to GTIS.

**C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

In addition to the Management Fee and Incentive Fee discussed in 5. A. above, Clients, investment joint ventures or investments wholly-owned by Clients may pay:

- During an offering period, all the organizational and marketing expenses, up to maximums as detailed in such Client's Governing Documents.
- To the extent permitted under the Client's Governing Documents, all Client-related costs and expenses, including, without limitation, the expenses incurred in connection with investments (whether or not consummated) and the evaluation, acquisition, origination, construction, development, ownership, sale, hedging or financing of any investment, litigation-related and indemnification expenses, travel, compliance, custodial, administrative, communication, legal



and accounting expenses related to the Client. In many cases, this includes reimbursed out-of-pocket or third-party costs incurred by GTIS on the Client's behalf.

- To the extent permitted under the Client's Governing Documents, reimbursement from some Clients (or in some cases its Clients as well as its joint venture investments in the form of a monitoring fee) for personnel compensation (including base salary, discretionary bonus and benefits) incurred in connection with operating the Clients. Reimbursements permitted vary by Client, but generally include costs of maintaining the Client bank accounts and accounting services, as well as allocations of costs for maintaining the Client general ledger, investment reporting, preparation of the Client financial statements and tax returns, performing in-house legal services, compliance, valuation review and construction and development oversight.
- A development fee for some investments where GTIS performs the development duties in-house. Any such development fees received by GTIS from its Funds or underlying investments are offset against Management Fees.
- GTIS, through a partnership with a non-affiliate, provides Property Management Services to and receives arms's length fees from, Clients' and third party owned single family home rental portfolios. For these services, the venture earns property management fees, renewal fees, leasing fees, repairs and maintenance fees, construction management fees, application fees, inspection fees, and brokerage fees (where underlying Client documents permit).

In addition, GTIS has entered into a consulting agreement with a non-Client third party to provide real estate consulting services. Such services are distinct from those provided to the Clients and the Separate Account, and involve general market or real estate investment advice. For this service, GTIS receives a monthly fee.

**D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

As noted above, Management Fees are generally paid on a quarterly basis, and in the case of certain Client arrangements, GTIS is afforded with the right to be paid in advance, but not more than three months in advance. Investor withdrawals of capital from Clients are generally not permitted. Management Fees are expected to be paid, except as otherwise described in the relevant Governing Documents, over the term of the Clients, and Investors generally are not permitted to withdraw or redeem interests in the Clients.

**E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

No supervised persons of GTIS may accept direct compensation for the sale of securities or other investment products.

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

**If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.**

As noted above in Item 5, GTIS, generally through one of its affiliated entities, is entitled to receive an Incentive Fee from certain Clients. Incentive Fees are generally 20% of the cumulative realized Client profits following the return of Client capital (and the exceeding of a preferred return on such capital).. The general partner of each Client may, in its sole discretion, agree to waive all or a portion of this amount, as it does for Firm Investors.

Clients should be aware that performance-based fee/allocation may be deemed to create a conflict of interest for GTIS, as there can be an incentive for GTIS to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee/allocation. In addition, the fact that different Client Investors and Clients pay different levels of Compensation to the Firm for making the same investments may give rise to potential conflicts of interest. GTIS will at all times act in a manner that it believes to be fair and equitable to its Clients, subject to any investment restrictions and investment capacities of its Clients, as set forth in the Governing Documents of each Client.

GTIS may manage multiple Clients with similar investment strategies on a side-by-side basis. As a result of the foregoing, GTIS and/or the general partners may have conflicts of interest in: (i) allocating their time and activity among the multiple Clients; (ii) allocating investments among the multiple Clients; and (iii) effecting transactions among the multiple Clients, including ones in which GTIS and/or the general partners may have a greater financial interest. These conflicts of interest may create an incentive for GTIS to favor a Client in which it and/or a general partner have a greater financial interest with respect to allocation of time and activity, limited investment opportunities, or investments that GTIS regards as more attractive or better performing.

To address these conflicts of interest, GTIS has implemented policies and procedures to ensure that all Clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities. These policies and procedures, along with each Client's Governing Documents, require

GTIS to at all times allocate investments among the Clients in a manner which it believes to be fair and equitable.

## **Item 7 – Types of Clients**

**Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

GTIS provides discretionary investment advice to Funds that are offered as private placements and organized as limited partnerships, to Co-Investment Vehicles and to a Separate Account that invests through limited partnerships (all such entities, GTIS' Clients). Client Investors typically include public pension plans, corporate pension plans, university endowments, foundations, investment companies, insurance companies, sovereign wealth funds, fund-of-funds, banks, trusts, family offices, investment advisers, other institutional investors, and high net worth individuals. Investment advice is provided directly to the Clients and Separate Account and not individually to Investors in such Clients and/or Separate Account.

Each Client and Separate Account generally limits its Investors to persons who are both “accredited investors” as defined in the Securities Act of 1933 and “qualified purchasers” as defined in the Investment Company Act of 1940. In regard to the Clients, minimum subscription amounts and other investor suitability requirements are detailed in the respective Client Governing Documents. However, such minimum amounts can be waived by GTIS in its discretion. In regard to the Separate Accounts the amount of capital to be invested is individually negotiated.

GTIS in its discretion will determine whether it is in the best interest of the Funds to solicit co-investment interests for a portfolio investment. GTIS generally will seek co-investors when an investment opportunity is larger than the commitment amount a Fund is permitted to make under the Fund's governing documents, when GTIS determines in its sole discretion that the investment amount is larger than is prudent for the Fund to make or when GTIS determines in its sole discretion that allowing a co-investor is in the best interest of the Fund.

In its sole discretion and accordance with the Governing Documents and its policies and procedures governing co-investment opportunities, GTIS may cause a Fund to invest side-by-side with a co-investor without offering a co-investment opportunity to existing GTIS investors. Opportunities to co-invest may be made available to any person or entity, including without limitation, strategic investors, lenders, deal sources, other private firms, other persons or entities affiliated, associated or otherwise known to GTIS or its employees. Some co-investors may be offered rights not offered to other co-investors, such as forced sale provisions.

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

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.**

GTIS' primary investment objective is to seek value-added and opportunistic real estate related investments on behalf of its Clients. GTIS pursues opportunistic real estate investments in residential, single family rental, retail, industrial, office, hotel, real estate debt, land development and mixed-use projects in the U.S. and Brazil. GTIS investments are usually in the form of direct or indirect ownership interests of, or in, real estate and real estate related loans and equity investments in real estate related joint ventures and operating companies. GTIS investments may also include investments that constitute publicly traded or privately offered equity and debt investments. GTIS may also invest in certain liquid investments, including cash and cash equivalents. Investing in securities involves risk of loss that Clients should be prepared to bear. Typically the investment risks associated with the investment strategies offered by GTIS and the types of investments pursued by GTIS will be outlined in a Client's Governing Documents.

GTIS performs extensive due diligence prior to making any investment. In particular, GTIS evaluates potential investments with respect to financial, accounting, tax, legal, market, competitor, employee, joint venture partners, environment, construction, development, architectural, engineering and consumer issues, as well as other issues that may be particular to the proposed transaction.

GTIS focuses on generating optimal risk-adjusted returns by prioritizing capital preservation and risk mitigation in its investments. The GTIS investment process is characterized by several elements of risk management. GTIS seeks downside protection through a substantial margin of safety in pricing and/or underwriting and seeks to use equity, debt and hybrid capital structures specifically tailored to the situation in order to optimize the investment risk/return profile. GTIS conducts extensive due diligence including a rigorous financial, physical, environmental, legal and tax review. GTIS seeks to diversify portfolio exposures across multiple risk factors including asset classes, strategies and geographies.

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

All investing involves risk of loss. Current and prospective GTIS Investors are cautioned that investments involve risk, including the possibility of a complete loss of the amount invested, and that they should be prepared to bear those risks. There can be no assurance that any investment,

investment program or portfolio will achieve its stated objectives. Client Investors should refer to their respective Governing Documents for a more detailed discussion of risks.

For the main U.S. and Brazil Funds the following are some of the more relevant strategies and risks to an investment with GTIS:

- *Changes in Market Circumstances.* The success of GTIS' activities will often be affected by international, U.S., regional and local economic and market conditions, including changes in interest rates, currency, instability in certain securities markets, changes in relative valuation of its target investment sectors, changes in the availability of, or the general terms and conditions for, investment financing, shifts in the supply and demand for the types of properties in which GTIS will invest Client funds, changes to the financial resources and solvency of tenants and buyers and sellers of properties, among other factors—any one of which could adversely affect investment returns.
- *Potential Lack of Diversification.* GTIS intends to limit the impact on financial performance of poorly performing investments by investing in investments of varying types, locations and degrees of risk. However, there can be no assurance that such diversification will be available on acceptable terms. GTIS may make a limited number of investments and, as a consequence, the aggregate return and performance of a Client's portfolio may be substantially adversely affected by the unfavorable performance of even a single investment. Furthermore, the aggregate return to Clients may be affected by GTIS' strategy to sell, foreclose upon, or refinance an asset once GTIS believes that its strategy has led to maximization of the asset's potential value. That is, aggregate returns may be adversely affected if GTIS is not able to correctly time its refinancing or disposition strategy.
- *Risks of Potential Leveraging.* Depending upon the Client mandate, GTIS may use leverage to increase the potential value of the assets to be acquired. While the use of leverage may enhance returns to Clients and increase the number of investments Clients can make, it also substantially increases the risk of loss to Clients. If GTIS utilizes leverage, the third-party lender would be entitled to cash flow generated by such investment prior to a Client receiving a return. If a Client defaults on secured indebtedness, the lender may foreclose and the Client could lose its entire investment securing such loan. In the instance that several investments held by a Client are cross-collateralized, multiple investments may be subject to the risk of loss.
- *Projections.* Projections prepared with respect to the financial performance of an investment in which the Clients invest will be based, in part, on information provided by the seller or borrower of an investment. Projections are only estimates of future results and are based upon assumptions made at the time projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be

significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

- *Asset Valuation.* The Clients will provide quarterly and annual reports setting forth the estimated values for all of its investments. Investors will need to rely on the judgment of each Client's management and third party consultants and appraisers for valuing and pricing such Client investments both for financial statement purposes and in connection with disposing of such investments. A valuation is only an estimate of value and is not a precise measure of realizable value. Ultimate realization of the value of an asset depends to a great extent on economic and other conditions beyond the control of a Client. Further, valuations do not necessarily represent the price at which an investment would sell since market prices of investments can only be determined by negotiation between a willing buyer and seller. If a Client were to liquidate a particular investment, the realized value may be more than or less than the appraised valuation of such asset.
- *Sale of Investments.* When selling investments, a Client may find it necessary or desirable to provide secondary financing to purchasers. In the event a Client finds it necessary or desirable to provide such secondary financing, a liquidation of the Client may be delayed beyond the anticipated term of the Client until the proceeds are collected. In addition, a Client will be subject to the risk of a default by the buyer with respect to any such secondary financing, and will be subordinated to any primary financing obtained by the buyer.
- *Bridge Financings.* The Clients may provide bridge financing in connection with one or more of its investments. The Clients will bear the risk of any changes in financing markets, which may adversely affect the ability of a borrower to refinance any bridge financings. If the borrower were unable to complete a refinancing, the Client could be left holding an unexpected long-term investment.
- *Hedging Policies and Risks.* In connection with certain investments, the Clients may employ hedging techniques designed to protect a Client against adverse movements in currency rates, interest rates, securities prices and other risks. While hedging transactions may reduce such risks, they may result in a poorer overall performance for a Client than if it had not entered into such hedging transactions. In some foreign strategies, the Client does not hedge the majority of the investment; therefore, the Investors are exposed to currency risk which may be mitigated through the Investor's own hedging strategy.
- *Counterparty Risk.* It is expected that virtually all investment purchases and dispositions on behalf of Clients will occur in private markets. The participants in such markets are typically not subject to the same credit evaluation and regulatory oversight as members of public exchange-based markets. Differing market standards for counterparty credit evaluation may expose Clients to the risk that a counterparty will not close a transaction in accordance with

its terms and conditions because of a dispute over the terms of the contract (irrespective of whether bona fide) or because of a credit or liquidity problem, thus causing Clients to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where other events may intervene to prevent closing, or where GTIS, on behalf of its Clients, has concentrated its transactions with a particular counterparty or group of counterparties. GTIS is not restricted from dealing with any particular counterparty or from concentrating its transactions with an individual counterparty. Despite the prospect that GTIS’ risk management process may incorporate an assessment of counterparty risk, there can be no assurance that such assessment may mitigate counterparty risk.

- *Cybersecurity Risk.* The Clients, their portfolio investments, their service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Clients and their portfolio investments, despite the efforts of service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Clients and their portfolio investments. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to the systems of the Clients, their portfolio investments, their service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of such systems to disclose sensitive information to gain access to the confidential data. A successful penetration or circumvention of the security of such systems could result in the loss or theft of data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Clients or their portfolio investments to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

**C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

- *General Risks of Real Estate.* All real estate investments, ranging from equity investments to debt investments, are subject to some degree of risk. For example, real estate investments are relatively illiquid and, therefore, may tend to limit GTIS’ ability to promptly adjust a Client’s portfolio in response to changes in economic or other conditions. No assurances can be given that the fair market value of any real estate investments held by a Client will not decrease in the future or that the Client will recognize full value for any investment that the Client is required to sell for liquidity reasons.

In addition, GTIS' ability to realize anticipated sales proceeds, rental and interest income on its equity and debt investments will depend, among other factors, on the financial reliability of buyers, tenants and borrowers; the location and attractiveness of the properties in which it invests; the supply of comparable space in the areas in which its properties are located; and general economic conditions. Other risks include changes in zoning, building, environmental and other governmental laws; changes in operating expenses; changes in real estate tax rates; changes in interest rates and changes in the availability, costs and terms of mortgage funds; energy prices; changes in the relative popularity of properties; the ongoing need for capital improvements; cash-flow risks; construction risks; as well as natural catastrophes, acts of war, terrorism, civil unrest, uninsurable losses and other factors beyond the control of GTIS' management.

Additionally, a Client may, in certain instances, be responsible for structural repairs, improvements and general maintenance of real property. The expenditure of any sums in connection therewith beyond those budgeted for by the Client will reduce the cash available for distribution and may require a Client to fund deficits resulting from the operation of a property. No assurance can be given that the Client will have funds available to make such repairs or improvements. These factors and any others that would impede the Client's ability to respond to adverse changes in the performance of its assets could significantly affect the Client's financial condition and operating results.

- *Risks Associated with Commercial Mortgage Loans.* The Clients may invest in commercial mortgage loans. The value of a Client's commercial mortgage loans will be influenced by the historical rate of delinquencies, defaults experienced on the commercial mortgage loans and by the severity of loss incurred as a result of such defaults. The factors affecting delinquencies, defaults and loss severity include: (i) industry sector and economic and real estate market conditions (*e.g.* multifamily, retail, office, etc.); (ii) the terms and structure of the mortgage loans; and (iii) any specific limits to legal and financial recourse upon a default under the terms of the mortgage loan. Commercial loans generally expose a lender to a greater risk of loss through delinquency and foreclosure since the ability of the borrower to repay a loan secured by income-producing property typically is dependent primarily upon the successful operation and operating income of such property, rather than upon the existence of independent income or assets of the borrower. Most commercial mortgage loans provide recourse only to specific assets, such as the property, and not against the borrower's other assets or personal guarantees. Commercial mortgage loans generally do not fully amortize, which can necessitate a sale of the property or refinancing of the remaining debt amount at or prior to maturity of the mortgage loan. Accordingly, investors in commercial mortgage loans bear the risk that the borrower will be unable to refinance or otherwise repay the mortgage at maturity, thereby increasing the likelihood of a default on the borrower's obligations. Exercise of foreclosure and other remedies may involve lengthy delays and additional legal and other related expenses on top of potentially declining property values. In certain circumstances, the Clients could



become liable upon taking title to an asset for environmental or structural damage existing at the property.

- *Real Estate CDO Securities.* The Clients may target debt and debt-like investment opportunities demonstrating strong current cash flow and/or the potential for value generation. These may include, but are not limited to, subordinated classes of collateralized debt obligations (“CDOs”), securities investment vehicles or alternative structured securitizations collateralized primarily by asset-backed securities. Real estate CDO securities are, generally, limited recourse obligations of the issuer thereof payable solely from the collateral owned by such issuer or the proceeds thereof. The holders of real estate CDO securities must rely solely on distributions on the underlying collateral or proceeds thereof for payments in respect thereof. If distributions on the underlying collateral are insufficient to make payments on the CDO securities, no other assets will be available for the payment of such deficiency and following realization of the collateral debt securities, the obligations of such issuer to pay such deficiency shall be extinguished.

The underlying collateral of the real estate CDO securities is subject to credit, liquidity and interest rate risks. Such assets may consist of loans, structured finance securities and other debt instruments, which may be rated either as investment grade or below investment grade (or of equivalent credit quality). The lower rating of below investment grade loans reflects a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the issuer to make payments of principal or interest.

- *Illiquidity.* The types of direct or indirect ownership interests of or in real estate, and real estate related loans and equity investments in real estate-related joint ventures and operating companies held as Client investments, may be such that they require a substantial length of time to liquidate. Accordingly, GTIS’ ability to respond to rapid changes in economic and other conditions may be relatively limited. In particular, no assurances can be given that all Client investments will be able to be liquidated on the scheduled time frame. GTIS generally will not be able to sell its Clients’ investments held in the form of securities unless their sale is registered under applicable federal and state securities laws or an exemption from such registration requirements is available. In some cases, GTIS may be prohibited by contract from selling investments for a period of time. No assurances can be given that the fair market value of any of the assets held for a Client will not decrease in the future.
- *Insurance.* GTIS will attempt to maintain insurance coverage for its properties against liability to third parties and property damage as is customary for similar businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Insurance against certain risks, such as earthquakes, floods, or terrorism may be unavailable, unavailable at a reasonable cost, available in amounts that are less than the full market value

or replacement cost of investments or subject to a large deductible. There can be no assurance that the particular risks that are currently insurable will continue to be insurable at a reasonable cost. If a property suffers an uninsured loss, all or a substantial portion of the investment in the relevant property may be lost. In addition, all of a Client's assets may be at risk in the event of an uninsured liability to third parties.

- *Investment in Distressed Assets.* GTIS may originate performing debt investments and may acquire not only performing but sub-performing or non-performing debt interests as well, which are secured directly or indirectly by real estate. In addition to the risks of borrower default, the collateral may be mismanaged or otherwise decline in value during periods in which GTIS is seeking to maximize investment value. It is possible that GTIS may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased or originated by GTIS. The foreclosure process can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states or countries, foreclosure actions can take up to several years to conclude. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, staying the foreclosure action and further delaying the foreclosure process.

Investments in assets operating in workout modes under the U.S. Bankruptcy Code, or the equivalent in non-U.S. jurisdictions, are, in certain circumstances, subject to certain additional potential liabilities which may exceed the value of the Client's original investment.

Bankruptcy laws may delay the ability of the Client to realize on collateral for loan positions held by it or may adversely affect the priority of such loans through doctrines such as equitable subordination or may result in a restructure of the debt through principles such as the "cramdown" provisions of the bankruptcy laws.

- *Variable Rate Mortgages.* Certain investments may be subject to financing that provides for adjustments in the interest rate at various monthly, annual or other intervals. An increase in the interest rate as a consequence of any such adjustment: (i) would result in less income to Clients; (ii) may reduce distributions to Clients; (iii) may cause negative amortization; and (iv) may cause the sale of an investment prematurely or on less favorable terms than might otherwise be obtained. Similarly, with respect to debt that is based on variable interest rates, Clients are subject to the risk that such interest rates may decline.
- *Third Party Involvement.* Some investments may be made on behalf of a Client as: (i) a joint venture partner with the seller of an asset; (ii) an affiliate of the seller; (iii) an investor unaffiliated with the Client or its affiliates; or (iv) other persons. The foregoing, and other non-specified, investment examples may involve risks not inherent in other types of

investment vehicles, including, for example, the possibility that such entities may become insolvent and bankrupt, have economic or business interests or goals inconsistent with those of the Client or otherwise be in a position to take action inconsistent or potentially competing with the Client's objectives, desires or policies. In addition, GTIS may rely upon the abilities, services or management expertise of an asset servicer or an investment partner. GTIS may encounter challenges or resistance to disposing of an interest in an asset that is subject to a servicing contract or a joint venture transaction. A joint venture investment agreement may grant partners veto powers with respect to major decisions concerning management or disposition of an investment, which could increase the risk of deadlocks that may adversely affect investment liquidity, values and returns.

- *Third-Party Servicer.* Certain of a Client's investments may comprise securities collateralized by pools of loans or receivables for which certain management functions - such as, for example, payment collection and deposit, record-keeping or reporting with respect to payment collections and deposits - are performed by asset servicers. In the event that a third-party servicer for one of the Client's assets experiences operational or financial difficulties, the Client's investment could experience payment delay, reduction or suspension, thereby compromising the asset's value. In the event of a servicer bankruptcy or other adverse event, a Client's investment could experience payment delay, reduction or suspension during a transfer of servicing responsibilities to a conservator or receiver. Further, if a third-party servicer becomes a debtor in a bankruptcy case, a security structure representing the Investor interests of a Client may be unable to compel a third-party servicer to continue its servicing responsibilities, thereby compromising the liquidity or value of a Client's investment.
- *Litigation at the Property Level.* The acquisition, ownership and disposition of real properties carry certain specific litigation risks, which could result in losses to Clients. Litigation may be commenced with respect to a property acquired by a Client in relation to activities that took place prior to the Client's acquisition of such property. Litigation may be also be commenced with respect to a property subsequent to the Client's acquisition of such property. In addition, at the time of disposition for an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made if such buyer is passed over in favor of another as part of GTIS' efforts to maximize sale proceeds. Similarly, successful buyers may later bring suit under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in their purchase due diligence.
- *Alternative Investment Fund Managers Directive.* The EU Alternative Investment Fund Managers Directive (the "AIFMD") regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area ("EEA"). If a Client is actively marketed to investors domiciled or having

their registered office in the EEA in circumstances where no transitional relief is available: (i) the Client may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Client incurring additional costs and expenses; (ii) the Client and/or the general partner may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the Client incurring additional costs and expenses or otherwise affect the management and operation of the Client; (iii) the general partner may be required to make detailed information relating to the Client and its investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of the Client in relation to EEA portfolio investments including, in some circumstances, the Client's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for a Client to raise its targeted amount of commitments.

The following risks are specific to an investment in GTIS' Brazil Funds. Client Investors in GTIS' Brazil Funds should refer to their respective Governing Documents for a more detailed discussion of risks.

- *Foreign Currency and Exchange Rate Risk.* Some Clients will be subject to currency risk exposures due to differences in the timing of capital contributions, income and sales receipts, fee and expense allocations, and return of capital and profit distributions due to foreign currency conversions associated with these events. GTIS may seek to mitigate these exposures but no assurance can be given that such effort will be undertaken or that it will succeed in limiting any or all foreign exchange risk. Any expense associated with such efforts will be borne by such Clients in proportion to their investments. Given the inherent risks associated with hedging (or not hedging) currency exchange risk exposure, GTIS cannot guarantee the effectiveness of any such hedging efforts.
- *Non-U.S. Investments.* Clients have made investments in real estate and the debt and equity instruments of public or private issuers domiciled outside of the United States, particularly in Brazil. With any investment in a foreign country, there exists certain risks that might not be found in a similar investment in the U.S., including political and economic considerations, such as greater risks of expropriation and nationalization, the potential difficulty of repatriating funds and general social, political and economic instability; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict a Client's investment opportunities. In addition, accounting and financial reporting standards that prevail in non-U.S. countries generally are not equivalent to U.S. standards and, consequently, less information may be available to investors in issuers located in non-U.S. countries than is available to investors in issuers located in the United States. In addition, laws, regulations and conditions in foreign countries may impose

restrictions or risks that would not exist in the U.S. and may require financing and structuring alternatives which differ from those customarily used in the U.S.

- *Internal Political and Economic Instability.* Historically, the performance of the Brazilian economy has been affected by Brazil's political environment. Political crises have affected investor confidence in Brazil which adversely affects the development of the economy. Any such development may have a material adverse effect on the Clients' business. The Clients' investments could be adversely affected by economic destabilization in Brazil and by changes in laws and regulations or the interpretation thereof, including those governing the acquisition of land, the formation of joint ventures, repatriation of currency, anti-inflationary measures, laws governing rates and methods of taxation, and restrictions on currency conversion, imports and sources of supplies.
- *Brazilian Real Estate Industry.* The real estate industry in Brazil is highly competitive and fragmented, and there are no high entry barriers restricting new competitors from entering the market. The main competitive factors in the real estate development business include availability and location of land, price, funding, design, quality, reputation and partnerships with developers. A number of residential and commercial developers and real estate service companies compete with the Brazil Funds in seeking land for acquisition, financial resources for developments and prospective purchasers. Additional companies, including foreign companies, with alliances with local partners, may become active in the real estate development business in Brazil over the next few years, further increasing this competition. In addition, the marketability and value of the Clients' real property interests will depend on many factors beyond the control of the general partner, such as changes in the Brazilian National Monetary Council's policies regarding the application of funds from the Brazilian government's Housing Financial System.
- *Investments in Land/New Development.* The Clients, as an aspect of their investment strategy, may acquire direct or indirect interests in undeveloped land or underdeveloped real property in Brazil, which may often be non-income producing. To the extent that the Clients invest in such assets, the Clients will be subject to the risks normally associated with such assets and development activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory or environmental approvals, the cost and timely completion of construction (including risks beyond the control of the Clients, such as weather or labor conditions or material shortages) and the availability of financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the Clients. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. In addition, changes in market conditions during the

course of development may make such development less attractive than at the time it was commenced.

The following risks are specific to an investment in GTIS' single family rental ("SFR") strategy. Client Investors in GTIS' SFR strategy should refer to their respective Governing Documents for a more detailed discussion of risks.

- *Asset Class Track Record.* As an institutional asset class, SFR has a relatively short track record of less than six years and large SFR platforms are still improving their operating process. The asset class does not have an operational track record in a recessionary environment, particularly in regards to occupancy and bad debt resulting from tenant defaults.
- *Distressed Homeowner.* GTIS' strategy targets, inter alia, distressed SFR homes that often involve defaults by homeowners on their home loan obligations. For multiple reasons, distressed homes may be in worse physical condition than other similar homes. When homeowners fall behind on their mortgage payments, they may cease to maintain the home in good condition, vandalize the home or may abandon the home altogether. Vacant and neglected homes are subject to increased risks of vandalism, theft, mold, infestation, general deterioration and other maintenance problems that may worsen without appropriate attention and remediation. While exterior and interior visual inspections will be conducted when possible prior to purchase and the Clients' SFR homes are periodically inspected after purchase, the Clients' management may not become aware of conditions such as water infiltration, mold or infestation until significant damage has been done to a home. Such damage may require extensive remediation and repairs and may require the Clients to provide substitute housing for a resident.
- *Ongoing Maintenance and Capital Expenditures.* The Clients will have ongoing maintenance and capital expenditure responsibilities, which can result in a loss of capital and divert from day-to-day obligations. Under the leases, the owner of the properties retains certain obligations with respect to the property, including, among other things, the responsibility for maintenance and repair of the property and compliance with other affirmative covenants in the lease. The expenditure of any sums in connection therewith beyond those budgeted for will reduce the cash available for redemption or distribution and may require the Clients to fund deficits resulting from operating of a property. No assurance can be given that the Clients will have funds available to make such repairs or improvements. If the Clients were to fail to meet these obligations, then the applicable tenant may abate rent or terminate the applicable lease, or claim damages for a failure by the Clients to meet its obligations to repair or improve the property, each of which may result in a loss of capital invested in, and anticipated profits from, the property to the Clients. In addition, significant capital expenditures, regardless of whether or not they are ultimately successful, typically require a substantial portion of management's time and attention, which could divert the management team's time from the day-to-day

obligations to the Clients and, in turn, impair the Clients' financial condition and operating results.

- *Risk of Vacancy.* If a Client is unable to lease properties that are partially or completely vacant, a Client may be required to recognize an impairment loss with respect to the carrying values of these properties, which may seriously harm a Client's operating results and financial condition. Any of the Client's properties could become partially or completely vacant in the future. If a Client is unable to re-lease these properties and generate sufficient cash flow to replace or exceed that amount lost due to the vacancy, a Client will be required to recognize a financial loss as to that property, which could reduce a Client's operating results and ability to make distributions.

### **Item 9 – Disciplinary Information**

**If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.**

No events have occurred at GTIS that are applicable to this Item.

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

**A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

No GTIS management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

**B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities, disclose this fact.**

Neither GTIS nor any of its management persons is registered or has an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity-trading adviser, or associated person of the foregoing, and GTIS does not anticipate such affiliations in the future. GTIS has filed as an exempt commodity pool operator in response to certain CFTC rule amendments.

**C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.**

- 1. Broker-dealer, municipal securities dealer, or government securities dealer or broker**
- 2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)**
- 3. Other investment adviser or financial planner**
- 4. Futures commission merchant, commodity pool operator, or commodity trading advisor**
- 5. Banking or thrift institution**
- 6. Accountant or accounting firm**
- 7. Lawyer or law firm**
- 8. Insurance company or agency**
- 9. Pension consultant**
- 10. Real estate broker or dealer**
- 11. Sponsor or syndicator of limited partnerships.**

GTIS has no arrangement with a related person who is a broker-dealer, investment company, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accountant or accounting firm, insurance company or agency, pension consultant, or an entity that creates or packages limited partnerships that are material to its advisory services or its Investors.

GTIS owns an interest in a partnership with an unrelated company to provide real estate brokerage and various property management services to the Clients and third party single family rental portfolios. The services are all performed at arms-length, market terms and real estate brokerage fees are only charged to Clients who permit such changes in their underlying Fund Documents.

As indicated above in Item 4 GTIS does have a relationship with another investment adviser, GTAM, an investment adviser registered with the SEC. GTAM is a minority limited partner of GTIS and receives a portion of GTIS' income, except for income that is attributable to investment management services rendered to GTAM. GTIS acquires, manages and disposes of investments on behalf of GTAM Entities and receives Compensation in connection therewith. GTAM manages a variety of absolute return strategies, which invest in bank debt, high yield bonds, distressed debt, middle market loans, equities and, through its arrangements with GTIS, real estate.



GTAM has also committed to investing a portion of the GTAM Funds' assets in the same real estate opportunities that are to be made by certain Funds, including any related co-investments of these Funds. These investments are made on a side-by-side and pro rata basis in proportion to the GTAM Funds' capital commitments to the particular Fund program and the aggregate capital commitments of the Fund Investors in such Fund program. The GTAM Funds that invest on a side-by-side basis with such Funds also pay a proportionate share of the Fund program's expenses, although GTAM pays Compensation on their behalf based on the Separate Account formulas described above in Item 5.A rather than the Fund formulas described in Item 5.A. Given the investment allocation policy described above in Item 6, and the proportionate basis by which certain GTAM Funds and a particular Fund invest in each Fund investment, GTIS does not consider this arrangement to create a material conflict of interest between Clients.

As mentioned in Item 4, above, GTIS is affiliated with the general partners of each of its Clients. These general partners are deemed registered with the SEC under the Advisers Act pursuant to GTIS' registration. GTIS provides personnel and other services to the general partners who operate as a single advisory business together with GTIS. GTIS and the general partners share common owners, officers, partners, employees, consultants or persons occupying similar positions.

GTIS has and will continue to develop relationships with professionals who provide services it does not provide, including: legal; accounting; banking; investment banking; tax preparation; insurance brokerage; and other personal services. Some of these professionals may provide services to the Funds or their portfolio investments. None of the above relationships, however, creates a material conflict of interest with any of the Clients or Investors.

From time to time, GTIS may receive training, information, promotional material, meals, gifts or prize drawings from vendors and others with whom it may do business or to whom it may make referrals. GTIS does not accept benefits, gifts or other arrangements that are conditioned on directing individual Client transactions to a specific security, product or provider.

**D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

GTIS does not recommend or select other investment advisers for its Clients.

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

**A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.**

### **Code of Ethics**

As fiduciaries, GTIS and its employees have certain legal obligations to put Clients' interest ahead of their own. GTIS has adopted a Code of Ethics (the "Code of Ethics") in accordance with the requirements of Rule 204A-1 of the Advisers Act which is based on principles of openness, honesty, integrity and trust. The Code of Ethics sets out standards of business and personal conduct for each employee and the policies regarding personal trading and reporting of personal securities transactions, among other things.

In rare cases, GTIS' business may provide GTIS and its employees with access to material nonpublic ("insider") information. The Code of Ethics includes a prohibition on insider trading and outlines strict policies that dictate how any such information is to be treated. All employees must acknowledge in writing the terms of the Code of Ethics initially upon hire and thereafter annually.

The Code of Ethics requires pre-clearance for employee personal trading in certain securities as well as other conduct of GTIS' supervised persons. Supervised persons forward duplicate account statements to GTIS or provide them by electronic feeds from the broker-dealers with respect to personal securities transactions.

Employees of GTIS who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Employees are also required to promptly report any violations of the Code of Ethics of which they become aware.

GTIS will provide a copy of its Code of Ethics to any existing or prospective Investor upon request to its Chief Compliance Officer, Amy Boyle, at (212) 220-5200.

**B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

### **Participation or Interest in Client Transactions**

GTIS and certain employees and affiliates may invest in and alongside the Clients, either through the general partners, as direct Investors in the Clients or otherwise. A Client or its general partner, as applicable, may exempt such person from all or a portion of the Management Fee or Incentive Fee.

GTIS does not affect any principal or agency cross securities transactions for Client accounts without the proper consent of the relevant general partner or the relevant Client advisory board, as applicable. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells a security to an advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between affiliated Client accounts. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. This situation does not apply to GTIS.

### **Conflicts of Interest**

The offering documents for each Client typically includes a description of what GTIS believes to be the most significant conflicts of interest associated with an investment. Some of these conflicts are summarized below; however, this summary does not attempt to describe all of the conflicts of interest associated with an investment in the Clients. Investors should carefully consider the conflicts of interest described herein and in GTIS' Governing Documents prior to investing.

If any matter arises that GTIS determines in its good faith constitutes an actual conflict of interest, GTIS may take such actions as may be necessary or appropriate, within the context of any applicable Client's Governing Documents, to address the conflict.

Each of GTIS' Funds has an advisory board which is established under the respective Fund's Governing Documents. A conflict of interest may exist, in that not all Investors are asked to join a Fund's advisory board.

Each Client's Investors include persons or entities resident in various jurisdictions, including the United States and other countries, who may have conflicting investment, tax and other interests with respect to their investments. The conflicting interests of individual Investors may relate to or arise from, among other things, the nature of investments made by each Client, the structuring of the acquisition of investments and the timing of the disposition of investments. Such structuring of investments may result in different after-tax returns being realized by different Investors and other Investors. As a consequence, conflicts of interest may arise in connection with decisions made by GTIS that may be more beneficial for one Investor than another Investor, especially with respect to Investors' individual

tax situations. GTIS considers the investment and tax objectives of each Client as a whole, and not the individual investment, tax or other objectives of any particular Investor.

From time to time, GTIS may be presented with investment opportunities that would be suitable for more than one of the Clients operated by GTIS or advisory affiliates of GTIS. In determining which investment vehicle(s) should participate in such investment opportunities, GTIS and its affiliates are subject to conflicts of interest among the Investors. GTIS attempts to resolve these conflicts of interest in light of its obligations to Investors and attempts to allocate investment opportunities among Investors in a fair and equitable manner. Where necessary, GTIS may consult with and/or receive consent to conflicts from the requisite percentage interest of Investors in or an advisory board consisting of Investors in the applicable Clients.

Part of GTIS' reporting to Investors and prospective Investors involves projecting rates of return for investments. Projected operating results of an investment in which a Client invests normally will be based on financial projections prepared by GTIS in its discretion. In all cases, projections are only estimates of future results that are based upon internal information as well as information received from third parties, and assumptions are made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

Under the Governing Documents with each of its Clients, GTIS is entitled to receive reimbursement from some of its Clients for personnel compensation (including base salary, discretionary bonus and benefits) incurred in connection with operating its investments. Reimbursements include costs of maintaining the Client bank accounts and accounting services, as well as allocations of costs for maintaining the Client general ledger, investment reporting, preparation of the Client financial statements and tax returns, performing in-house legal services, compliance, valuation review and construction and development oversight. These reimbursement costs are calculated by reviewing and calculating employees' time card submissions.

As part of the agreements with its joint venture partners, GTIS receives compensation reimbursements related to functions performed by GTIS, which reduces the reimbursements absorbed by Client Investors in the amount equal to those made by third-party joint venture operating partners according to the operating partner's pro-rata share of the joint ventures. In some instances the Clients may pay more than their allocable ownership portion of a joint venture's reimbursements. GTIS does not believe this to be a conflict of interest in that any fees received from the joint venture operating partner serve to offset, to some extent, the amount of reimbursements paid by Client Investors.

Subject to any relevant restrictions or other limitations contained in the Governing Documents of each Client, GTIS will allocate fees and expenses in a manner that it believes in good faith is fair and

equitable under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, GTIS may be faced with a variety of potential conflicts of interest. As a general matter, expenses incurred on behalf of multiple Clients will be allocated among such Clients. The allocations of such expenses may not be proportional.

A conflict of interest could arise in GTIS' determination whether certain costs or expenses that are incurred in connection with the operation of the Clients meet the definition of Client operational expenses for which such Client is responsible, or whether such expenses should be borne by GTIS. The Clients will be reliant on the determinations of GTIS in this regard. From time to time, it is possible that subsequent review of allocations could result in an identification of expenses that should have been allocated in a different manner, in which case measures would be undertaken to correct such circumstance, which might include a reversal of the original expense allocations, if possible, or such other equitable adjustment believed by GTIS to be the most appropriate corrective measure. GTIS does not receive any favorable legal fee rates or discounts that are not also provided to the Clients.

GTIS may enter into transactions with certain Investors such as, for example, Investors who are also business partners, such as insurance agents, investment banks, broker-dealers, legal counsel or others who provide services (including mezzanine and/or other lending arrangements) to the Firm, its Clients and portfolio investments. The terms of these transactions are negotiated on an arm's-length basis; however, GTIS is subject to a conflict of interest when determining such terms because GTIS may benefit from retaining such Investors' investment in the Clients.

GTIS, through a partnership with a non-affiliate, provides Property Management Services to and receives arm's length fees from, Clients' and third party owned single family home rental portfolios. Although the terms of the management agreements are on an arm's-length basis, GTIS owns a portion of this the Property Management Services provider, which could create conflicts of interest because GTIS benefits from the profitability of the provider.

**C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

### **Personal Trading**

In rare cases, GTIS' business may provide GTIS and its employees with access to material nonpublic ("insider") information. The Code of Ethics includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated.

GTIS' employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding publicly traded securities or communicating material non-public information about such securities to others. Supervised persons

are required to submit annual and quarterly brokerage account reports of security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest. Employees are also required to pre-clear with the Compliance Department certain reportable securities transactions. As such, provided that they comply with the Code of Ethics, GTIS employees are permitted to engage in certain personal securities transactions, including investing in GTIS Clients.

The principals and employees of GTIS may carry on investment activities for their own account and for family members, friends or others who do not invest in the Clients, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Clients, even though their investment objectives may be the same or similar.

**D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Please refer to Items 11.A, 11.B and 11.C.

## **Item 12 – Brokerage Practices**

**A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

Based on the nature of the investment strategies employed for the Clients advised, GTIS generally does not make use of securities broker-dealers in the traditional sense to buy and sell portfolio investments on behalf of the Clients; rather, the GTIS investments consist of privately negotiated real estate transactions (*e.g.*, purchases, sales, joint ventures or financings). In such privately negotiated transactions, GTIS or an affiliate may engage the services of a real estate broker for the purchase or sale of a property or a mortgage broker for the financing or refinancing of debt on a property. When considering retaining the services of such brokers, GTIS will consider such factors as the broker's industry experience, its reputation and its capability based on previous and pending transactions effected for GTIS and any of its affiliates.

Although GTIS does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the following brokerage practices. If GTIS sells publicly traded securities for a Client or Separate Account, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by GTIS. In selecting a broker to execute Client transactions, GTIS may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) gross compensation paid to the broker.

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

- 1. Research and Other Soft Dollar Benefits.** If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.

Because of the nature of its real estate advisory services, GTIS does not receive research or other soft dollar benefits in connection with securities transactions for any Client accounts.

- 2. Brokerage for Client Referrals.** If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

GTIS does not receive Client referrals from a broker-dealer or third party in connection with considering, selecting or recommending broker-dealers.

- 3. Directed Brokerage.**

The Firm does not enter into directed brokerage arrangements

**B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

It is not expected that opportunities to aggregate the purchase or sale of securities will occur frequently. However, when such opportunities arise, GTIS intends to trade such securities on an aggregated basis.

### **Item 13 – Review of Accounts**

**A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.**

Each Client has specific investment criteria and limitations set forth in its Governing Documents. Before GTIS makes an investment on behalf of a Client, members of the applicable Investment Committee evaluate whether the investment will satisfy the particular investment criteria and limitations applicable to that Client. In addition, in the case of the Separate Account, generally Client approval will be required before GTIS can make the investment.

After an investment is made, GTIS' asset management, finance and compliance personnel, together with the Senior Managing Director(s) who are responsible for that investment who are also member(s) of the Investment Committee, will continuously monitor the investment. Any decision to sell or materially modify the business or financial terms of investments is made and formally documented by the members of the applicable Investment Committee for that Client. Any decision to sell or material modify the business or financial terms of investments of the Separate Account Client are subject in certain cases to the approval of the Separate Account Client.

As a part of the regular asset management and reporting process, GTIS reviews and monitors the capital allocations to different property types, asset classes and geographies, which is regularly examined and discussed by the investment team and the Investment Committee. The overall management of GTIS' investments occurs in regular weekly, monthly and quarterly meetings held via phone or in person; many of these reviews include the participation of GTIS' operating partners. Any strategic recommendations for adjustment to the concentration of capital in all sectors and geographies is reviewed and submitted, as warranted, to the Investment Committee.

Throughout the investment identification, asset management and disposition process, GTIS focuses on generating optimal risk-adjustment returns by prioritizing capital preservation and risk mitigation in its investments.

**B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review**

See Item 13.A., above.



**C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.**

Client Investors receive quarterly and annual reports summarizing the performance of portfolio investments. Investors also receive financial statements and fair market valuations in accordance with the applicable accounting standards followed for that Client. Investors of each Client receive unaudited financial statements for the first three quarters of each fiscal year within 45 or 60 days (depending on the underlying agreements) of each quarter's close and an annual audited financial statement within 90 to 120 days of calendar year end. All reports are written and delivered to Investors electronically. GTIS also has frequent contact with Investors (personal visits, telephone, email, WebEx conference calls) throughout the year as requested and as conditions warrant.

In the course of conducting due diligence and otherwise, Investors periodically request information pertaining to their investments. GTIS responds to these requests, and in answering these requests provides information that is not generally made available to other Investors who have not requested such information. While GTIS does not have an obligation to update any such information provided, the Firm endeavors to provide the information requested in the most current form available. Additionally, upon request, certain Investors may receive additional information and reporting that other Investors may not receive.

**Item 14 – Client Referrals and Other Compensation**

**A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

As mentioned in Item 11, above, as part of the joint venture arrangement with operating partners in managing real estate projects, GTIS receives compensation reimbursements related to functions performed by GTIS, which reduces the reimbursements absorbed by Client Investors in the amount equal to those made by third-party joint venture operating partners according to the operating partner's pro-rata share of the joint ventures. In some instances, the Clients may pay more than their allocable ownership portion of a joint venture's reimbursements. GTIS does not believe this to be a conflict of interest in that any fees received from a joint venture operating partner serve to offset, to some extent, the amount of reimbursements paid by Client Investors.

As mentioned in Item 5, above, in addition, GTIS has entered into an agreement with a non-client third party to provide real estate consulting services. Such services are distinct from those provided to the Clients and the Managed Account, and involve general market or real estate investment advice.

Additionally, although not material, a GTIS partner serves on the Board of Directors of a publically traded homebuilder, LGI Homes (“LGI”). LGI was previously a privately held investment of a GTIS Client, during which time the GTIS partner was appointed to LGI’s Board of Directors. While LGI was an investment, the fees earned by the GTIS partner for his board duties were remitted to the Client. LGI is now a public company and is no longer owned by the GTIS Client. The GTIS partner retained his seat on the Board of Directors and now remits his board fees to GTIS directly, not to the Client.

**B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation**

GTIS has and may have future dealings with various types of intermediaries in connection with offering interests in the Clients to prospective Investors. Such intermediaries may include, for example, other individuals and firms that market interests in a Client to prospective Investors in return for compensation based upon the subscriptions made by such prospective Investors (each, a “Placement Agent”). All Placement Agents with whom GTIS engages are or will be registered broker-dealers and all arrangements are or will be structured to comply with Rule 206(4)-3 of the Advisers Act.

When Placement Agents are used, the relevant Client is charged a fee that is generally a percentage of total commitments received through the Placement Agent; however, Management Fees paid by the Client to GTIS are offset by any such Placement Agent fees (although related expenses incurred pursuant to the relevant Placement Agent agreement, including but not limited to Placement Agent travel, meals and entertainment expenses, typically are borne by the relevant Client).

## **Item 15 – Custody**

**If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.**

The Advisers Act Rule 206(4) (the “Custody Rule”) requires that pooled investment vehicles advised by GTIS either undergo an annual audit pursuant to generally accepted accounting principles (“GAAP”) or be subject to a surprise custody examination by a PCAOB-registered auditing firm. By the ability of a general partner to deduct fees from Client accounts and its affiliation with each Client’s general partner, GTIS is deemed to have custody over its U.S. Clients. In order to comply with the Custody Rule, GTIS has elected to undergo an annual audit pursuant to GAAP for each of the U.S. Clients over which it may be deemed to have custody. These GTIS Clients are audited annually by

Ernst & Young LLP or KPMG LLP (or any other “Big Four” accounting firm as permitted under Client Governing Documents), and GTIS delivers to the Clients and their Investors a copy of the annual audited financial statements within 120 days of the fiscal year end. GTIS does not maintain custody over the Separate Account. For non-U.S. clients, GTIS receives audits in accordance with International Financial Reporting Standards (IFRS) according to the laws of Luxembourg, the domicile of such non-U.S. clients.

GTIS does not take physical possession of client money or securities (other than certain privately offered securities to the extent permitted by the Advisers Act); called capital is directly sent or wired into GTIS’ qualified custodial accounts. Each Client and Separate Account uses a bank as a qualified custodian for Investor cash accounts and, if necessary, a qualified custodian for certificated securities. GTIS and the Separate Account Client receives monthly statements from the appropriate qualified custodial bank(s) for capital account balances and activity and quarterly statements from the appropriate qualified custodian(s) for security balance and activity, if any. The Separate Account Client receiving custodial statements is encouraged to compare these statements with those received from GTIS, but to note that these custodial statements will only represent a portion of the investment in the Separate Account.

#### **Item 16 – Investment Discretion**

**If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

Except for its Separate Account Client, GTIS is retained on a fully discretionary basis and is authorized to determine and direct execution of portfolio transactions pursuant to the terms of each Client’s Governing Documents. The terms upon which GTIS serves as an investment manager are established at the time each Investor subscribes for an investment with GTIS. Investment advice is provided directly to the Clients and not to Investors in the Client individually. GTIS has discretionary authority based on the Governing Documents to buy and sell securities and other investments on behalf of the Clients. GTIS does not have similar discretionary authority over the Separate Account Client.

To become an Investor in a Client or an Investor in a Separate Account, an Investor must execute a subscription agreement which includes a power of attorney applicable to the execution of a limited partnership agreement with such Client or Separate Account. GTIS is not permitted to transact any business with an Investor until an Investor executes the subscription agreement. GTIS is not required to contact a Client Investor prior to transacting any business once an Investor executes these documents. Approval for transacting business is required, however, for an investment in the Separate Account.

An Investor may impose limitations on GTIS' authority through a side letter agreement and GTIS may choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon an Investor's account must be presented to GTIS in writing and agreed to by all parties.

## **Item 17 – Voting Client Securities**

**A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.**

By virtue of the Client Governing Documents, GTIS has the authority to vote proxies on behalf of its Clients. GTIS is an active investor on behalf of its Clients, and retains material rights to participate in the governance of its non-public investments and, when applicable, to vote proxies on publicly traded securities in which it invests on behalf of its Clients. Because of the active role GTIS takes in connection with many of its investments, it is GTIS' practice to review and vote proxies on a case-by-case basis. The nature of its proxies, however, does not generally involve public shareholder proxies.

GTIS' Senior Managing Director responsible for the particular investment is generally responsible for: (i) monitoring matters requiring voting (for example, major leases, capital improvements, financings, asset sales, and other major decisions); (ii) identifying any potential conflicts of interest that may arise in the proxy voting process and informing the Chief Compliance Officer in the event such a conflict arises; and (iii) deciding what is in the best interest of each particular Client when determining how proxies are voted based on all of the facts and circumstances known to the Senior Managing Director at that time and voting as appropriate. GTIS will act in a timely manner and in the best interest of each Client with respect to any such actions.

As required by Rule 204-2 of the Act, GTIS maintains records regarding the manner in which it: (i) administers its policies and procedures; and (ii) votes proxies for its Clients. Clients may obtain a copy of GTIS' complete proxy voting policy upon request, free of charge, from GTIS' Chief Compliance Officer, Amy Boyle, at (212) 220-5200. Clients may also obtain information from GTIS, free of charge, about how GTIS voted any previous proxies, if any.

**B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.**

This Item is not applicable to GTIS.

#### **Item 18 – Financial Information**

**A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.**

GTIS does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance.

**B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.**

GTIS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Investors.

**C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

GTIS has not been the subject of a bankruptcy proceeding at any time during the past ten years.